FISKARS

ANNUAL REPORT

16

TABLE OF CONTENTS

About this report

Fiskars Group Annual Report 2016 contains a comprehensive overview of our performance for the year, based on both financial and non-financial information.

In addition to the presentation of our strategy and businesses, this report includes the Corporate Governance Statement, the Remuneration Statement and the Financial Statements for 2016.

This report includes a brief introduction to Fiskars Group's sustainability approach. A more comprehensive overview regarding our corporate responsibility can be found in the Fiskars Sustainability Report 2016.

The Fiskars Group Annual Report 2016 is available in print as well as in PDF format in English, Finnish and Swedish. The Annual Report, Sustainability Report as well as separate Financial Statements can be found on our dedicated website http://annualreport2016.fiskarsgroup.com.

This is Fiskars

Fiskars serves consumers and customers around the world with a portfolio of globally recognized brands, including Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford, and Wedgwood. Building on our mission to create a family of iconic lifestyle brands, Fiskars' vision is to create a positive, lasting impact on the quality of life. Fiskars Group employs around 8,600 people in over 30 countries and our products are sold in more than 100 countries.

Focus on core businesses

In 2016, Fiskars Group focused on three businesses: Living, Functional and Outdoor. Fiskars' Other segment contains the Group's investment portfolio, real estate unit, corporate headquarters and shared services.

The Living business offers a wide range of products for tabletop, giftware and interior décor, and focuses on strong premium and luxury brands such as Waterford and Wedgwood, synonymous with expressive luxury and Iittala and Royal Copenhagen, known for their Scandinavian design. Fiskars is the global leader in the premium living products category. Our Living business brands are categorized by their brand essence into: English & Crystal Living and Scandinavian Living.

The Functional business focuses on the Fiskars brand and offers quality tools for use in and around the home. Fiskars is the world's leading scissors and garden hand tool brand. The Functional business also offers kitchen tools and products for watering as well as for school, office and crafts. Our orange-handled Classic scissors, introduced in 1967, made Fiskars the number 1 scissors brand in the world. In 2017, these iconic scissors will celebrate their 50th anniversary.

The Outdoor business offers a wide range of innovative, reliable and essential products for people on the move under the Gerber brand, a leader in knives and multi-tools. Built through grit, passion and hard work, Gerber products are made to save time and save the day. They are built for use that will stand the test of time. Starting from 2017, Outdoor is a part of the Functional business.

Our consumer value proposition, making the everyday extraordinary, forms the core of our brands. Our brands form the foundation for our business as we aim to grow and create value for our stakeholders.

Our brands

Fiskars
A globally leading brand in scissors, kitchen utensils and garden tools. Fiskars products are known for their functionality, user-friendliness, ergonomics, longevity and aesthetic appeal.

Gerber
Gerber is a leading provider of problem-solving, life-saving gear for recreational and professional users. Dedicated to making knives and tools that combine high quality and innovative designs that will stand up to a lifetime of use.

Iittala
What started as a glass factory in Iittala, Finland, today represents generations of essential Scandinavian design objects. Today, Iittala is a leading Scandinavian design brand for interior and dining.

Royal Copenhagen
Celebrating a heritage of 240 years, Royal Copenhagen is synonymous with hand-painted porcelain crafted to the highest standards.

Waterford
Dazzling in its ability to astonish and delight, Waterford represents all that is opulent, impressive and luxurious in the world of tabletop, giftware and home décor.

Wedgwood
Wedgwood is both dynamic and distinctively English, comprising home and lifestyle products to delight the aspirational consumer.

Arabia
The most cherished tableware in Finland – for memorable moments.

Gilmour
Category leader in watering, with a longstanding reputation for quality and innovation.

Hackman
Nordic expert in cutlery.

Leborgne
Specialist in construction tools for professionals.

Royal Albert
The quintessential English floral brand – add fun, romance, nostalgia and indulgence to your life.

Royal Doulton
Designs you love to live with – accessible, well designed and intended to be enjoyed every day.

Rörstrand
Elegant Swedish dining, for almost 300 years.

Fiskars in 2016

Net sales

1,204.6

EUR million

Adjusted operating profit

93.8

EUR million

Cash flow from operating activities **83.8** EUR million

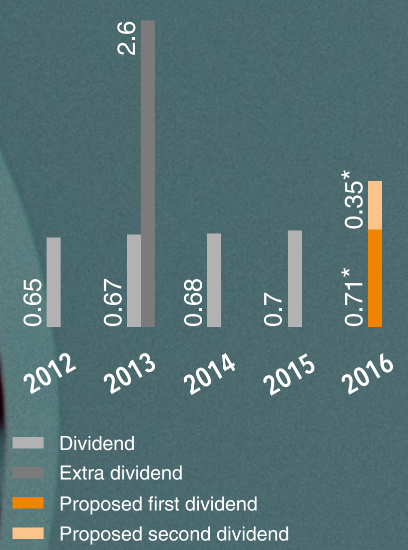
Increase in comparable net sales **1.6%**

Fiskars is transitioning to a biannual dividend distribution policy.

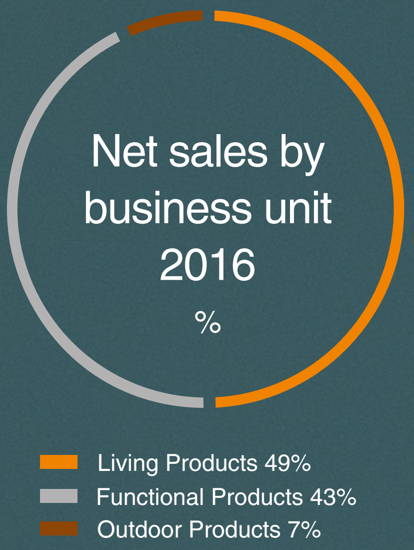
The Board of Directors proposes a normal dividend of EUR 0.71 per share be paid in March 2017. To facilitate the transition to the new policy, the Board of Directors proposes a dividend of EUR 0.35 per share be paid in September 2017.

Dividend per share 2012–2016

EUR

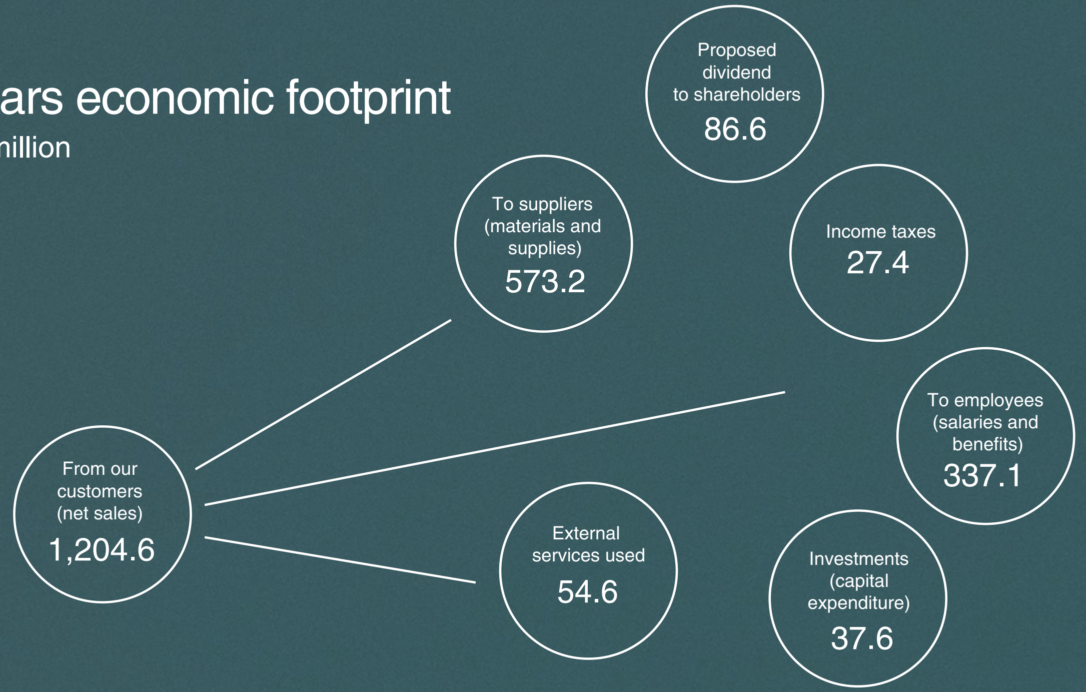


* Proposal by the Board



Fiskars economic footprint

EUR million



Highlights in 2016

The year 2016 was marked with strong progress in our strategic journey. Fiskars' net sales, operating profit and cash flow increased, while we continued to build global businesses and brands.

- Fiskars Group simplified structures and increased focus on selected businesses and brands by divesting non-strategic businesses including the boats business, the container gardening businesses in the U.S. and Europe and the U.S. based foodservice equipment provider.
- We continued the optimization of our global supply chain network in Europe and Asia by centralizing the manufacturing of garden cutting tools to Fiskars' factory in Poland. The factory in Billnäs, Finland will concentrate on manufacturing axes, scissors, and snow tools.
- We established a new partner-operated Central European distribution center in the Netherlands, increasing flexibility and improving product availability across European markets.
- We completed the investment program to create competitive structures, systems, and processes in Europe, including a new ERP system.
- We created and piloted new Fiskars branded watering products in Europe – a result of a close collaboration between our R&D teams.
- We completed the cookware brand consolidation bringing smaller brands under the Fiskars brand in the Nordics.
- We launched the Iittala brand in Australia – supported by the network and customer relationships of the English & Crystal Living team.
- We opened the Iittala & Arabia Design Centre in Helsinki offering our customers and consumers the chance to interact with the Iittala and Arabia brands in a fresh and exciting way.
- The company announced that it is commemorating 100-year-old Finland with a gift of nature's tranquillity by donating the Dagmar park in Källviken, in southern Finland, to Finns and friends of Finland for one hundred years.
- The company launched a renewed mission, vision, core belief, promise to consumers and reinforced its strategic priorities.
- At the end of the year, Fiskars Group introduced a new organizational structure and leadership team with the aim to leverage the full potential of strong brands, build company-wide capabilities and increase speed and alignment.

Business units in 2016

Net sales EUR million

Living	Functional	Outdoor
598.0	513.6	89.1

Real estate and investments

Fiskars' Other segment contains the Group's investment portfolio, real estate unit, corporate headquarters and shared services.

At the end of 2016, the market value of Fiskars' active investments was EUR 464.4 million consisting entirely of shares in Wärtsilä, with a closing price of EUR 42.68 per Wärtsilä share.

The real estate unit is in charge of managing and developing real estate property in Finland that is used by the Group for manufacturing or commercial purposes, along with the Group's other real estate assets, including the sustainably managed FSC and PEFC certified forests owned by the Group.

Both FSC and PEFC certification systems promote the responsible and sustainable management of the world's forests. The unit's income consists mainly of timber sales and rental income.

Fiskars' real estate unit also manages and develops the birthplace of the company, the Fiskars Village. In 2016, Fiskars Village welcomed visitors to events with themes ranging from wooden art and design and light exhibitions to food and antique fairs, and outdoor and performing arts events.

Number of shareholders

18,643

(Dec 31, 2016)

464.4

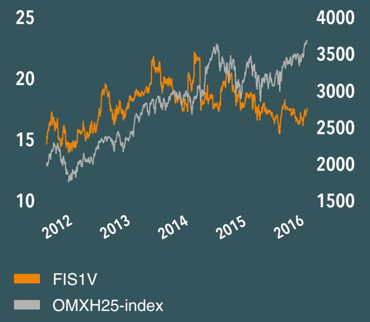
Fair value of investment portfolio Dec. 31, 2016

EUR million

- Private companies 42.96%
- Financial and insurance institutions 1.77%
- Public sector organizations 4.69%
- Non-profit organizations 11.61%
- Households 36.03%
- Outside Finland 0.36%
- Nominee registered 2.58%

Fiskars share price,

EUR, Jan 1, 2012 – Dec 31, 2016



PRESIDENT'S REVIEW

"In 2016, we made strong progress with implementing our strategy and delivered a considerable increase in our net sales and adjusted operating profit."

Fiskars continued the journey to become a leading global consumer goods company with a family of iconic lifestyle brands.

We strengthened our capabilities to build global businesses and brands, aiming to offer consumers iconic brands that inspire and excite and most importantly, stand for something beyond the product. At the same time, our progress has meant divesting parts of the company that do not fit with our strategic targets and are no longer in our focus. What unites all our brands and products is the deep commitment to superior craftsmanship, high quality and lasting design.

Fiskars delivered all-time high net sales and adjusted operating profit in 2016. This was a major achievement, especially as the integration of the watering business and the English & Crystal Living business are both on-going. Our net sales increased by 8.8% and amounted to EUR 1,204.6 million and our adjusted operating profit increased by 44% and amounted to EUR 93.8 million.

I'm proud of the Fiskars teams that have made this happen. We are determined to maintain our focus on operating efficiently and strengthening our core businesses and brands, with the ultimate goal to deliver value to our stakeholders.

Our sustainability ambition is well aligned with our vision of creating a positive, lasting impact on the quality of life. To demonstrate our commitment, Fiskars joined the United Nations Global Compact, the world's largest corporate sustainability initiative, in 2016. We have also published our first sustainability report in connection with this annual report, sharing more about our efforts to mitigate climate change, respect human rights and create lasting designs that help build a more sustainable world.

Given the number of changes that Fiskars has gone through in recent years, we saw the need to redefine the key elements of our company, to clarify what Fiskars Group stands for and what we want to achieve. These Fiskars fundamentals are described in this report in more detail. I visited many of our sites around the world to discuss our redefined mission, vision and promise to consumers. The passion, commitment and excitement that I have met during these meetings, gives me confidence that we are on the right track. We will continue the internal dialog to ensure Fiskars is equipped to operate and win in a global environment that is increasingly digital, building brand desire and driving for long-term profitability.

From January 2017, Fiskars Group has a new structure that features two Strategic Business Units: SBU Living and SBU Functional. The new structure will help us in shifting from a regional focus into global businesses, increasing speed and alignment as well as leveraging the full potential of our strong brands. In February 2017, Fiskars outlined its long-term financial targets to help our shareholders, analysts and other stakeholders to be informed of our ambitions beyond the current financial year.

As the global leader in the premium living products category and the world's largest provider of scissors and garden hand tools, we are well positioned in the marketplace. We will work with our customers to provide solutions that help them to grow their business; we will provide our employees opportunities to learn and develop their competencies as we build global businesses and brands, and we will create new innovations and timeless products that become part of people's lives, often for generations.

Kari Kauniskangas
President and CEO

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Who we are

Established in 1649 as an ironworks, Fiskars has grown to be a leading consumer goods company with globally recognized brands. Building on our long heritage, our vision is to create a positive, lasting impact on the quality of life.

Peter Thorwöste founded Fiskars ironworks in 1649 with a view to manufacture cast iron and forged products. The potential water power and navigable shipping routes made the area an ideal center for the Finnish iron industry. The manufacturing of scissors in Fiskars began in the early nineteenth century when the owner at that time, Johan von Julin founded Finland's first cutlery mill and machine workshop. The Fiskars tradition of innovation and renewal has its roots in this period and the Fiskars name became synonymous with high quality.

Centuries of craftsmanship

Today, Fiskars Group is a leading branded consumer goods company, with globally recognized brands that include Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood. Since our founding more than three and a half centuries ago we have been delivering high quality and exceptional craftsmanship.

This centuries-old tradition of craftsmanship is still with us today, and is living as our core belief that well-crafted is simply the best. Our solutions are developed from the original idea, crafted into final products and thought through so they can make cooking, gardening or enjoying coffee a delight and bring a quiet sort of magic to everyday life by making the everyday extraordinary.

Making the everyday extraordinary

Our heritage provides us perspective to consider our actions and their consequences in the long-term. Our heritage gives us the permission – and the responsibility – to run our business in a sustainable and ethical manner. Although the world is changing fast and Fiskars is changing with it, we continue to approach our business and profitability with a long-term view. This also applies to our company culture. One of our strategic priorities is to create an inspiring work environment in which our employees have the possibility to develop their competences, flourish professionally and be proudly passionate about their work. We want to make the everyday extraordinary for our consumer. In addition, we want to do this for our 8,600 employees working in more than 30 countries, so that they are in turn inspired to deliver that experience to our stakeholders all over the world.

We are focusing on building a globally collaborative culture aligned with our mission, building a family of iconic lifestyle brands, and vision, creating a positive, lasting impact on our quality of life. In addition to strong leadership, an active dialogue and open communications help build a global, collaborative culture. In our daily work, our shared values – innovation, teamwork, accountability and integrity – guide us. They unite Fiskars' brands, businesses, teams, and countries in embracing and communicating our purpose and who we are.

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In our daily work, our shared values – innovation, teamwork, accountability and integrity – guide us. They unite Fiskars' brands, businesses, teams, and countries in embracing and communicating our purpose and who we are.

Mega-trends shaping our business

Megatrends are transformative, global forces that have far-reaching impacts on businesses, societies and individuals. In a rapidly changing world some old ways of doing business come to an end, while new opportunities arise. At Fiskars we think it's crucial to understand these developments and their implications – as only then may we discover new opportunities and address unmet needs.

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In our strategy work we have identified megatrends influencing Fiskars' business environment both now, and for years to come. The following three megatrends are seen as having the largest impact:

Digitalization and omnichannel

Digitalization is changing consumer behavior and purchasing patterns. Modern markets are truly global; consumers can search for and purchase products with no borders, and consumption decisions are not tied to specific channels or retailers. A global economy, new technologies and the Internet are enabling faster and more flexible ways to fulfill consumers' demands.

Marketing is ever more socially driven; online communities play an increasingly important role in purchasing decisions. Yet we also believe that touching, testing and evaluating the quality of a product is still an important factor, especially when making a long-lasting purchase.

Direct consumer business is increasing. For example, brand specific stores are gaining popularity and at the same time department stores may prefer partnering with suppliers and renting out floor space to brands rather than managing the space and inventory themselves. In 2016 our Living business opened 10 own stores and 21 shop-in-shops, and today, we operate over 120 stores and 260 shop-in-shops globally. While physical stores remain one of our key retail channels, we expect a considerable increase in the importance of e-commerce and in taking an omnichannel approach over the coming years.

Consumers increasingly expect their favorite brands to engage them in an active dialogue and to share their values. Our goal is to offer consistent consumer experiences across all touch-points. Regardless of the channel, we aim to offer inspiration, practical tips and support for finding the best products, utensils and tools – and learning about the smartest ways to use them.

Urbanization

Employment opportunities and the quality of life that cities can offer continue to attract people from rural areas. More than half of the world's population now lives in cities, and by 2030 this figure is expected to rise to 60%. Urbanization has the potential to create economic growth and resource efficiency, and to give people better access to services, education and health care.

In urban areas households are generally smaller and people have less space. They move more often and living costs are higher, though usually income levels increase. These combined factors have an influence on consumption patterns, including tableware and interior design items. Whether in the city or countryside, people value quality time with their family and friends. Our brands are often present in our consumers' every day activities from cooking and eating, to gardening, outdoor activities and celebrations.

The new era of consumption

Fiskars' strong brands and popular product categories are relatively resilient to economic changes. Further, Fiskars continuously works to diversify its commercial footprint – both in terms of geography and product portfolio – in ways that balance demand fluctuations between markets. We are also alert for new ways of doing business where there is the greatest growth potential. Tied to urbanization and an understanding of the scarcity of resources, a new era of consumption is taking shape.

Post-materialistic values: In a hectic world time is the new luxury, and authentic experiences are seen as ever more valuable. This can be seen, for example, in the booming dining industry. A yearning to live in closer harmony with nature is also increasing. A search for simplicity, an avoidance of excess materialism and a growing appreciation for lasting design all support a rising commitment to sustainable values.

Circular economy: Reclaiming used materials and recycling them as parts of new products enhances the efficient use of resources, while supporting cleaner production and resource optimization. Companies willing to foster a circular economy take extra care with regard to supporting maintenance and reuse of existing products.

Polarization of consumption: There are an increasing number of white labels, while at the same time premium and luxury products are highly valued. These categories have many more forms and meanings than they used to; integrity, transparency, authenticity and organic are attributes that many modern consumers connect with the concepts of premium and luxury.

Fiskars' products are available in more than 100 countries around the world and we employ people in over 30 countries. Europe, Asia-Pacific and Americas are our key regions, with U.S., Nordics, Australia and Japan representing some of our key markets. The operating environment varied between regions and individual markets in 2016.

In 2016, consumer confidence continued to improve in the U.S. with a more favourable assessment of increased consumer spending. Some brick-and-mortar channels, such as department stores, continued to face headwinds, however the DIY and e-commerce channels grew during the year. The demand in the knife and multi-tool category declined in the U.S. during the year.

Consumer confidence in some of our key markets in the Asia-Pacific region remained low and the tough business environment persisted throughout the year. The uncertainty in Japan had an impact on the consumer demand in the region.

The economic situation in Europe improved slightly during the year. The trade continued to consolidate, pursuing increased efficiencies. Consumer confidence remained stable in Europe, with more optimistic expectations balanced by concerns about unemployment.

Strong mix of distribution channels

Fiskars operates a mix of distribution channels, each optimized for the specific business, category and market. We focus on creating consistent consumer experiences, regardless of the channel, with the aim to build value for our trade customers and consumers.

The Living business' channel strategy is focused on specialty and premium stores as well as own retail distribution. At the end of 2016, Fiskars had 380 own retail stores and shop-in-shops, under the Iittala, Royal Copenhagen, Waterford and Wedgwood brands. We have invested in own retails stores in major cities, especially in the Asia-Pacific region, where we opened 17 stores and shop-in-shops in 2016. In addition, the Living business is present in the hospitality channel, where consumers meet the brands in suitable luxury and premium settings, including high-end hotels, restaurants, cruise and airline cabins.

The Functional business' channel strategy is focused on large retailers and wholesale partners, including national and international DIY chains and hypermarkets. Our customers are constantly seeking ways to provide consumers more value for money, innovative ways to improve the shopping experience and engage with consumers. We work closely with our customers to provide them with a compelling offering, merchandising expertise and in-store excellence.

While the online channel is still relatively small compared to the brick-and-mortar channel in our categories, it demonstrates considerable growth potential. As the consumer decision journey is becoming increasingly digital and consumers turn to online sources to inform their purchasing decisions, Fiskars develops digital platforms to serve consumers online.

Seasonality

Fiskars' businesses and product categories are diverse and seasonality may have an impact on the timing of when net sales or profits are delivered. Particularly watering and snow tools can be affected by the weather, as unexpected weather conditions can have an impact on sales of these products.

Net sales of the Living business is geared towards the last quarter of the year. Following the acquisitions of Royal Copenhagen in 2013 and WWRD (English & Crystal Living) in 2015, the weight of the fourth quarter has increased both for full-year sales and operating profit due to seasonality typical to homeware products. Fiskars balances this seasonality risk through the diverse businesses, by its presence in multiple regions, and a variety of different distribution channels, including wholesale, own retail, e-commerce and hospitality channels.

Presence around the world

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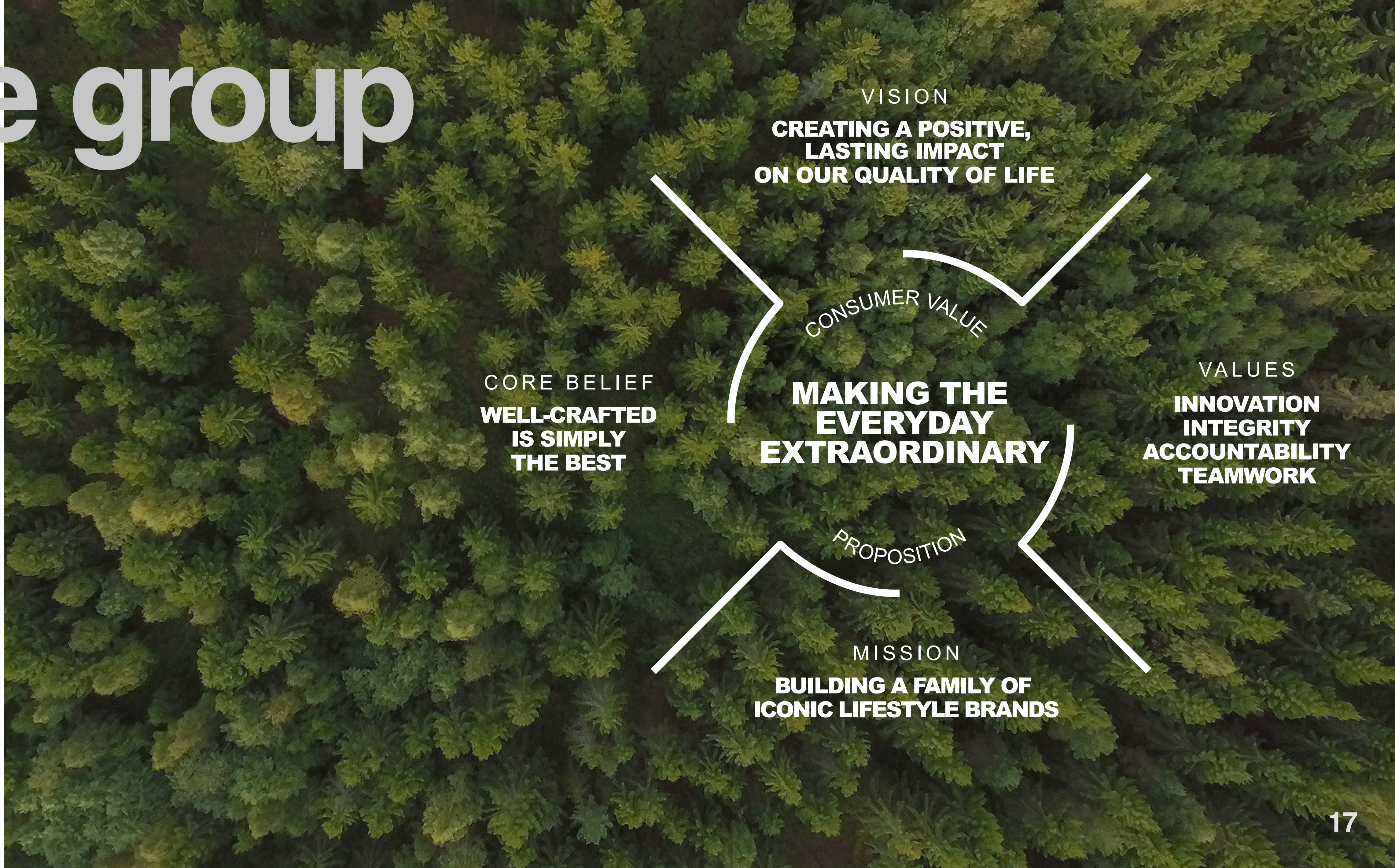
Fiskars fundamentals unite the group

The world around us is changing and Fiskars as a company has changed fundamentally during the past few years and as a result, Fiskars reformulated its mission for the company – to build a family of iconic lifestyle brands. In addition to a mission, a team needs a common purpose and a plan so that every member knows how to play his or her role. It's for this reason that we formed the Fiskars Fundamentals.

The Fiskars Fundamentals clarify what the company stands for and what we aim to achieve. It guides our actions over the long-term and works as a decision-making tool. The fundamentals – vision, mission, core belief, and values – each have an important role in ensuring that our promise to consumers, making the everyday extraordinary, comes alive.

The Fundamentals help us to value and cherish what all Fiskars' brands have in common, in order to take full advantage of our combined strengths. It represents our strategy for successfully fulfilling consumer expectations. Together we have more influence and can leverage our combined competences, rather than operating as separate units or brands within the company. The Fundamentals guide us towards our vision of creating a positive, lasting impact on the quality of life.



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Making the everyday extraordinary

Our promise to consumers, making the everyday extraordinary, combines all the key elements in our Fundamentals – it represents what we aim for every day.

Consumers are increasingly looking for authentic experiences, a connection with nature. They want to spend time with those they are closest to – their family and friends – and enjoy these moments. Through our products we are intimately involved in our consumers' everyday activities, everything from cooking and eating, gardening and experiencing the outdoors, to celebrations and festivities. We are present precisely where these everyday events are experienced and where simple moments of delight may happen. We have the opportunity to make these simple, transformative moments of shared delight even more enjoyable. And we believe that by making the everyday experiences of our consumers extraordinary, we can make their lives extraordinary.

Our vision - Creating a positive, lasting impact on our quality of life

Fiskars' renewed vision is what we strive for today, without forgetting our heritage. Established in 1649 as an ironworks, Fiskars' heritage is unique as the oldest company in Finland. Since our founding more than three and a half centuries ago we have been focused on running our business in a responsible manner.

The world is changing and Fiskars is changing with it, yet we continue to approach our business and profitability with a long-term view. We carry a responsibility to consider our employees, the communities we are present in and future generations, as we work towards creating a positive, lasting impact on our quality of life.

Our mission - Building a family of iconic lifestyle brands

We position consumers firmly at the center of our actions. What we offer are iconic products with unique designs and superior functionality. Today's consumers are looking for authentic experiences – not merely a product – and this is why we are shifting our focus from products to experiences; our mission is to build a family of iconic lifestyle brands.

Iconic brands stand for something beyond the product. They inspire and excite consumers, are globally consistent and innovate and re-invent themselves and their future. Our portfolio has a number of strong brands which we aim to develop into truly iconic ones.

Well-crafted is simply the best

Craftsmanship unites Fiskars' brands and products. Our solutions are developed from the original idea, crafted into final products and thought through so they can make cooking, gardening or enjoying coffee a delight – bringing a quiet sort of magic to everyday life. Our deep commitment to well-crafted products is what ensures quality across our business actions. This passionate core belief that well-crafted is simply the best is what makes the Fiskars Group unique and is what differentiates us from many of our competitors. Our dedication to well-crafted goes beyond brands and products and is exemplified in everything we do.

Shared values unite our brands and people

Our values – innovation, integrity, accountability and teamwork – are important in our everyday business, and communicate the ways of working for the whole company. Our values are integrated in the way we do business every day, and we actively support value-based leadership. We invest in making our values concrete to all our employees, each of whom play an important part in making the everyday moments of our consumers extraordinary.

Building global businesses

Fiskars is building a family of iconic lifestyle brands with the goal of becoming a leading global player in the branded consumer goods business. To proceed in a deliberate way towards our vision – creating a positive, lasting impact on the quality of life – we have reinforced our strategic priorities. In addition, Fiskars is in the process of building global businesses and a unified organization to strive for brand desire and long-term profitability.

Our operating environment is changing; our trade partners are consolidating and consumers' purchasing behavior is evolving. At the same time, Fiskars as a company has changed fundamentally during the past few years and is on a transformative journey from regional teams into global businesses. In 2016 we announced plans to focus on two global businesses: Living and Functional.

To work towards our vision and mission, we have defined four strategic priorities for the next three years; growing the core, delivering omnichannel experiences, building global common capabilities and developing an inspiring working environment. Each of these designated priorities play an important role in delivering on our promise to consumers – making the everyday extraordinary. By focusing on these four areas we aim to create both increased brand desire and long-term profitability.

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Our strategic priorities

To work towards our vision and mission, we have defined four strategic priorities for the next three years; growing the core, delivering omnichannel experiences, building global common capabilities and developing an inspiring working environment.

Growing the core

To be relevant in the global marketplace and build iconic brands we need to have a clear understanding of what is at the core of our business – and stay focused on it. To this end, we are making sure we sufficiently invest our time, effort, and other resources in our core portfolio of brands, markets and products. During 2016, Fiskars divested businesses to firmly focus on the core, including the divestments of the boats business, the container gardening businesses in the U.S. and Europe and the U.S. based food-service equipment provider.

Offering superior products based on innovation, lasting design and functionality remains at the core of our brands, and continues to be something we build on. Our key international brands: Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood form the cornerstones of our actions as we work towards realizing our vision.

Growing the core also means focusing and investing sufficiently in core markets that offer the best opportunities for value creation. Our Living business focuses on premium and luxury retail in large cities, where most of our consumers are. Functional products are mainly sold through large retailers and thus we are focusing on selling our solutions through national and international chains.

Delivering omnichannel experiences

Consumer centricity, whether it relates to innovation, marketing or product offering, needs to be the starting point. Today's consumers come in contact with our brands via a vast variety of channels. Their experiences with each of our brands must be consistent, regardless of the country or the channel through which the consumer engages with us. To be able to deliver a consistent, omnichannel experience to consumers, we are working on unifying our offering and common priorities.

A thorough omnichannel approach is connected to everything we do – from designing products or solutions, developing our supply chain, working with our customers, building our own retail to supporting communications and marketing.

Building global common capabilities

Delivering on our mission and vision and building global brands requires global common capabilities. Our execution speed is dependent on our ability to share and utilize the knowledge of our employees across businesses and geographies. Through common priorities, increased transparency and shared capabilities and resources we aim to create efficiencies that will improve our business performance.

Cross-functional collaboration enables us to increase the execution speed of our strategy. Direct and respectful communications, market intimacy, learning from each other, sharing of success models and using common platforms enables us to leverage our competencies.

Developing an inspiring work environment

To execute the strategy for achieving our vision we employ people with the right competencies. To retain and attract the best people, we are investing in making Fiskars a truly attractive workplace. Being a global, multi-faceted company means we can offer interesting possibilities for professionals aiming to build their competences – which in turn contributes to Fiskars' success.

As a global company, our key priority is to build a globally collaborative culture and make every day extraordinary for our employees as well. When we are passionate and inspired in what we do, we can truly flourish professionally.

During 2016 Fiskars invested in developing a more unified company culture. This is a joint effort that involves everyone in the company. Inspiring leadership, active dialogue and global collaboration as well as new communications channels have brought us closer together and allowed us to celebrate our shared successes and experiences. Feedback from personnel has been positive, and the work will continue in 2017.

Creating

a positive, lasting impact on the quality of life

Fiskars was founded as an ironworks more than three and a half centuries ago. During our history, the company has been closely involved in the everyday life of the community; promoting healthcare, education and culture and taking care of the employees. Operating responsibly was considered essential for business continuity. This thinking continues to guide us today.

The world has changed since then and big steps have been taken forward in areas such as environmental protection, human rights and employment standards, and Fiskars continues to believe that sustainability is an integral part in building long-term success.

We are proud of the heritage of our company and of the family of incredible brands that we have nurtured and that have increased in value over the years. Focus on sustainability offers us opportunities to create value, identify new business opportunities, and to build iconic lifestyle brands.

Our ambition is to empower positive change and to be a leader in building a more sustainable world. To support our ambition, we have redefined our sustainability focus areas and accelerated efforts to integrate sustainability more tightly as part of the business strategy and daily activities. These focus areas guide the company and help us prioritize our activities.

The past few years have seen Fiskars go through many significant changes. We have grown organically and through acquisitions. The company has focused on the core by divesting businesses and increasing its efficiencies. Fiskars is on a transformation journey to become a global consumer goods company with a family of iconic lifestyle brands.

To ensure clear responsibilities and the necessary focus, Fiskars renewed its governance model in 2016, regarding how sustainability is managed throughout the company. The work continues by building common processes and setting joint targets to drive improvements and growth across the group.

Supporting the increased focus on sustainability and highlighting the effort across the company, Fiskars Group has increased the transparency of its actions by publishing its first sustainability report in connection with this annual report.

Sustainability focus areas

LASTING DESIGN

We have a passion for creating products that can last generations. We are committed to helping people make better choices by offering them quality products with lasting design, leaving the world in a better condition for generations to come.

CARING FOR PEOPLE AND COMMUNITIES

We provide a safe and inspiring working environment, respecting human rights and caring for people involved in our value chain. We contribute by making a positive impact on the communities where we operate.

PROTECTING THE ENVIRONMENT

We are committed to promoting a circular economy throughout our value chain. We combat climate change by taking actions to mitigate our emissions, reduce our use of energy and promote renewable energy sources.

Read more about Fiskars sustainability approach, targets and actions in our 2016 Sustainability Report and on our website: fiskarsgroup.com

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Our ambition is to empower positive change and to be a leader in building more sustainable world.

We have redefined our sustainability focus areas in 2016 and aim to integrate sustainability more firmly in our business strategies.”

Maija Taimi, *Head of Communications and Corporate Responsibility, Fiskars*

Responsible manufacturing is an essential part of our sustainability work at Fiskars.

We focus in protecting the environment through efficient energy solutions and responsible use of natural resources, with an ambition to send no waste to landfill and to reduce our greenhouse gas emissions.”

Risto Gaggl, *Senior Vice President, Supply Chain, Fiskars*

Consumers desire strong brands

Fiskars' mission is to build a family of iconic life-style brands. Consumers desire strong brands that share their values and aspirations. As such, our brands have a key role in our entire value chain and influence our actions – whether it is design, sales or marketing. Our portfolio has a number of strong brands which we aim to developed into truly iconic ones.

Strong brands can deliver a seamless, consistent and compelling experience. Consumers choose brands which are closest to their own values, that inspire them and best describe them as individuals and their personal aspirations. A trusted brand guarantees both quality and the experience, which is why they are desirable to consumers and why consumers are willing to invest in them.

We aim to build consistent brand experiences in every channel. Through digitalization the number of consumer touchpoints with our brands has increased. Consumers today may search for our products on their mobile phones while passing our flagship store – and in the next moment see our outdoor advertising.

Brands and strategy go hand in hand

Brands should be developed in harmony with the overall business strategy. We have been developing our brands consistently while ensuring that their unique identities are preserved. Each of our businesses is responsible for developing their own brands, and we cultivate the overall brand portfolio in alignment with our strategy. At every step, a brand's development is carefully monitored and reviewed.

When developing Fiskars' brands towards an iconic status we focus on growing the core by prioritizing our six core brands; Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood. These are already internationally renowned brands and have the power to have a cultural impact. We see these six brands as having the most potential to gain market share and conquer new markets globally. Our six core brands are complemented by our regional brands which have strong positions in their home markets and offer either aspirational or more affordable products to our aspiring consumers.

Consumer at the center of brand development

In 2016 we took a step forward by embedding new tools and processes that support the development of our brands. We have established two new Centers of Excellence – Consumer and Omnichannel – which work in close cooperation in supporting our businesses and brands. The Consumer Center of Excellence provides our brands with consumer insights in ways that help us to get closer to our consumers and thus make better decisions. The Omnichannel Center of Excellence focuses on making the best use of digital technology across Fiskars' value chain.

New solutions for extraordinary everyday moments

During 2016 we have focused on creating seamless omnichannel experiences, and this work will continue in the coming years. For example, we launched our new customer relationship management system and started renewing our loyalty programs – with Myiittala being the first. These renewals bring us closer to our consumers and better serve their needs.

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"

I'm really looking forward to the next 10 years of working with Royal Doulton and Fiskars.

I have been in partnership with Royal Doulton now for just over 10 years. During that time, the collection and collaboration has grown. As the consumer's eating habits have changed, so has our style of restaurant and the product that Royal Doulton and I create, reflecting a more casual and relaxed dining style. Our brands are perfectly aligned. "

Gordon Ramsay,
Design Partner – Royal Doulton

"The Design Centre tells the story of the Iittala and Arabia brands and presents the expertise of today and of the future.

The centre offers interesting and interactive content for visitors. We aspire to create an attractive destination that both locals as well as design hungry tourists visiting Finland can enjoy."

Leni Valsta, *Head of Scandinavian Living business, Fiskars*

Fiskars' Living business offers a unique portfolio of luxury and premium brands in the tabletop, giftware and interior décor categories. The Living business strategy is to become a global leader within the industry, building brand equity with a consumer centric focus, while leveraging common platforms to increase efficiencies. 2016 has been a year of transition for the Living business, as the integration of the English & Crystal Living business, acquired in 2015, has progressed.

The Living business consists of: English & Crystal Living and Scandinavian Living. English & Crystal Living consists of a portfolio of brands that are synonymous with unique brand heritage, skilled craftsmanship, quality and exquisite design. The key international brands are Waterford and Wedgwood. Included in the portfolio are also Royal Albert and Royal Doulton.

Scandinavian Living aims to enrich people's lives with inspiring and lasting Scandinavian design. Its portfolio is focused on Iittala and Royal Copenhagen, with these key international brands supported by regional brands such as Rörstrand, Arabia and licensed Moomin products.

Efficiency through a unified platform and product management

The Living business aims to leverage the advantages of a portfolio of distinctive brands over a mono-brand approach. The integrity of each brand's unique heritage and DNA is respected and developed, while the business can benefit from common processes, platforms and unified tools. Rejuvenating and repositioning our strong heritage brands Waterford and Wedgwood is necessary to acquire new consumers and become credible within new lifestyle product categories.

In product management, our focus is on core products within tableware categories and to expand within other home categories while becoming a true destination for gifting. Enhancing the effectiveness of our offering throughout the whole value chain and striving for better product lifecycle management will create a more relevant offering for consumers and trade customers.

Omnichannel consumer experiences

The Living business' channel strategy is focused on specialized stores, premium department stores and our own retail distribution. In addition to growing our own retail and shop-in-shop presence, both offline and online, we are working closely with trade partners to create seamless, more consistent consumer experiences, and to unleash the potential of our brands. In 2016, we launched a new customer relationship management (CRM) system and in parallel renewed the MyIittala loyalty program and Iittala global web site – this will enable us to better understand our consumers and to create consistent brand experiences for them. We aim to replicate these actions for the Waterford and Wedgwood brands in 2017.

The Iittala and Arabia Design Centre opened during the year in Helsinki, Finland offering people the chance to interact with the Iittala and Arabia brands in an engaging way. The Design Centre includes a new design-driven store concept showcasing the brands to consumers and tourists visiting the Centre.

In addition to the increasing importance of online sales, the hospitality business is an important channel for the Living business – both to drive sales and profit and to build brand awareness. Introducing potential consumers to our brands in luxury hotels, restaurants and airlines showcases our products in a way that aligns well with the brand strategy. Hospitality has been a key channel for English & Crystal Living and we aim to leverage the knowledge and competencies also in the Scandinavian Living business going forward.

Presence across the globe with brand strengthening partnerships

The Living brands need to be present where and when consumers expect to engage with them around the globe. Our approach is to focus on consumer experiences and be present in big cities in Europe, Americas and the Asia-Pacific region, where most of our potential client base is. In line with this strategy, Iittala entered into the Australian market in 2016.

In accordance with our strategy to be present in major cities, Waterford was for the 19th time part of the New Year's Eve celebration in Times Square, New York. An estimated million people join the NYE celebrations at Times Square, with a further billion tuning in worldwide for the star-studded event. The Waterford Times Square New Year's Eve Ball, which is dropped at midnight, is made up of 2,688 skillfully crafted Waterford Crystal triangles.

Across all markets we are consistently building our Living brands' positioning and the consumer experiences that support this, while creating relevant offerings. To better align with the lifestyles of our Asian consumers and to increase our visibility in the market, we launched the Iittala X Issey Miyake collection in early spring 2016, which generated a vast amount of interest among the target audiences.

In addition, we launched a partnership with Royal Doulton and world renowned television host and entrepreneur Ellen DeGeneres to enhance visibility not only in the U.S. and Europe but also in our Asian growth markets.

”

Fiskars approached us to test the ergonomics and strain reduction offered by the IsoCore hammer. Our results clearly demonstrated the benefits of the shock-absorbing hammer, providing further justification for Fiskars to move forward with the product and opening the door to future collaborations with UW-Madison.”

Rob Radwin, *University of Wisconsin-Madison*

”

Our partnership with Fiskars is exciting for us as we get to use Fiskars products while providing valuable information on the sustainability, suitability and comfort of the products thus supporting successful product development.”

Florent Boivin & Sébastien Charretier, *Institut Paul Bocuse*

Quality

Fiskars’ Functional business offers tools for use in and around the house focusing on the Fiskars brand. Collectively, these products have a strong reputation for their functionality, user-friendliness, longevity and aesthetic appeal. Brand consolidation and new innovations helped drive the business forward in 2016.

The Functional products are sold primarily through large retailers both online and offline, and the go-to-market strategy is optimized for each region. We work closely with our key retailers and wholesale partners to provide a compelling offering, merchandising expertise and in-store excellence. During the year a particular emphasis was placed on gathering insights into consumer behavior together with our retail partners. The purpose of gathering these insights was to drive the category forward and increase the effectiveness of in-store actions, such as innovative shelf end concepts and intuitive Point of Sale (POS) layouts.

With the opportunity represented by the size of the kitchen market, the Functional business continues to create innovations in kitchen and provide new tools and experiences for cooking enthusiasts. In the garden market the leadership of the Fiskars brand was strengthened in cutting tools – with premium innovations and launches, in-store excellence and well-targeted seasonal promotions.

Strong year with several design awards

The Functional business’ products are sold through key retail chains in Europe, North America and Australia, and we work closely with trade and customers to reach target consumers – those enthusiastic about cooking and gardening. With the goal of sharpening focus and driving efficiency, we continue to strengthen our key brand Fiskars while reducing the complexity of the product portfolio.

At the end of 2014, Fiskars acquired a watering business in the U.S. and through close collaboration between the U.S. and European R&D teams a new Fiskars-branded watering line was launched in Scandinavia in 2016. In addition, a brand consolidation in Europe was completed with smaller kitchen brands brought under the Fiskars brand. In the Americas, Fiskars introduced new categories, including striking tools and a line of hardware cutting snips, for professional users.

Iconic Fiskars orange-handled scissors are known around the world – and represent a true brand carrier with the potential to lift all products across the brand. In 2016, the European scissors sales expanded from selling a product to selling a range. An in-store campaign was created, helping consumers choose the right scissors whether used in kitchen, garden or for crafting. Fiskars exceeded the previous record sales in scissors during the back-to-school season in the Americas. In 2017 these iconic orange-handled scissors will celebrate their 50th anniversary.

The superior functional design of Fiskars branded products was recognized by the industry with a total of ten design awards including six GOOD DESIGN awards and four Red Dot awards including a Best of the Best award for the Fiskars Waterwheel set.

Creating consistent consumer experiences

Social media and other digital channels play an important part in directly connecting and engaging with consumers. In North America, the Fiskars brand has the largest social media following among competitors. Amplifying our compelling consumer content through digital channels helps our trade partners benefit from a motivated consumer. The work to develop an omnichannel approach across the categories continued with trade partners.

In 2016, we introduced a new mid-premium range cookware family, Hard Face, supported by a comprehensive campaign launch in the Nordic countries. The campaign included all phases of the purchasing process and received a positive response from both customers and consumers.

Fiskars' Outdoor business offers knives, multi-tools and problem-solving gear under the Gerber brand, a leading manufacturer in the field.

Built on a foundation of craftsmanship, innovation, an unrelenting commitment to quality and service to others, Gerber features a compact portfolio of personal gear for both hobbyists and professionals. It is a market leader in the sporting goods and specialty hand tool sectors and is widely respected in these categories.

In 2016, the Outdoor business suffered from a sector-wide weak consumer demand in the knife and multitool category. However, while net sales declined, profitability increased, demonstrating the focus on increasing efficiencies and distribution channels that fit with the brand. In Europe, the outdoor business focused on developing distribution systems and working in close collaboration with the Functional Sales units.

Great new products – made in the U.S.

Further enhancements to the U.S. manufacturing facility in Portland, Oregon that were started in 2015, have begun to deliver results. Similarly, a number of practical improvements including an upgraded Lean process have enhanced efficiency across the operations. These improvements, together with investments in equipment have increased production speed and consistency.

Backed by the improved production capabilities, Gerber's newly strengthened sales and operations planning process is helping to leverage stronger customer relationships to build value. This includes a tighter focus on customer metrics to drive clearer communications and increased efficiency at all levels. Likewise, better synchronized sales and operational plans are providing improved service to customers and actively reducing disruptions in the supply chain.

As an authentic American brand, Gerber remains dedicated to serving a variety of loyal end users, from hunters and campers to professional users and military personnel. Two impressive new products were launched in 2016. Both the Gerber Center-Drive multi-tool and the US Assist knife offer terrific features and have garnered very positive responses from customers and the industry press as well.

Towards a more global, unified approach

In 2016, Gerber's online presence was completely redesigned, with a new U.S. website where Gerber's story and information on products is shared. Gerber has enhanced its presence across mobile devices, which strongly supports our omnichannel strategy by, for example, helping customers easily research Gerber products while on the move.

With a rich history to support it, Gerber is future-focused and aiming toward global expansion driven by both a well-earned reputation and category-redefining innovation.

Craftsmanship

GERBER

”

I know I can rely on Gerber to create the tools I need when traveling in the back-country on a remote backpacking trip or river adventure.

I've come to rely on the quality and durability of Gerber's products, especially when a knife could literally save the day. I am proud to be a Gerber ambassador and support a company that values keeping production local, and making products that will be a part of my outdoor kit for years to come.”

Renee Patrick, *Thru-hiker, Gerber Ambassador*

CORPORATE GOVERNANCE STATEMENT

CONTENTS

FISKARS CORPORATE GOVERNANCE STATEMENT FOR 2016

Introduction

Fiskars Corporation is a Finnish public limited company in which duties and responsibilities are defined according to Finnish law. Fiskars Group comprises the parent company, Fiskars Corporation, and its subsidiaries. The statutory governing bodies of Fiskars Corporation are the General Meeting of Shareholders, Board of Directors, the Managing Director (President and CEO) and the Auditor. Other group management supports the statutory governing bodies of Fiskars Corporation. The Company's domicile is Raseborg, Finland.

Corporate governance at Fiskars Corporation is based on the Finnish Limited Liability Companies Act, the rules and regulations concerning publicly listed companies, the Company's Articles of Association, the charters of the Company's Board of Directors and its Committees and the rules and guidelines of Nasdaq Helsinki Ltd. Fiskars Corporation is a member of the Finnish Securities Market Association and complies, without exception, with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on January 1, 2016 and can be reviewed at www.cgfinland.fi.

This is the separate Corporate Governance Statement referred to in Recommendations 1–28 of the Finnish Corporate Governance Code. This statement and the other information required by the Corporate Governance Code, the Company's Financial Statement, the Report by the Board of Directors and the Auditor's Report for the year 2016 are available on the Company's website www.fiskarsgroup.com as of February 15, 2017.

General Meeting of Shareholders

The General Meeting is the highest decision-making body of Fiskars Corporation, where the shareholders participate in the supervision and control of the Company by using their right to speak and vote. The most important tasks of the General Meeting are, among others, the election of the Board of Directors and the adoption of the Annual Accounts. Other tasks of the General Meeting appear from the Articles of Association of the company and from the Finnish Companies Act. The company shall convene one Annual General Meeting for each financial period. An Extraordinary General Meeting shall be convened when necessary. General Meetings shall be held either in Raseborg or Helsinki.

In accordance with the Articles of Association, notices regarding the General Meetings are published on the Company's website and, if deemed necessary by the Board of Directors, in an alternative manner. In 2016, notices were published in the Helsingin Sanomat, Hufvudstadsbladet and Västra Nyland newspapers in addition to the notice published on the Company's website and the company's stock exchange release.

Any shareholder wishing to submit a matter for inclusion on the agenda of the Annual General Meeting should submit a request in writing to the Board of Directors. To be included in the notice of the Annual General Meeting and in the agenda of the Annual General Meeting, the request should be sufficiently concise and the matter must fall within the authority of the Annual General Meeting, as defined in the Finnish Limited Liability Companies Act. Instructions on submitting requests to the Board of Directors and the deadline for requests are published on the Company's website. In 2016, no such requests were submitted to the Board of Directors.

Annual General Meeting for 2016

Fiskars Corporation held its Annual General Meeting for 2016 on March 9, 2016. The Chairman of the Board, the board members (with the exception of Karsten Slotte), the nominee to the Board of Directors (Jyri Luomakoski), the President and CEO and the Company's auditor were present at the meeting. The meeting approved the Annual Accounts, discharged the members of the Board and the CEO from liability, and decided on the dividend to be paid for the 2015 financial year. The Meeting also decided on the remuneration to be paid to the Board and elected the members, who will serve until the end of the Annual General Meeting in 2017. The Company's auditors were also elected, and remuneration was decided upon. The Meeting authorized the Board to decide on the acquisition of own shares and transfer of own shares held as Treasury shares in accordance with conditions. Annual General Meeting documents are available on the Company's web pages for five years' time after each Annual General Meeting.

Board of Directors

Term, composition and independence

Proposals regarding the composition of the Board of Directors are prepared by the Nomination and Strategy Committee. The term of office of a Board member is one year and will start from the close of the General Meeting electing the member and expire at the close of the next Annual General Meeting after the election. The number of terms for the members of the Board of Directors is not limited.

In accordance with the Articles of Association the Board of Directors shall consist of a minimum of five and a maximum of ten members. The Board of Directors selects a Chairman and a Deputy Chairman from amongst its members. The Board of Directors elected by the Annual General Meeting held on March 9, 2016 is composed of ten members. The General Meeting re-elected Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Ingrid Jonasson Blank, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa and elected Jyri Luomakoski as a new member. Karsten Slotte, who served as a Board member until the end of the Annual General Meeting, informed that he would no longer be available for re-election. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Paul Ehrnrooth as its Chairman and Alexander Ehrnrooth as Deputy Chairman of the Board.

Board of Directors December 31, 2016

Paul Ehrnrooth

Born 1965, M.Sc. (Econ.)
Nationality: Finnish

Chairman since 2014, elected to the Board in 2000
Chairman of the Compensation Committee,
Nomination and Strategy Committee and Investment Committee
Independent of the Company and dependent on significant shareholders

Managing Director & Chairman: Turret Oy Ab 2005–

Primary working experience:
Savox Oy, President and CEO, 1999–2007; several management positions in Wärtsilä Corporation 1994–1999 and Kone Corporation 1993–1994

Other positions of trust:
Chairman of the Board: Savox Group 2004–
Chairman of the Board: Ixonos Oyj 2015–,
(elected to the board in 2010)
Member of the Board: Wärtsilä Corporation 2010–2015

Fiskars shares held directly 31.12.2016: 0
Shares held by controlled entities 31.12.2016: 9,330,961 [1]

Louise Fromond

Born 1979, LL.M.
Nationality: Finnish

Elected to the Board in 2010
Member of the Audit Committee
Independent of the Company and dependent on significant shareholders

Primary working experience:
University of Helsinki, Assistant and Doctoral Student 2004–2008

Other positions of trust:
Chairman of the Board: Oy Holdix Ab 2010–
Member of the Board: Louise and Göran Ehrnrooth Foundation 2013–, Tremoko Oy Ab 2008–, Bergsrådinnan Sophie von Julins stiftelse 2004–, Fromille Oy Ab 1998–

Fiskars shares held directly 31.12.2016: 1,250,705
Shares held by organizations in which a person exercises influence (substantial economic interest, no control) 31.12.2016: 8,541,612

Alexander Ehrnrooth

Born 1974, M.Sc. (Econ.), MBA
Nationality: Finnish

Vice Chairman, deputy to the Board 2000–2005,
elected to the Board in 2005
Member of the Audit Committee, Nomination and Strategy Committee and Investment Committee
Independent of the Company and dependent on significant shareholders

CEO of Virala Oy Ab 1995–

Other positions of trust:
Chairman of the Board: Aleba Corporation 2003–,
Belgrano Inversiones Oy 1999–
Member of the Board: Ahlstrom Oyj 2015–, Munksjö Oyj 2014–,
Wärtsilä Corporation 2010–2015

Fiskars shares held directly 31.12.2016: 855,000
Shares held by organizations in which a person exercises influence (substantial economic interest, no control) 31.12.2016: 12,650,000

Gustaf Gripenberg

Born 1952, D. (Eng.)
Nationality: Finnish

Elected to the Board in 1986
Chairman of the Audit Committee 2003–2016
Member of the Audit Committee
Independent of the Company and significant shareholders

Professor, Aalto University 1999–2016 (retired)

Primary working experience:
Assistant professor, University of Helsinki 1987–1998

Fiskars shares held directly 31.12.2016: 243,320
Shares held by entities in which a person exercises influence (substantial economic interest, no control or managerial responsibilities, no control) 31.12.2016: 4,057,289

[1] Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth have signed a shareholder's agreement on May 26, 2016, where all parties have agreed to vote in Fiskars Corporation's General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholder's agreement have agreed on a mutual pre-emption right, if any of the parties plans to sell Fiskars Corporation's shares. Paul Ehrnrooth's indirect holdings correspond to 11.39% of the shares and 15.28% of the voting rights in Fiskars Corporation.

FISKARS / ANNUAL REPORT

Ingrid Jonasson Blank

Born 1962, M.Sc (Econ.)
Nationality: Swedish

Elected to the Board in 2010
Member of the Audit Committee
Independent of the Company and significant shareholders

Primary working experience:
ICA Sverige AB, Executive Vice President 2004–2010

Other positions of trust:
Member of the Board: Martin & Servera Aktiebolag 2015–, Matse Holding AB (publ.), Västra Frölunda 2015–, Stor & Liten AB 2015–, Orkla ASA 2013–, Matas A/S 2013–, Royal Unibrew A/S 2013–, Musti ja Mirri Group Oy 2012–, Ambea Sweden Group AB 2012–, ZetaDisplay AB 2010–, Bilia AB 2006–

Fiskars shares held directly 31.12.2016: 0

Inka Mero

Born 1976, M.Sc. (Econ.)
Nationality: Finnish

Elected to the Board in 2015
Member of the Compensation Committee
Independent of the Company and significant shareholders

Pivot5 Oy, Co-Founder 2016–
KoppiCatch Oy, Co-Founder 2008–

Primary working experience:
Playforia Oy, CEO 2006–2008, Nokia Corporation, Director 2005–2006, Digia Plc, VP Sales and Marketing 2001–2005, Sonera Corporation, Investment Manager 1996–2001

Other positions of trust:
Chairman of the Board: Pivot5 Oy 2016–, IndoorAtlas Oy 2013–, KoppiCatch Oy 2009–
Member of the Board: Kamux Corporation 2016–, YIT Corporation 2016–, Nokian Tyres 2014–, StartupSauna Foundation 2014–, Finnish Industry Investments 2012–2014, Staffpoint Holding Oy 2008–2016

Fiskars shares held directly 31.12.2016: 0

Jyri Luomakoski

Born 1967, MBA
Nationality: Finnish

Elected to the Board in 2016
Chairman of the Audit Committee since 2016
Member of the Investment Committee
Independent of the Company and significant shareholders

Uponor Corporation, President and CEO 2008–

Primary working experience:
Uponor Corporation, Deputy CEO 2002–2008, Uponor Corporation, CFO, member of Executive Committee 1999–2008, Asko Oyj and Oy Uponor Ab, CFO 1999–1999, various positions at Oy Uponor Ab, Oy Lars Krogius Ab and Datatrans

Other positions of trust:
Member of the board: Varma Mutual Pension Insurance Company 2015–, EHI, European Heating Industries 2014–,
The European Plastic Pipes and Fittings Association 2009–,
Procurator-Holding Oy 2006–2016

Fiskars shares held directly 31.12.2016: 0

Fabian Månsson

Born 1964, M.Sc. (Econ.)
Nationality: Swedish

Elected to the Board in 2015
Member of the Nomination and Strategy Committee
Independent of the Company and significant shareholders

Business Advisor 2008– (for example to McKinsey & Co, Karen Millen, Gina Tricot, Hugo Boss)

Primary working experience:
Eddie Bauer President & CEO 2002–2007,
Spray Ventures AB, Executive Vice President 2000–2001,
H&M Hennes & Mauritz AB, CEO 1998–2000

Other positions of trust:
Chairman of the Board: Björn Borg Sport 2011–2014
Member of the Board: Gina Tricot 2014–, Nordic Fashion Holdings AB 2014–, Nordic Fashion Group AB 2014–, Karen Millen 2010–2014, Aurora Fashion (Oasis, Warehouse, Coast) 2010–2014, Björn Borg AB 2009–2014, Hemköp and Willys 2002

Fiskars shares held directly 31.12.2016: 0
Shares held by controlled entities 31.12.2016: 2,000

Peter Sjölander

Born 1959, M.Sc. (Econ.)
Nationality: Swedish

Elected to the Board in 2015
Member of the Compensation Committee
Independent of the Company and significant shareholders

Primary working experience:
Altor Equity Partners, Senior In-House Advisor 2015–, Helly Hansen Group, CEO 2007–2015, EQT, Industrial Advisor 2013–, Electrolux, Senior Vice President, Product, Brand and Licensing, Global & Europe 2005–2007, Stadium AB, Strategic Advisor 2004–2007, Nike, Global & European Leadership Team Member 1998–2004, Nike, several Global and European executive product management and marketing positions 1991–1998, Intersport International, Marketing and Buying Director 1989–1991, Mölnlycke AB, Senior Product Manager 1985–1989

Other positions of trust:
Chairman of the Board: Swims AS 2014–2016, (Board Member since 2012–), Grundens AB 2015–
Member of the Board: Eton Shirts AB 2016–, Elixia AS 2015–, HFN AS 2015–, Run & Relax Scandinavia AS 2015–, Sats AS 2015–, FitFlop Inc. 2014–, Stokke AS 2011–2014, BTX AS 2011–2013, OBH AB 2008–2011, Helly Hansen AS 2007–2016, Stadium AB 2004–2007

Fiskars shares held directly 31.12.2016: 0

Ritva Sotamaa

Born 1963, LL.M
Nationality: Finnish

Elected to the Board in 2015
Member of the Audit Committee
Independent of the Company and significant shareholders

Unilever PLC/NV, Chief Legal Officer 2013–

Primary working experience:
Siemens Healthcare, Siemens AG, General Counsel 2009–2013, GE Healthcare, General Electric Company, several General Counsel positions 2003–2009, Instrumentarium Corporation, General Counsel 1998–2003, Sisu/Partek Corporation, Legal Counsel 1996–1998, Instrumentarium Corporation, Legal Counsel 1989–2006.

Fiskars shares held directly 31.12.2016: 1,000

FISKARS / ANNUAL REPORT

All members of the Board are non-executive directors. The Board evaluates the independence of its members annually on a regular basis in compliance with Recommendation 10 of the Corporate Governance Code. Based on the latest evaluation carried out on March 9, 2016, the Board considered all members of the Board to be independent of the Company. Alexander Ehrnrooth, Paul Ehrnrooth and Louise Fromond are considered to be non-independent of the Company's significant shareholders. A Board member is obligated to provide the Board with sufficient information to enable the Board to evaluate her/his independence.

The diversity of the board composition is defined in the Board Diversity Policy. Diversity at the Board level is an essential element in supporting the Company's attainment of its strategic goals and ensuring that the Board fulfills its fiduciary responsibilities. The Board shall ideally consist of members with experience from international business representing different industries, tasks, positions, cultures and countries. Having members from both genders on the Board is essential. The Board Diversity Policy is maintained and followed by the Nomination and Strategy Committee in accordance with the Recommendations of Finnish Corporate Governance Code.

Main duties of the Board

The Board of Directors is responsible for the Company's governance and proper organization of the operations in accordance with the applicable law and regulation, its Articles of Association and decisions taken by the General Meetings. The Board has confirmed a written Charter for the Board's duties, meeting practice and decision making procedure. The Board's main duties include:

- Managing and appropriately arranging the Company's operations and confirming the Company's business strategy, rolling plan and budget
- Overseeing the solidity, profitability, and liquidity of the Company, as well as the Company's management
- Approving the risk management principles followed by the Company
- Reviewing and adopting the consolidated financial statements, interim reports and related stock exchange releases and the report by the Board of Directors
- Approving the treasury policy
- Deciding on extraordinary or far-reaching measures, taking the scope and nature of the Company's operations into account, unless these matters come within the responsibilities of the General Meeting of Shareholders
- Preparing the proposal to the General Meeting on the selection of the Company's Auditors based on the proposal by the Audit Committee
- Appointing and dismissing the President and CEO and confirming the terms of his service contract, compensation and other financial benefits
- Appointing the members of the Executive Board, other senior managers, and the internal audit manager, and approving their terms of employment, compensation and other financial benefits
- Deciding on the principles for the Group's remuneration systems
- Deciding on group structure and main organization
- Other statutory duties by virtue of the Finnish Limited Liability Companies' Act and Finnish Corporate Governance Code

The Board conducts an annual self-evaluation of its work and cooperation with management, facilitated by an external expert.

Meeting activities and meeting attendance of the Board of Directors in 2016

The Board is convened by the Chairman, or if the Chairman is unavailable, by the Vice Chairman, according to the pre-confirmed timetable, with additional meetings whenever needed. The Board has a quorum when more than half of the members are present and one of these is the Chairman or the Vice Chairman. A decision of the Board shall be carried by a majority of those present or, in the case of a tie, the Chairman shall have the casting vote. The Company's President and CEO and CFO participate in the Board meetings, and General Counsel acts as secretary of the Board. Other members of the Group's management and other executives participate in the meetings when needed. Usually one or two Board meetings are held at rotating Fiskars' locations.

The Board of Directors convened 11 times during 2016. The average attendance at Board meetings was 100%. Besides the regular annual meeting topics during the financial year, key priorities in 2016 included long term strategy related topics, the restructuring program and the company reorganizations relating to the Group's transformation process and a new organizational structure planned for the year 2017.

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Meeting activity and meeting attendance of the Board of Directors 2016

1.1.–31.12.2016	Board of Directors 11 meetings	Audit Committee* 5 meetings	Compensation Committee* 5 meetings	Nomination and Strategy Committee 4 meetings	Investment Committee[1] 3 meetings
Paul Ehrnrooth	11	-	5	4	3
Alexander Ehrnrooth	11	5	-	4	3
Louise Fromond	11	5	-	-	-
Gustaf Gripenberg	11	5	-	-	-
Ingrid Jonasson Blank	11	5	-	-	-
Jyri Luomakoski**	9	4	-	-	3
Inka Mero	11	-	5	-	-
Fabian Månsson	11	-	-	4	-
Peter Sjölander	11	-	5	-	-
Karsten Slotte***	1	1	2	-	-
Ritva Sotamaa	11	5	-	-	-

* Committee compositions changed as of March 9, 2016

** Board member as of March 9, 2016

*** Board member until March 9, 2016

[1] The meetings of the Investment Committee have been held in connection with the Audit Committee meetings and no separate remunerations have been paid for participations in the Investment Committee's meetings.

BOARD COMMITTEES

The Committees assist the Board by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to a Committee. The Committees have no autonomous decision-making power, and thus the Board makes the decisions within its competence collectively. The Board has confirmed written charters for the Committees that lay down their key duties and operating principles. The Committees report regularly on their work to the Board. The reports include a summary of the matters addressed and measures taken by the Committee. In the constitutive meeting of the Board held after the Annual General Meeting 2016, the Board decided to continue with the following four Board Committees: an Audit Committee, a Compensation Committee, a Nomination and Strategy Committee and an Investment Committee. The Board of Directors elected among the board members the members and the Chairmen of the Committees. The Company's General Meeting did not establish any committees. To handle specific tasks, the Board of Directors can also set up a temporary working group consisting of Board members and reporting to the Board of Directors. In 2016 the Board did not set up such temporary working groups.

Audit Committee

According to the Committee Charter the Audit Committee is responsible for the following activities:

- Monitoring the financial statement reporting process
- Supervising the financial reporting process
- Monitoring the efficiency of the Company's internal controls, internal auditing, and risk management
- Reviewing the description of the main features of the internal controls and risk management associated with the financial reporting process, which is included in the in the Company's Corporate Governance Statement
- Reviewing and monitoring the main legal actions, claims and other proceedings that Fiskars is involved in
- Reviewing the annual audit plan, budget and resources of the Company's internal audit function and handling essential audit findings
- Reviewing the Company's Corporate Governance Statement
- Monitoring the statutory auditing of the Company's financial statements and consolidated financial statements
- Evaluating the independence of the Company's statutory Auditors and the provision of related services to the Company
- Preparing the proposal concerning the election of the Company's Auditors for the Board of Directors

The members of the Audit Committee as of March 9, 2016 included:

- Jyri Luomakoski (Chairman)
- Alexander Ehrnrooth
- Ingrid Jonasson Blank
- Louise Fromond
- Gustaf Gripenberg
- Ritva Sotamaa

All the members of the Audit Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Audit Committee convened five times in 2016 and the attendance of members at meetings was 100%. Besides its ordinary work, the Audit Committee reviewed the topics related to the restructuring program and the company reorganizations relating to the Group's transformation process and the tax re-assessment decision from the Large Taxpayer's office in July.

Compensation Committee

According to the Committee Charter the Compensation Committee is responsible for preparing matters related to the appointment and remuneration and other financial benefits of the President and CEO and other Group executives, as well as matters related to the Company's remuneration system.

The following Board members belonged to the Compensation Committee as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Inka Mero
- Peter Sjölander

All the members of the Compensation Committee are independent of the Company and the majority of them are also independent of the Company's significant shareholders. The Compensation Committee convened five times in 2016 and the attendance of members at meetings was 100%. In 2016, the Compensation Committee discussed the Company's compensation framework and bonus structure.

Nomination and Strategy Committee

According to the Committee Charter the Nomination and Strategy Committee is responsible for the following activities:

- Preparing proposals related to the composition of the Board of Directors to be presented to the General Meeting after consulting major shareholders
- Preparing proposals to the General Meeting on the remuneration of Board members
- Preparing proposals to the Board regarding the composition of the Board's committees
- Confirming the criteria and processes to be used for evaluating the Board's work
- Dealing with matters relating to the strategy of the Company in co-operation with the management and with focus on company's long-term initiatives

The following Board members belonged to the Nomination and Strategy Committee as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Fabian Månsson
- Alexander Ehrnrooth

All the members of the Nominations and Strategy Committee are independent of the Company. The Nomination and Strategy Committee convened four times in 2016 and the attendance of members at meetings was 100%. Among the focus areas of the committee were matters related to the company's long-term strategy.

Investment Committee

According to the Committee Charter the Investment Committee is responsible for the following activities:

- To prepare proposals for the group's financial investment strategy for the approval of the Board of Directors
- To prepare a financial investment and related risk management policy
- To evaluate, propose and review the performance of the key external investment advisors and service providers
- To regularly follow-up and report on execution of the approved financial investment strategy
- Any other duties as may be set forth in the approved group's financial investment strategy and investment policy

The following Board members belonged to the Investment Committee, as of March 9, 2016:

- Paul Ehrnrooth (Chairman)
- Alexander Ehrnrooth
- Jyri Luomakoski

All the members of the Investment Committee are independent of the Company. The Investment Committee convened three times in 2016 and the attendance of the members at meetings was 100%. In 2016 the Investment Committee mainly followed the status of the Company's investment portfolio.

President and CEO

Fiskars Corporation has a Managing Director (President and CEO) who is responsible for the day-to-day management and administration of the Company in accordance with the Finnish Companies' Act, the Company's Articles of Association and the instructions and orders given by the Board and for reporting to the Board on the Company's business operations and financial situation. He is also responsible for ensuring that the Company's accounting methods comply with the applicable law and that financial matters are managed in a reliable manner. The President and CEO is assisted in these duties by the Executive Board and the Corporate Office.

The President and CEO is Kari Kauniskangas, M.Sc. (Econ.). He joined the Company in 2008.

Teemu Kangas-Kärki, COO and CFO, was appointed as deputy to the CEO as of September 12, 2014.

The President and CEO is appointed by the Board of Directors, which also decides on the terms and conditions of the President and CEO's service contract. A written service contract approved by the Board has been made between the Company and the President and CEO.

Executive Board

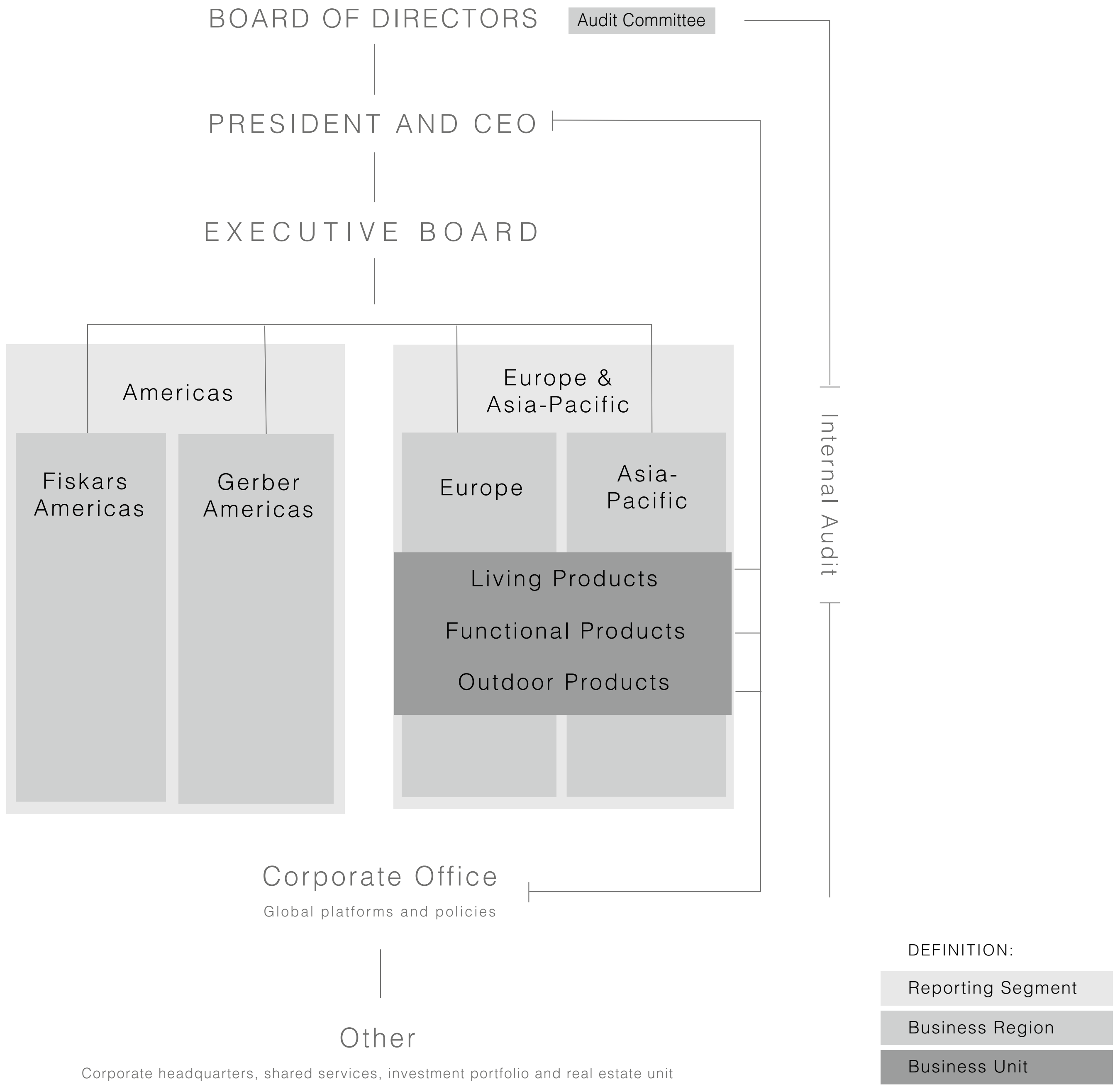
The Executive Board's key focus areas are managing the global business operations through the company's business regions and business units. The Executive Board's focus areas include ensuring strategic business portfolio and competences for the future, group-wide synergies and creating a strong collaboration culture. According to the reorganization carried out at the end of 2014 Fiskars had four business regions in 2016: Europe, Asia-Pacific, Fiskars Americas and Gerber Americas. The four business regions carried the commercial responsibility for their respective regions and the business units, Living Products, Functional Products and Outdoor Products, carried the responsibility for developing and maintaining an attractive offering and strong brand portfolio. At the end of 2016 the Executive Board members held the following positions: President and CEO; COO & CFO; Senior Vice President, Human Resources; Senior Vice President, Supply Chain; Chief Information Officer; Senior Vice President, Brands and Marketing; President, Living Business; President, Europe; President, Fiskars Americas and President, Gerber Americas.

Other Group management

The Corporate Office focuses on selected global platforms strategies and their implementation, such as finance, tax and treasury, human resources, IT, supply chain, corporate communications and investor relations, legal affairs, IPR and compliance. The Corporate Office supports the President and CEO in preparing materials for the Board of Directors' and Executive Board's meetings and prepares the Group's financial reporting. In addition, the line management of the Group's other businesses, real estate and investment portfolio, is within the responsibility of the Corporate Office. At the end of 2016, the Corporate Office included the President and CEO, COO & CFO, Senior Vice President, Human Resources, Senior Vice President, Supply Chain, Chief Information Officer, Senior Vice President, Brands and Marketing, General Counsel, Senior Vice President, Business Development and Senior Vice President, Finance, and Director, Corporate Communications and Corporate Responsibility.

The corporate management followed the business regions' and the business units' performance and plans through monthly and quarterly reports and met quarterly with the business regions' management to follow up on key activities and to address strategies for the respective region as well as business model implementation. Significant decisions on regional strategy or investments were discussed and decided in these regional board meetings. Respectively, business unit boards consisting of corporate and business unit management convened twice a year to review category and brand strategies and performance.

FISKARS ORGANIZATION 2016



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Executive Board

Executive Board, December 31, 2016

Kari Kauniskangas

President and CEO, employed 2008
Born 1962, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Amer Sports Corporation, Head of Winter & Outdoor division 2007
Amer Sports Corporation, Senior Vice President, Sales & Distribution 2004–2007
Amer Sports Europe GmbH, President & GM 1999–2004

Positions of trust:
Member of the Board: Veho Group Oy Ab 2013–

Fiskars shares held directly 31.12.2016: 34,097

Nina Ariluoma

Senior Vice President, Human Resources, employed 2013
Born 1971, M.Sc. (Psych.), EMBA
Nationality: Finnish

Primary working experience:
Nokia Siemens Networks Oy, Head of HR Region, North, East and West, Russia 2013–
Nokia Siemens Networks Oy, Head of Region HR for North and East Europe, Russia, CIS and Turkey, Russia 2011–2013
Nokia Siemens Networks Oy, Head of HR for Global Sales 2008–2011
Nokia Oyj, Head of Business HR for Emerging Businesses 2005–2007
Nokia Oyj, Business HR Manager, Nokia Business Infrastructure 2001–2003
Nokia Oyj, Human Resources Manager, Nokia Ventures, US 1999–2000

Fiskars shares held directly 31.12.2016: 0

Teemu Kangas-Kärki

Chief Operating Officer and Chief Financial Officer (COO & CFO), deputy to the CEO, employed 2008
Born 1966, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Fiskars Corporation, President, Home business area 2012–2014
Fiskars Corporation, Chief Financial Officer 2008–2012
Alma Media Corporation, Chief Financial Officer 2003–2008
Kesko Group, Vice President, Corporate Controller 2002–2003
Kesko Group, Corporate Business Controller 2000–2001
Suomen Nestlé Oy, Finance Director 1999–2000
Smith & Nephew Oy, Financial Manager 1996–1998
Unilever Oy & Gmbh, Marketing Controller and Internal Auditor 1992–1996

Position of trust: Member of the Board Lassila & Tikanoja PLC 2016–

Fiskars shares held directly 31.12.2016: 6,000

Thomas Enckell

President, Business Region Europe, employed 2007
Born 1963, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Fiskars Corporation, President, Garden EMEA business area 2009–2014
Iittala Group, Sales Director, Wholesale 2007–2008
Iittala Group, Group Director, Iittala Brand and International Sales 2005–2007
Hackman Group, Marketing Director for the Metos Group 2004–2005
Hackman Group, Director international sales and marketing 2003–2004
Hackman Group, Business Area Director, Cutlery, cookware and glassware 2000–2003

Positions of trust:
Chairman of the Board: Polarica AB 2015–2016
Member of the Board: Polarica AB 2016–,
Stala Oy and Stala Tubes Oy 2008–2015

Fiskars shares held directly 31.12.2016: 2,300

Risto Gaggl

Senior Vice President, Supply Chain, employed 2011
Born 1968, M.Sc. (Tech)
Nationality: Finnish, Austrian

Primary working experience:
Fiskars, Vice President, Operations, Garden EMEA 2011–2012
Elcoteq SE, Vice President, Business Excellence 2010–2011
Elcoteq SE, Vice President, Business Unit Mobile Devices 2009–2010
Elcoteq Personal Communications, Vice President, Operations & SCM 2008–2009
Elcoteq Group, various management positions in Finland, Hungary and Estonia 2001–2007

Fiskars shares held directly 31.12.2016: 0

Ulrik Garde Due

President, Living business, employed 2016
Born 1963, BA
Nationality: Danish

Primary working experience:
Temperley London Ltd. Chief Executive Officer 2013–2016
Georg Jensen, President and CEO 2007–2013
Burberry Group Plc, Senior Vice President, Global Sales and Marketing 1998–2007
Cerruti, Global Director, Sales and Marketing, 1997–1998
Celine, Vice President, Japan South-East Asia & North America 1990–1997

Fiskars shares held directly 31.12.2016: 0

Robert Kass

President, Gerber Americas, employed 2014
Born 1959, MBA, B.Sc.
Nationality: USA

Primary working experience:
Elkay Manufacturing Company, Chief Marketing Officer 2010–2014
American Standard Brands, Vice President & General Manager 2001–2009
Overhead Door Corporation, Vice President, Marketing & Engineering 1996–2001
Black & Decker Household Product Group, various management positions 1987–1996
Sikorsky Aircraft, Human Factors Engineer 1981–1987

Fiskars shares held directly 31.12.2016: 0

Alexander Matt

Senior Vice President, Brand & Marketing, employed 2015
Born 1974, M.Sc. (Econ.)
Nationality: German

Primary working experience:
Adidas, Senior Director Global Brand Communications, Originals 2012–2015
Levi Strauss & Co, Commercial Director 2010–2012
Levi Strauss & Co, various positions in consumer marketing 2005–2010
Triumph International, Advertising Manager Europe 2004–2005
Bellaire, Marketing Consultant, 2002–2004
Powderhausen.com, Marketing Manager 2001–2002

Fiskars shares held directly 31.12.2016: 0

Paul Tonnesen

President, Fiskars Americas, employed 2007
Born 1964, MBA, B.Sc. (Marketing)
Nationality: USA

Primary working experience:
Elmer´s Products, Inc., Corporate Officer and Senior Vice President Global Sales and Customer Service 2005–2007
Spectrum Brands, Corporate Officer and Vice President Sales 2002–2005
American Safety Razor, Corporate Officer and Vice President Sales and Category Marketing 1998–2002

Positions of trust:
Member of the Board: Milwaukee Institute of Art & Design 2011–
Boys and Girls Club 2011–
Le Moyne College School of Business 2011–

Fiskars shares held directly 31.12.2016: 0

Frans Westerlund

Chief Information Officer, Head of Business Processes & IT, employed 2009
Born 1966, M.Sc. (Econ.)
Nationality: Finnish

Primary working experience:
Nokia, Director, Process and System Solutions in Nokia Markets 2006–2009
Nokia, Director, Delivery Management in Nokia Information Management 2001–2006
Nokia, Manager, Application Services in Nokia Singapore 2001
Nokia, various positions in Nokia Information Management 1994–2001

Fiskars shares held directly 31.12.2016: 0

Corporate Office, December 31, 2016

Kari Kauniskangas, President and CEO
(member of the Executive Board)

Teemu Kangas-Kärki, COO & CFO (member of the Executive Board)

Nina Ariluoma, SVP, HR (member of the Executive Board)

Risto Gaggl, SVP, Supply Chain (member of the Executive Board)

Alexander Matt, Senior Vice President Brand and Marketing
(member of the Executive Board)

Frans Westerlund, Chief Information Officer
(member of the Executive Board)

Topi Sarpakunnas
Senior Vice President, Business Development, employed 2015
Born 1976, M.Sc. (Agriculture and forestry)
Nationality: Finnish

Primary working experience:
Nordic Adviser Group / NAG Oy, 2001–2015

Fiskars shares held directly 31.12.2016: 0

Sari Somerkallio
VP, Group Finance, employed 2008
Born 1972, M.Sc. (Econ.) and M.Sc. (Math.)
Nationality: Finnish

Primary working experience:
Fiskars Corporation: planning and managing of subsidiary's financial administration 2008–2016
Wärtsilä Corporation: different positions relating to investor relations, projects and financial administration 1999–2007

Fiskars shares held directly 31.12.216: 650

Maija Taimi
Vice President, Corporate Communications and Sustainability, employed 2015
Born 1974, M. Sc. (Econ)
Nationality: Finnish

Primary working experience:
Nokia Corporation, Head of Corporate Communications 2014–2015
Nokia Corporation, Head of Media Relations, Finland 2012–2014
Cargotec, Director, Communication, 2011–2012
Nokia Corporation, Senior Communications Manager 2008–2011
Nokia Corporation, Communications Manager 2006–2008
JKL Group, Communications Consultant 2000–2006

Fiskars shares held directly 31.12.2016: 0

Päivi Timonen
General Counsel, employed 2014
Born 1970, LL.M, trained at the bench
Nationality: Finnish

Primary working experience:
Chief Legal Officer, Elektrobit Corporation 2002–2014
Lawyer, Roschier, 1998–2002

Other positions of trust:
Member of the Board, Lehto Group Oyj 2014–

Fiskars shares held directly 31.12.2016: 0

Jyri Virrantuomi
Senior Vice President, Group Development, Finance, employed 2011
(left the Company on January 17, 2017)
Born 1969, M.Sc (Econ.).
Nationality: Finnish

Primary working experience:
Finnlines Oyj, Head of Group Control and Shared Financial Services 2005–2011
Antalis Oy, Finance Director 2003–2005
Fujitsu Invia Oy, Controller, Services Division 2001–2003
Thermo Fisher Scientific Oy, Finance Director 1996–2001
Roxon Oy, Financial Manager 1993–1996

Fiskars shares held directly 31.12.2016: 0

Control systems

The Board of Directors is responsible for the appropriate management and organization of operations. The Board of Directors has approved the principles of internal control, risk management, and internal auditing to be followed within the Group.

In practice, it is the responsibility of the President and CEO, together with the management, to put in place and oversee accounting and control mechanisms and other similar mechanisms.

The Risk Management function supports identification, evaluation, and management of risks that may threaten the achievement of Fiskars business goals.

CODE OF CONDUCT

Fiskars' objective is to pursue long-term profitable business in an ethical and responsible manner. The way of operating for all Fiskars employees is defined in the Company's Code of Conduct. The Code of Conduct shall be complied with by all companies belonging to Fiskars Group even when the Code requires a higher standard of behavior than is required by national law and local regulation. All company rules, guidelines and practices in Fiskars' companies must be in full compliance with the Code of Conduct.

All Fiskars employees participate in regular training on the Code of Conduct. The Internal Audit Manager acts as the Corporate Compliance Officer for this Code.

INTERNAL AUDIT

The Internal Audit function has an independent role and audits and reviews how well internal control systems function, the appropriateness and efficiency of functions, and how well guidelines are observed.

The Internal Audit function also strives to promote the development of risk management practices in the Group's business regions and business units. The Company has an internal audit manager, who is administratively subordinate to the Finance management, but reports to the Board's Audit Committee.

AUDITING

The task of statutory auditing is to verify that Fiskars financial statements and Board of Directors' report provide accurate and adequate information on the company's results and financial position. In addition, auditing includes an audit of Fiskars accounting and administration. The Company's Auditors submit the statutory Auditor's report to the Company's shareholders in connection with the Company's financial statements. The Auditors also report their findings to the Board's Audit Committee on a regular basis and at least once a year to the full Board of Directors.

The Company's Annual General Meeting elects an Auditor. Proposals to the Annual General Meeting on the election of Auditors shall be made by the Board of Directors based on the proposal by the Board's Audit Committee. The Auditors are elected for a term that expires at the end of the following Annual General Meeting.

The Annual General Meeting in 2016 re-elected KPMG Oy Ab, Authorized Public Accountants, as Auditors, with Authorized Public Accountant Virpi Halonen having the principal responsibility. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies.

A total of EUR 1.3 million was paid in audit fees to the auditors employed by Group companies in 2016. In addition, a total of EUR 1.1 million was paid to the auditors in fees for other consultancy services related to tax matters and other advisory services.

RELATED PARTY TRANSACTIONS

According to the Code of Conduct policy all directors and employees must avoid conflicts of interest between themselves or their family members and Fiskars Corporation.

Persons belonging to Fiskars Related Party are defined in the Related Party Guidelines approved by the Fiskars' Board of Directors in 2012. According to the Guidelines the following persons belong to the Related Party in 2016:

- Members of the Fiskars Board of Directors
- The President CEO and his deputy
- Members of the Executive Board
- Members of the Corporate Office
- Members of the Business Region management teams
- Members of the Business Unit management teams
- Country directors
- Other individuals specified from time to time by the President and CEO
- Members of the family (i.e. spouses, persons under the related party's guardianship and other family members who live in the same household with the abovementioned related party
- Entities controlled by the above mentioned individuals

According to the Related Party Guidelines, all Related Party Transactions shall be concluded on an arm's length basis and shall be approved in advance by the President and CEO. Transactions which involve the President and CEO of Fiskars Corporation or a member of the Board of Directors must be approved in advance by the Board of Directors of Fiskars Corporation.

Issues to be taken into consideration in reviewing the Related Party transactions

- Whether the terms of the transaction are fair to Fiskars and would apply on the same basis with non-related third parties
- Whether there are compelling business reasons for Fiskars to enter into the transaction
- Whether the transaction would impair the independence of an independent director or present a conflict of interest for the related party

Fiskars Corporation keeps a register of its related parties and collects from them information regarding the related party transactions once a year. Fiskars' internal audit shall review the related party transactions annually and file a report thereof to the auditor and to the Audit Committee. Fiskars discloses the Related Party Transactions that are essential for the company and that depart from its normal business operations or that are not conducted in accordance with the normal market price, in its Financial Statement.

INSIDER ADMINISTRATION

Fiskars' Insider Policy, approved by the Board of Directors, outlines the policy related to trading in Fiskars shares by all employees, executives and directors. Fiskars' Insider Policy is based on applicable EU regulation, especially the Market Abuse Regulation (596/2014, "MAR"), and any regulation and guidance given by the European Securities Markets Authority or otherwise under MAR, and Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), as well as the insider and other guidelines of Nasdaq Helsinki Ltd, and the guidance by the Finnish Financial Supervisory Authority ("FIN-FSA").

Fiskars' Managers, as defined by MAR, include the members of the Board of Directors and the CEO, the CFO and other senior executives, as may be determined by the CEO from time to time. Managers and their closely associated persons are required to notify Fiskars and the FIN-FSA of every transaction conducted on their own account relating to the financial instruments of Fiskars. These notifications shall be made promptly and no later than three business days after the date of transaction (T+3). Fiskars in turn will disclose such information as a stock exchange release, as required by MAR.

As of July 3, 2016 Fiskars will not maintain a list of permanent insiders but instead all persons involved will be included as project insiders for the relevant projects. Project specific lists will be established and maintained for each project or event constituting inside information, based on separate decision.

Preparation of periodic disclosure (interim reports, financial statement bulletin) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of the unpublished information on the company's financial results, the persons determined by Fiskars having (based on their position or access rights) authorized access to the unpublished financial result information are entered in a list of Financial Information Recipients.

Fiskars applies a trading restriction (a "closed period") of 30 calendar days before the release of each of the quarterly financial reports and the year-end report and the day of publication of such report. The closed period applies to Managers and to the Financial Information Recipients.

For transparency, Fiskars provides on its website up-to-date information on the shareholding of the Managers, their controlled entities and their managed entities (not controlled, but substantially equivalent economic interests), subject to consent of the relevant person. Holdings and transactions in Fiskars shares by the Fiskars' Managers and closely associated persons are detailed on the Management's Transactions page on the Company's website.
The public insider register prior to July 3, 2016 is also available on Company's website.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL REPORTING

The financial reporting process refers to activities that generate financial information used in managing the Company and the financial information published in accordance with the requirements of legislation, standards, and other regulations covering the Company's operations.

The role of internal control is to ensure that the Company's management has access to up-to-date, sufficient, and accurate information needed for managing the Company and that the financial reports published by the Company provide an essentially accurate view of the Company's financial position.

Governance

The Parent Company has a Group-level financial management organization that operates under the leadership of the COO & CFO. Financing and financial risk management belong to the Group Treasury function under the responsibility of the COO & CFO.

The business regions and business units are run by their own leadership teams. All the business regions have their own financial management organizations, which also support the business units.

The business regions and country legal units within the regions comprise the base level of financial reporting. Business regions and country sales units are responsible for organizing their own financial management and for the accuracy of their financial reporting.

With the support of the Company, the business regions are responsible for the day-to-day risk management associated with their operations and for monitoring the operations of the finance departments of individual units and country sales units.

The Internal Audit function audits and monitors the efficiency of the reporting process and assesses the reliability of financial reporting.

The Group's Audit Committee, the Group's Board of Directors, the corporate management and the leadership teams of each business region and business unit monitor the development of the financial situation and analyze progress on targets on a monthly basis.

Planning and performance reporting

Setting and monitoring financial targets is an important part of Fiskars' management responsibilities. Short-term financial targets are set as part of the annual planning cycle, and progress in achieving these targets is monitored on a monthly basis. Business regions and country legal units report actual monthly financial data and file monthly projections of how financial performance is expected to develop over the remainder of the reporting period. Additionally, business regions update the outlook for the remainder of the reporting period on a monthly basis on an aggregated level.

The Group's financial performance is reviewed monthly using a reporting system that covers all units and operations.

Information from reporting units is consolidated and validated by the Group's financial organization and the data is used to prepare a monthly report for senior management. Monthly reports contain condensed income statements for Fiskars' operational segments, business regions and business units, key indicators, and an overview of the major events affecting their businesses. Reports also include a consolidated income statement, balance sheet data, cash flows, and a projection of the expected development of the financial situation covering the remainder of the reporting period.

Accounting principles and financial IT systems

Financial reporting is governed by a set of common principles. The Group applies the IFRS accounting standards approved within the EU and has a common Group chart of accounts. The Group's financial management organization has drawn up guidelines for units, covering the content of financial reporting and the dates within which reporting must take place.

Business regions and country sales units make use of a number of different accounting and financial reporting systems. Group-level financial reporting is handled using one centrally-managed system. Business regions as well as country sales units are responsible for providing data for the Group's reporting system. The Group-level financial management organization is responsible for maintaining the Group's reporting system and for monitoring that appropriate and correct data is fed into the system.

As part of the five-year investment program the Company implemented a common enterprise resource planning system (ERP) in Europe in order to simplify the financial reporting process and reduce risks associated to the management of several different systems in parallel. The new system was implemented in phases. The first implementation took place in late 2011, and at the end of 2016 the entire business volume targeted by the program was running through the common system.

Risk management

The overall objective of risk management is to identify, evaluate, and manage risks that may threaten the achievement of Fiskars' business goals. The aim is to secure personnel and assets, ensure the uninterrupted delivery of products to customers, and protect the reputation, brands, and shareholder value from developments or damage that may undermine Fiskars' profitability or adversely affect its assets.

In relation to financial reporting, the task of risk management is to identify potential threats affecting the financial reporting process that, if they were to become reality, could lead to a situation in which management lacked up-to-date, sufficient, and essentially accurate information needed to manage the company and in which financial reports published by Fiskars did not provide an essentially accurate picture of the financial position.

The principles observed in risk manage ment are included in the risk management policy approved by the Board of Directors. The Board's Audit Committee oversees the efficiency of risk management systems. Responsibility for identifying, evaluating, and also, to a large extent, managing Fiskars risks, is delegated to business units and support functions. The Group Treasury is responsible for developing and maintaining the methods, tools, and reporting associated with risk management. In addition, it carries out regular risk assessments together with business units and support functions and assists in the preparation of action plans based on the results of these assessments.

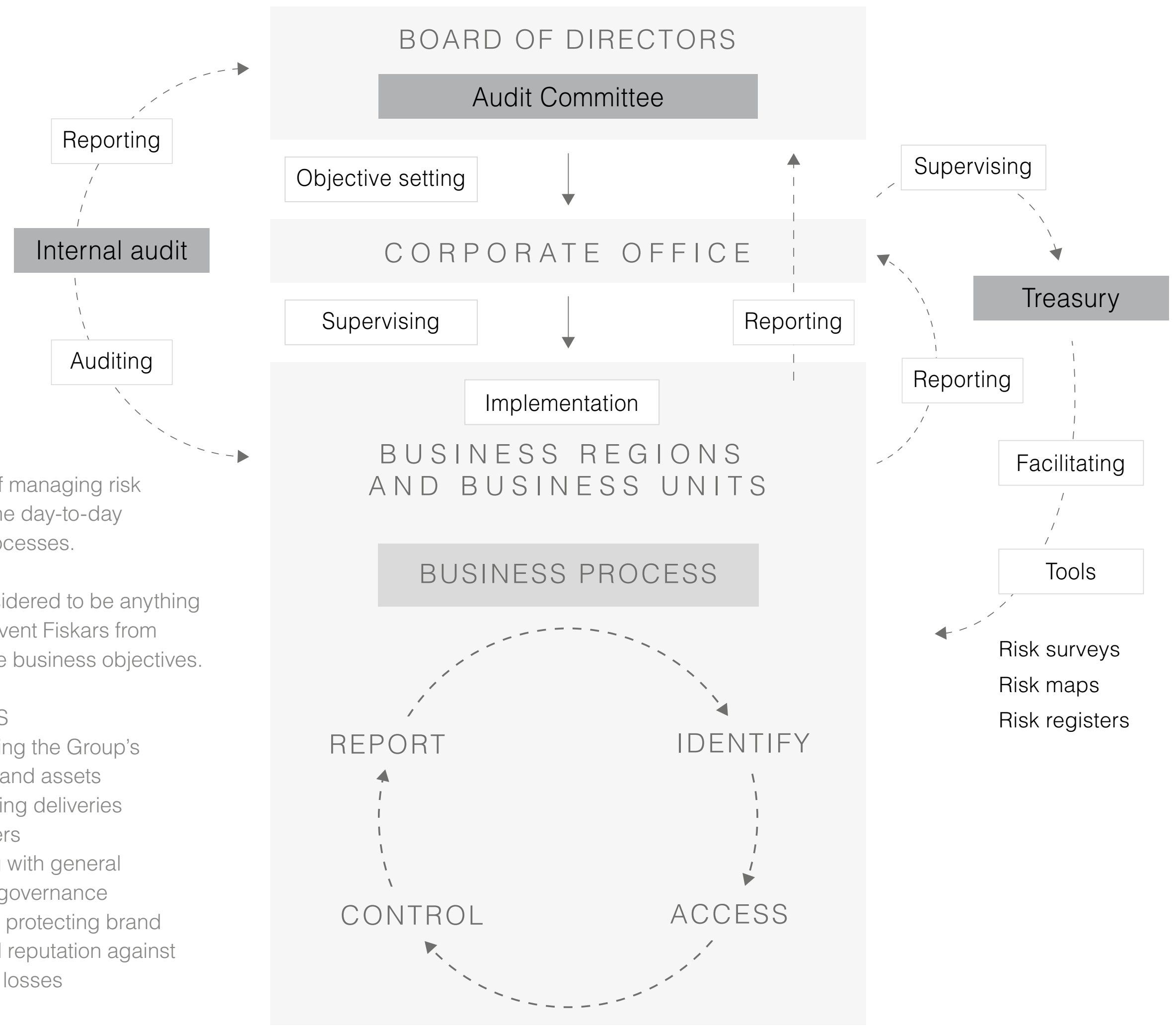
Fiskars has taken out comprehensive insurances to provide cover for the Group's main assets, business interruptions, transportation, and liabilities. Insurance matters, with the exception of certain types of local insurance, are managed centrally by the Group Treasury. The Group Treasury manages financial risks in accordance with principles approved by the Board of Directors.

Fiskars manages the risks associated with its financial reporting process in a number of ways including the following:

- Maintaining and resourcing an appropriate financial management organization
- Limiting the rights and responsibilities of individual members of staff appropriately
- Managing the user rights that give access to the Group's reporting system centrally
- Issuing guidelines on accounting and reporting
- Maintaining a common Group chart of accounts
- Making effective use of IT tools
- Providing ongoing training for personnel
- Validating the accuracy of information that is reported as part of the reporting process

Fiskars continues to unify its financial processes and implementation of common IT tools. With regards to risk management, the objectives are to ensure that effective internal controls are in place and to improve the transparency and quality of information used in management decision-making.

RISK MANAGEMENT FRAMEWORK



PROCESS of managing risk is a part of the day-to-day business processes.

RISK is considered to be anything that may prevent Fiskars from achieving the business objectives.

OBJECTIVES

- Safeguarding the Group's personnel and assets
- Guaranteeing deliveries to customers
- Complying with general corporate governance
- Guidelines protecting brand values and reputation against accidental losses

PRINCIPAL UNCERTAINTIES

Strategic risks	Description	Effect	Risk management
Macroeconomic risk	As Fiskars produces and sells consumer goods, weak market conditions in key market areas could have an adverse effect on the Company's net sales and profitability.	Prolonged economic downturn or uncertain geopolitical situation could have a material adverse impact on Group net sales and profit.	Fiskars strives to continuously diversify its commercial footprint both in terms of geography and product portfolio, which will balance demand fluctuations between markets.
Consumer demand	Low consumer confidence could have an adverse effect on the sales of the products marketed and sold by the Company.	Prolonged low consumer demand in several key markets could have a material adverse impact on Group net sales and profit.	Fiskars is engaged in strong brands and product categories which are relatively resilient to moderate decline in consumer confidence. Active collaboration with key retail customers can drive sales for both the brand and the retailer.
Customers	Fiskars products are primarily sold to wholesalers, retailers, and directly to consumers through the company's own stores and webstores. Many large retailers decide on their product range and suppliers only once annually, and failure to meet customer needs may result in Fiskars losing customers or listings at customers. Retailers, especially in ecommerce, can also have a significant influence in directing consumers' purchasing volumes. Fiskars is exposed to risks from structural changes in retail landscapes and changes in retail business models. These include for example consolidation among retailers and international retailers' increasingly centralized purchasing activity. As a supplier Fiskars is also exposed to retailers shifting strategic focus to own private label businesses.	Although Fiskars has a diversified customer base, loss of any its largest customers, loss of significant category listings at key channels or decrease in business volume at key customers would have a material adverse impact on the Group's net sales and profits. Market consolidation among retailers increases Fiskars dependence on individual customers and strengthens retailers' purchasing power. This may in turn impact Fiskars profitability	Fiskars' core competence lies in building strong brands that people desire and are willing to pay a premium for. For retailers, specialist brands offer a higher return. Although sales to large individual customers are significant in some of Fiskars businesses, none of the individual customers account for more than 10% of the total net sales of the Group. Fiskars mitigates risks associated to customer relationships and distribution by building best-in-class trade relations and excelling in sales and execution. In recent years, Fiskars has consistently invested in its sales organization and supply chain to meet the evolving customer demands effectively. Fiskars can differentiate from competitors by combining extensive consumer insight with unbiased trade insight. Through our expertise in category management, we aim to assume a trusted advisor role and strengthen our partnership with selected retailers. This will enable us to build the brand experience and expand our retail presence while providing retailers with increased turnover.

Reputation	Any adverse event affecting consumer confidence in our brands or corporate reputation could have a negative impact on our business.	Usually the negative impact would relate to a specific brand in a specific market. A major reputation crisis could, however spread across markets and have a significant negative impact on Group net sales and profits.	A major part of the Group's net sales and profits are generated by the six global brands of the company, of which the Fiskars brand is the biggest. Fiskars has established processes to monitor their performance closely. Determined action is taken to mitigate any threat to brand value. Fiskars has established crisis management and crisis communications procedures to mitigate the potential negative effects of a crisis situation on its corporate and brand reputation.
Intellectual property rights	Fiskars owns and develops a valuable portfolio of strategic intellectual property rights (IPR), which is a key tool for the Group's brands' differentiation. Fiskars is exposed to infringement of its intellectual property rights and failure to protect those rights could lead to counterfeit products gaining market share. In its own product development activities, Fiskars is also exposed to the risk of unintentionally violating other parties' intellectual property rights.	Violation of Fiskars intellectual rights can lead to loss of sales and profits. The insufficient quality or safety of counterfeit products may undermine consumers' confidence in Fiskars brands. Violation by Fiskars of other parties' rights could lead to increased costs and damage to Fiskars reputation.	Fiskars has established cross-functional processes and systems to proactively and effectively manage its global IPR portfolio. Fiskars uses an optimized combination of different types of IPR protection to get the best possible protection for its innovations. Fiskars has monitoring processes and action plans in place to prevent and stop infringing products and practices. Fiskars also actively monitors competitors' intellectual property rights to gain an understanding of the competitive landscape and to avoid the risk of infringing third parties' rights. Training on immaterial rights is mandatory for Fiskars personnel in relevant functions and Fiskars has established processes to ensure that other parties' immaterial rights are respected.
People and culture	The successful execution of Fiskars growth strategy and related change programs depends on the extent to which the company succeeds in appointing and retaining talented and committed professionals. Inability to maintain and further develop engagement and inspiring corporate culture may lead to loss of critical competencies and key personnel in strategic positions.	Fiskars is undergoing a major transformation, and loss of key personnel in strategic positions, low employee engagement and failure to maintain a high performance culture could impact Fiskars ability to achieve its goals.	Strong leadership and building a shared culture continue to be in Fiskars focus. The company invests in leadership practices and competence development, and the management is committed to promoting employee engagement. Development is followed up regularly through various measures.

Operative risks	Description	Effect	Risk management
Supply chain	Fiskars' production strategy is based on combination of own manufacturing and carefully selected supply partners, whose share has increased. Fiskars purchases components and raw materials from several suppliers. Changes in the marketplace can be rapid, and this exposes Fiskars to a risk of failing to ensure that design, quality, price and availability of products at the right place at the right time are in balance. Through diversifying its manufacturing footprint the company is increasingly exposed to risks related to its supply chain. The company has own manufacturing operations in several locations, and most of its suppliers are located outside Fiskars key markets. Disturbances at the source of supply or in the logistics chain could prevent the orderly delivery of products to customers. Fiskars is also increasingly exposed to legal, economic, political and regulatory risks related to the countries of its own or its suppliers' manufacturing facilities, which may impact product availability.	Failure to deliver products at the right time could lead to loss of listings or even loss of customers. Insufficient product availability or other non-compliance with customer agreements can also lead to penalty payments. Failing to meet with consumer expectations on the sustainability on our supply chain could have a negative impact on consumers' trust on our brands.	Our supply chain priorities include efficient and flexible manufacturing capabilities and flexible logistics structures as well as the consolidation of supplier portfolio and ensuring sustainability of our supply chain. Fiskars' goal is to build a strong partner network which lives up to our corporate values, high quality standards and our customers' expectations. We require our partners to commit to principles covering labor and human rights, health and safety, the environment, and business ethics. Suppliers are required to follow Fiskars' Supplier Code of Conduct, and audits are carried out to verify compliance. The importance of a seamlessly functioning supply chain continues to increase and we are continuously strengthening our global sourcing operations. Fiskars currently runs regional sourcing offices in Shanghai, Bangkok and Helsinki and focuses on value creation by harmonizing sourcing processes and supplier-base management principles on a global scale.
Raw materials and components	Sudden fluctuations in the most important raw material, component and energy prices or availability can have an impact on Fiskars profitability.	The cost of raw materials is a relatively small part of Fiskars cost base, and even significant increase in price of an individual raw material would have fairly limited impact on profitability. Long term availability issues would possibly have a greater impact on sales and profits.	Fiskars uses long-term contracts with its preferred raw material suppliers to manage price risks, and derivatives are used to hedge the price of electricity for production plants in Finland. In order to limit the availability risks the company aims to avoid relying on a single source in any of the critical material areas.

Product liability	Fiskars' brands communicate a promise of high quality and functionality, and all products need to be right for their purpose and fulfill all material and quality requirements. For example many of Fiskars homeware products are used in connection with food, and many garden and outdoor products are intended for demanding cutting activities. Failure to meet demands on performance and safety could expose Fiskars to the risk of product recall and even liability for damages in the event that its products had caused injury to consumers or damaged other property. Legislation in many countries may also require Fiskars to recall products in other specific circumstances.	A product recall induces costs that could be material if a large number of defective products were to be recalled from several geographical locations. In the worst case defective products might result in personal injury and therefore an obligation for the company to pay damages to consumers that could be substantial and include punitive elements in some jurisdictions. Respectively, in some jurisdictions, government authorities may claim and if successful, collect substantial penalties payable for alleged violation of product safety related regulation.	Fiskars' product development process is based on continuous testing and learning, and the company has invested in product development and quality assurance resources. Fiskars ensures by careful quality and product safety related processes that a product is safe and right for its purpose and that all the material and quality requirements are fulfilled.
Weather and seasonality	Demand for some of the Group's products is dependent on the weather, particularly garden tools and watering products during the spring and snow tools during the winter. Unfavourable weather conditions such as cold and rainy weather during spring or no snow in the winter can have a negative impact on the sale of these products. The sale of homeware products is heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.	Weather impact would typically be limited to a certain part of the business portfolio. A longer period of unusually poor weather in a larger geographic area could however affect overall traffic in stores. Seasonal variations and weather conditions can lead to short-term fluctuations in demand which may in turn lead to excess inventory of products or lost sales.	Fiskars' does not hedge weather risks. Risks associated with demand and product availability during peak season are managed by active sales and marketing activities and by systematic supply chain management. Fiskars strives to have a flexible production structure which can be adjusted at a short notice to meet actual demand. Fiskars' strategy is to balance seasonality by developing its portfolio and also by creating secondary seasons through marketing activities.

FISKARS / ANNUAL REPORT

IT	Fiskars is increasingly dependent on centralized information technology systems and breaches, malfunctions or disruptions could have a material adverse effect on Fiskars results. The company is also exposed to information security risks including increasing global cyberattacks and various fraud attempts.	Malware, software defects or lack of access to centralized IT systems may cause unavailability of critical business information which can prevent the execution of the required business processes. This could impact business operations and thus financial performance either regionally or globally. Cyberattacks and frauds may cause significant financial losses.	Fiskars mitigates the risk by building the IT solutions using industry best practice processes and proven technologies. The solutions are regularly audited and tested. Training is organized for core competences, which are required for maintaining the functionality and security of the IT solutions. The processes for managing emergency situations and recovery are documented and key personnel have been trained. The company has increased its investment in IT security mitigations based on findings of regular security audits and reviews. Changes to new and existing IT systems are done according to standard processes and procedures. All changes are approved, validated and tested before execution to production.
Legal and regulatory compliance	Complex international legal and regulatory environment exposes the company to compliance and litigation risks, including competition compliance and data privacy. Our products and operations are subject to certain legal requirements relating to health and safety.	Increasing regulatory requirements may add operative costs and exposes the company to criminal penalties and civil liabilities. Failure to comply with these requirements may have a material adverse effect on Group profit. Additional investments and increased costs may be realized if any of our products becomes subject to new regulations, e.g. with regards of hazardous materials.	Fiskars has implemented various compliance programs and controls to mitigate compliance risks. The company is further developing its Group wide compliance practices with an aim to ensure that its employees worldwide are aware of relevant requirements and act accordingly.
Acquisitions	Acquisitions are a part of Fiskars growth strategy. Despite a careful due diligence process, all acquisitions and integration of acquired businesses include risks. Brands or sales may be adversely affected, key individuals may decide to leave the company, the costs of the integration may exceed expectations and synergy effects may be lower than expected.	Acquired businesses may not perform as expected, loss of key individuals and failure to meet integration targets may lead to Fiskars not achieving the strategic and commercial objects for the acquisitions. This may affect Fiskars net sales and profitability.	Fiskars mitigates these risks by planning the integration of acquired businesses in advance, by establishing Fiskars' corporate governance principles immediately after the takeover, by setting up a joint integration team and by following the integration and the development of the new company intensively within its corresponding management team, the Executive Board and the Board of Directors of Fiskars.

Environment	Climate change is a crucial global issue and may impact Fiskars' economic activity and corporate performance. Most of the environmental risks are described in other strategic or operative risk categories, such as disruptions in Supply Chain. Fiskars has evaluated potential environmental liabilities at its manufacturing sites and does not currently have any major environmental investment needs. However, some of Fiskars manufacturing sites have been operating for more than 100 years. Typically the historical handling, disposal, and use of hazardous chemicals were not regulated, controlled or monitored during the sites' early operational history as they are today. Regulative requirements, like the Paris Agreement and EU Renewable Energy Directive, define targets for the use of renewable energy, energy efficiency and emissions. Additional taxes may increase energy prices.	Potential environmental liabilities may give rise to third party actions, remedial measures, capital expenditures or other compliance costs. Changes in environmental regulation may lead to increased production and distribution costs, and additional investments may be required.	Fiskars is working on environmental matters through its sustainability efforts and the company aims to minimize environmental risks through systematic risk management. Fiskars is committed to promoting circular economy throughout the value chain, combatting climate change by taking actions to mitigate emissions, reduce the use of energy and promote renewable energy sources. Fiskars monitors and drives good environmental management practices at both own manufacturing sites and works with suppliers to improve their performance and minimize the environmental impact.
Terrorism	Threat of international terrorism has increased and Fiskars is present in countries where terrorism presents a serious and sustained threat to supply of products.	Act of terrorism may cause loss of production and, consequentially, loss of sales and customer goodwill.	Fiskars works with anti-terrorist organizations to ensure that the most effective security is in place to limit such a risk.

Financial risks	Description	Effect	Risk management
Currency rates	A significant part of the Group's operations are located outside of the euro zone. Consolidated financials are reported in Euros, which means that the Group is exposed to a translation risk. In addition less than 20% of Fiskars commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant transaction risks relate to the appreciation of THB and GBP and depreciation of JPY, AUD and SEK. The most significant translation risks relate to depreciation of USD.	Changes in foreign exchange rates may have an adverse impact on the reported net sales of the Group, its operating results, balance sheet and cash flow. Changes in foreign exchange rates may also impact Fiskars local competitiveness negatively. Fiskars details its sensitivity to main currencies in its financial statements.	The Company aims to manage currency risks related to commercial cash flows primarily through business means. Acquisition of production inputs and sale of products are primarily denominated in the local currencies of the Group companies. Net estimated exports and imports in foreign currencies is hedged up to 12 months in advance using currency forwards and swaps. The potential adverse impact on reported consolidated financials arising from changes in foreign exchange rates is left unhedged.
Financial investments	The financial investment portfolio of Fiskars consists of shares in Wärtsilä and of other financial investments. Other financial investments may include investments into funds, shares, bonds and other financial instruments denominated mostly in EUR and USD. The financial investment portfolio is exposed to risks generally related to financial investments and the investments may lose value because of several reasons. The most relevant risks are considered to be decline in financial markets, changes in interest rates or in foreign currency rates and default (issuer of a security not able to make timely principal and interest payments) risks.	The shares in Wärtsilä together with the other financial investments form an active investment portfolio which is treated as a financial asset at fair value through profit or loss. Valuation of financial assets through profit and loss will increase the volatility of financial items in the profit and loss statement and thus volatility of Fiskars net result.	The investment management principles, including objectives, guidelines and risk management procedures, have been documented in an investment policy approved by the Board of Directors. The risk management measures include limits for various asset classes, instruments and counterparties and it defines risk measurement and risk reporting principles.
Taxation	Complex and changing tax legislation in multiple jurisdictions where Fiskars operates may create uncertainties relating to tax obligations towards various authorities. At the same time, governments seeking to cut budget deficits are increasing tax enforcement activities and disclosure requirements as they pursue new sources for tax revenues. This, in conjunction with unpredictable behavior or changing interpretation of tax authorities may cause unexpected tax challenges.	Fiskars faces an increasing administrative burden resulting from reporting and disclosure requirements. Increased tax enforcement activity may lead to double taxation and additional costs in forms of penalties and interest. Perceived non-compliance could have an impact on corporate reputation.	We strive to plan and manage our tax affairs efficiently and in compliance with laws and regulations of the jurisdictions in which we operate. In an increasingly complex international tax environment some degree of uncertainty is inevitable. Fiskars actively monitors changes in tax rates and regimes to identify impacts on the group effective tax rate and exercises its judgment and seeks professional advice in assessing its tax liabilities and assets.

REMUNERATION STATEMENT

FISKARS / ANNUAL REPORT

CONTENTS

FISKARS REMUNERATION STATEMENT FOR 2016

Fiskars compensation philosophy

Fiskars' compensation philosophy and compensation structures are designed to be market-relevant and performance-based in that outstanding performance is rewarded more than average performance. For most of Fiskars employees, compensation consists of a base salary, bonus and benefits. The total compensation including bonus should be competitive against the relevant market. For all employees, salary is based upon geographic location, level of responsibility, contribution to the business, experience and performance. The bonus practice supports the philosophy of performance based rewarding.

Board's remuneration

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board's Nomination Committee is responsible for preparing proposals for the General Meeting of Shareholders on the remuneration of Board members.

In 2016, the Annual General Meeting decided on the following annual remuneration for the members of the Board of Directors:

- Chairman of the Board: EUR 90,000
- Vice Chairman of the Board: EUR 60,000
- Members of the Board: EUR 45,000

In addition, for the Board and Committee meetings, the Board members residing in Finland shall be paid a fee of EUR 750 per meeting and the Board members residing abroad shall be paid a fee of EUR 2,000 per meeting and the Chairman of the Board of Directors and the Committees shall be paid a fee of EUR 1,500 per meeting. Further the Board members are reimbursed for their travel and other expenses incurred due to their activities in the interest of the company. Compensation paid to the members of the Board totaled EUR 730,750 in 2016. The members of the Board are not included in Fiskars' incentive plan and they are not employed by the Company.

Remuneration paid to the members of the Board of Directors for the year 2016

Name	Annual remuneration EUR	Meeting remuneration EUR	Total EUR
Paul Ehrnrooth, Chairman starting March 12, 2014	90,000	30,000	120,000
Alexander Ehrnrooth, Vice Chairman	60,000	15,000	75,000
Louise Fromond	45,000	12,000	57,000
Gustaf Gripenberg	45,000	12,750	57,750
Ingrid Jonasson Blank	45,000	32,000	77,000
Karsten Slotte, until March 9, 2016	11,250	2,250	13,500
Jyri Luomakoski, Chairman of the Audit Committee, starting March 8, 2016	33,750	13,500	47,250
Inka Mero	45,000	11,250	56,250
Fabian Månsson	45,000	30,000	75,000
Ritva Sotamaa	45,000	32,000	77,000
Peter Sjölander	45,000	30,000	75,000
Total	**510,000**	**220,750**	**730,750**

Main features of the Executive Board's remuneration

The Board of Directors appoints the Managing Director (President and CEO) and confirms the terms of his employment and other compensation. The Board is also responsible for appointing the members of the Executive Board, approving their terms of employment and other compensation, and deciding on the principles for the Group's compensation systems. The Compensation Committee is responsible for preparing matters related to these topics.

In addition to base salary, Fiskars offers its executives variable pay programs to further promote high performance. The company has established an Annual Bonus Plan and a Long-term Incentive Plan. In addition, Executive Board members based in Finland have a voluntary, contribution-based, pension insurance.

INCENTIVE PLAN DESIGN

Both Fiskars Annual Bonus Plan and its Long-term Incentive Plan are designed to reward for achievements against pre-established goals. Incentive Plan participants are assigned a "target level" that will dictate the incentive payout as a percentage of base pay. Incentive targets represent an overall target opportunity and are not a guarantee that a payout will be made.

Annual Bonus Plan payments will be made on the basis of performance against "plan metrics". The plan metrics may consist of a mix of financial metrics, operational metrics and other personal goals. The potential payout ranges from nothing to a maximum percentage of each participant's annual salary. The maximum level for the President and CEO and the other members of the Executive Board is at maximum 1.5 times the target level with the exception of Fiskars Americas and Gerber Americas Presidents, their maximum being 2 times the target level.

Participants in the Long-term Incentive Plan are selected by the Board of Directors annually, and the Board also decides on the earning criteria based on financial targets for the plan annually. The long-term incentive targets for the period 2016 to 2018 are purely financial and are tied to the Company's consolidated net sales and cumulative EBIT for that period at the end of 2018. For the CEO and COO, 50% of the targets are the same as for all executives, whereas 50% of the targets are based on cumulative total shareholder return including a cumulative EBIT threshold.

The vesting period for the Long-term Incentive Plan is three years. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2016–2018 will be paid during the first quarter of 2019.

Principles of the Presidents and CEO's incentive scheme in 2016

	Minimum	Target	Maximum
Annual Bonus Plan, % of annual base salary	0	75%	102.5%
Long-term Incentive Plan, % of annual base salary	0	125%	250%

Principles of the Executive Board's incentive scheme in 2016

	Minimum	Target	Maximum
Annual Bonus Plan, % of annual base salary	0	30—60%	45—120%
Long-term Incentive Plan, % of annual base salary	0	30—80%	60—160%

President and CEO's remuneration

The President and CEO's compensation consists of a salary, annual bonus and the Long-term Incentive Plan. The President and CEO's target bonus corresponds to 75% of his annual base salary. In 2016 the financial targets of the Annual Bonus Plan were related to net sales growth, adjusted operating profit, and cash flow. The financial targets of the Long-term Incentive Plan 2016–2018 were related to net sales and cumulative operating profit and total shareholder return. The target bonus for the President and CEO's LTI corresponds to 125% of annual base salary.

The President and CEO is provided with a voluntary contribution-based pension, under which the Company contributes 20% of the prior year's annual salary excluding bonuses.

The President and CEO's employment contract will end when he reaches the age of 60. The President and CEO and the Company have a notice period of six months. Remuneration on dismissal by the Company is 12 months' basic salary, in addition to salary for the six-month notice period.

The salary, benefits, and bonuses paid in 2016 to the President and CEO, Kari Kauniskangas, totaled EUR 1,208,000. Base salary accounted for EUR 490,769, bonuses for the 2015 result came to EUR 367,526 and bonuses for 2013–2015 through the Long-term Incentive Plan came to EUR 349,705.

Remuneration of the President and CEO in 2016

	2016	2015	2014
Basic salary (EUR)	490,769	517,366*	416,995
Annual bonus for previous year (EUR)	367,526	163,539	229,176
Bonus paid through long-term incentive plan (EUR)	349,705	129,276	388,500
Total (EUR)	**1,208,000**	**810,181**	**1,034,671**
Voluntary pension contribution by the company (EUR)	94,490**	83,399	80,947

* Including a discretionary bonus of EUR 100,000, and other benefits of EUR 3,135

** Including an adjustment related to 2015 base salary and voluntary pension contribution

The figures in this remuneration are presented on a cash basis. The remuneration of the President and CEO and the rest of the Executive Board are presented on an accrual basis in the notes to Fiskars financial statements for 2016.

Executive Board's remuneration

The Executive Board's Annual Bonus Plan in 2016 was designed to provide a target bonus equivalent to 30–60% of their annual salary. The earning criteria were tied to the Group's financial targets and, secondarily, to personal, function-specific targets. In 2016, the financial targets were mainly related to net sales growth, adjusted operating profit, and cash flow. Members of the Executive Board are included in the Long-term Incentive Plan.

Members of the Group's Executive Board based in Finland have a voluntary, contribution-based pension insurance under which the Company contributes 16–20% of their annual salaries excluding bonuses. Their retirement ages vary between 60 and 68 years.

In 2016, salaries, benefits, and bonuses paid to the members of the Executive Board (excluding the President and CEO) totaled EUR 4,130,872. Base salaries accounted for EUR 2,773,060. Bonuses for the 2015 result came to EUR 1,005,364 and bonuses paid through the Long-term Incentive Plan for 2013 amounted to EUR 352,447.

Remuneration of the other members of the Executive Board* in 2016

	2016	2015	2014
Base salary (EUR)	2,773,060	2,097,270	953,514
Annual bonus for previous year (EUR)	1,005,364	554,907	734,833
Bonus paid through long-term incentive plan (EUR)	352,447	380,047	729,593
Total (EUR)	**4,130,872**	**3,032,224**	**2,417,940**
Voluntary pension contribution by the company (EUR)	221,517	169,377	221,995

* Including Ulrik Garde Due starting January 18, 2016 and excluding Matteo Gaeta starting October 7, 2016

The figures in this remuneration are presented on a cash basis. The remuneration of the President and CEO and the rest of the Executive Board are presented on an accrual basis in the notes to Fiskars financial statements for 2016.

FISKARS / ANNUAL REPORT

FINANCIAL STATEMENTS

CONTENTS

REPORT BY THE BOARD OF DIRECTORS FOR THE YEAR 2016

Year 2016 in brief: Significant increase in net sales and operating profit

The year 2016 was marked by strong progress on Fiskars' strategic journey, with all-time high net sales and adjusted operating profit. This was a major achievement, especially as the integration of the watering business and the English & Crystal Living business are both on-going.

The performance in the fourth quarter was driven by the Scandinavian Living and Functional businesses. While the Fiskars team was going through many changes, including the introduction of a new organizational structure, new leadership teams and plans to increase efficiencies, net sales was in line with the previous year despite divestments, and the adjusted operating profit nearly doubled, amounting to EUR 33.0 million during the fourth quarter.

The turnaround of the watering business has progressed faster than originally planned and the business contributed positively to earnings already in 2016. The English & Crystal Living business is being managed with a strong focus on improving working capital and operational efficiency. Fiskars continued to strengthen all of the key international brands and increase the consumer focus.

During 2016, Fiskars took several steps in developing the company into a world-class consumer goods company with a family of iconic lifestyle brands. Fiskars is focusing on building businesses and brands that have the potential to grow globally, and in line with this target, the company has divested businesses that do not fit into the strategy. In addition, Fiskars is continuously seeking ways to operate with more efficiency and agility, and saw efforts begin to generate results during the year.

During 2016, cash flow from operating activities amounted to EUR 83.8 million (47.6) including the negative effect of EUR 28.3 million due to the tax reassessment decision in Finland announced in July 2016. Earnings per share were EUR 0.78 (1.04) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.56 (0.16).

Fiskars is transitioning to a biannual dividend distribution policy. The Board of Directors proposes a normal dividend of EUR 0.71 per share be paid in March 2017. To facilitate the transition to the new policy, the Board of Directors proposes a dividend of EUR 0.35 per share be paid in September 2017.

Group performance

NET SALES AND OPERATING PROFIT 2016

In 2016, Fiskars Group's three reporting segments were Europe & Asia-Pacific, Americas, and Other, and the business was divided into three business units: Living, Functional and Outdoor.

The Living business unit consists of the English & Crystal Living business, including Waterford, Wedgwood, Royal Albert, Royal Doulton and other brands, and the Scandinavian Living business, which includes Iittala, Rörstrand, Royal Copenhagen and other brands.

The Fiskars, Gilmour, and Leborgne brands belong to the Functional business unit. The Gerber brand belongs to the Outdoor business unit.

Fiskars Group's Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters, and shared services. Fiskars completed the sale of its boats business, which was previously part of the Other segment, in early January 2016.

Net sales, EUR million	2016	2015	Change	Comparable change*
Group	1,204.6	1,107.1	8.8%	1.6%
Europe & Asia-Pacific	769.4	663.6	15.9%	0.5%
Americas	489.0	451.2	8.4%	-0.1%
Other	5.7	40.5	-86.0%	10.2%

* Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business, Spring USA in Q4 2015 and the English & Crystal Living business in the first half of 2016

Operating profit (EBIT), EUR million	2016	2015	Change
Group	82.7	46.5	78%
Europe & Asia-Pacific	37.4	34.9	7%
Americas	53.2	28.1	90%
Other and eliminations	-8.0	-16.5	-52%

Fiskars Group's consolidated net sales increased by 8.8% to EUR 1,204.6 million (2015: 1,107.1). Comparable net sales increased by 1.6%, driven by the Functional business.

Fiskars Group's operating profit during 2016 totaled EUR 82.7 million (2015: 46.5). Adjustments to operating profit amounted to EUR -11.1 million (-18.6) during 2016, resulting in an adjusted operating profit of EUR 93.8 million (65.1). Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in 2015.

Operating profit for the Europe and Asia-Pacific segment totaled EUR 37.4 million (34.9) during 2016. The adjusted operating profit for the segment increased by 2%, totaling EUR 46.1 million (45.3), driven by increased efficiencies and the Scandinavian Living and Functional businesses.

Operating profit for the Americas segment increased by 90%, amounting to EUR 53.2 million (28.1). The adjusted operating profit for the segment increased by 60%, totaling EUR 57.8 million (36.1), driven by all businesses in the Americas segment.

Reporting segments and business units

BUSINESS UNITS IN 2016

Net sales, EUR million	2016	2015	Change	Comparable change*
Living Products	598.0	450.1	32.9%	1.5%
Functional Products	513.6	524.5	-2.1%	2.9%
Outdoor Products	89.1	93.8	-5.0%	-5.3%

* Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business, Spring USA in Q4 2015 and the English & Crystal Living business in the first half of 2016

EUROPE & ASIA-PACIFIC SEGMENT IN 2016

EUR million	2016	2015	Change
Net sales	769.4	663.6	15.9%*
Operating profit (EBIT)	37.4	34.9	7%
Adjusted operating profit	46.1	45.3	2%
Capital expenditure	21.9	20.2	8%
Personnel (FTE), average	6,603	4,923	34%

* Using comparable exchange rates and excluding the English & Crystal Living business in the first half of 2016 net sales in the Europe & Asia-Pacific segment increased by 0.5% in 2016

Net sales in the Europe & Asia-Pacific segment increased by 15.9% to EUR 769.4 million (2015: 663.6) during 2016, primarily driven by the English & Crystal Living business. Net sales increased by 0.5% on a comparable basis.

Net sales of Fiskars, Rörstrand and Royal Copenhagen branded products increased during 2016, supported by successful launches, and campaigns in several categories, including scissors, garden and yard care, and snow tools. A focus on in-store merchandizing and point-of-sale activities in the Functional business contributed to the increase in net sales. After softness earlier in the year, net sales increased in the Scandinavian Living business during the fourth quarter.

The segment recorded an adjusted operating profit of EUR 46.1 million (45.3) during 2016. The increase was primarily driven by the performance of the Scandinavian Living and Functional businesses as well as increased efficiencies.

FISKARS / ANNUAL REPORT

AMERICAS SEGMENT IN 2016

EUR million	2016	2015	Change
Net sales	489.0	451.2	8.4%*
Operating profit (EBIT)	53.2	28.1	90%
Adjusted operating profit	57.8	36.1	60%
Capital expenditure	9.3	4.0	131%
Personnel (FTE), average	1,235	1,154	7%

* Using comparable exchange rates, excluding the divested container gardening business, excluding Spring USA in Q4 2015, as well the English & Crystal Living business in the first half of 2016, net sales in the Americas decreased by 0.1% in FY 2016

Net sales in the Americas segment increased by 8.4% to EUR 489.0 million (2015: 451.2) during 2016, supported by the English & Crystal Living business. Comparable year-on-year net sales were flat in the segment in 2016. Net sales in the garden, watering and school, office and craft categories increased. In addition, the launch of striking tools in the U.S. supported net sales in the building and fixing category.

The segment recorded an adjusted operating profit of EUR 57.8 million (36.1), driven by all the businesses in the Americas segment. In addition, the watering business contributed positively, driven by increased efficiency and exits from several unfavorable sales agreements during the past year.

OTHER SEGMENT IN 2016

EUR million	2016	2015	Change
Net sales*	5.7	40.5	-86.0%
Operating profit**	-8.0	-16.5	-52%
Adjusted operating profit**	-10.0	-16.3	-39%
Net change in fair value of investments valued at FVTPL***	6.1	56.1	-89%
Investments at FVTPL***	464.4	520.0	-11%
Capital expenditure**	6.4	8.2	-21%
Personnel (FTE), average	161	339	-52%

* Using comparable exchange rates and excluding the divested boats business net sales increased by 10.2% in FY 2016
** Including eliminations between segments
*** FVTPL = Fair value through profit or loss

The Other segment contains the Group's investment portfolio, real estate unit, corporate headquarters, and shared services. Fiskars completed the sale of its boats business in early 2016, which had previously been part of the Other segment.

Net sales in the segment decreased to EUR 5.7 million (2015: 40.5) in 2016, and consisted of timber sales and rental income. The decrease is due to the sale of the boats business. The operating profit for the period was EUR -8.0 million (-16.5). The adjusted operating profit of the Other segment was EUR -10.0 million (-16.3).

At the end of the period, the market value of Fiskars' active investments was EUR 464.4 million (December 31, 2015: 520.0), consisting of shares in Wärtsilä valued at EUR 464.4 million (458.7), with a closing price of EUR 42.68 (42.15) per Wärtsilä share. Fiskars no longer has any investments in short-term interest rate funds (December 31, 2015: 61.4).

The net change in fair value of investments recorded in the profit and loss statement amounted to EUR 6.1 million (56.1) during 2016.

RESEARCH AND DEVELOPMENT

The Group's research and development expenses totaled EUR 18.0 million (2015: 18.0) during 2016, equivalent to 1.5% (1.6%) of net sales.

PERSONNEL

Personnel (FTE), average	2016	2015*	Change
Group	8,000	6,416	25%
Europe & Asia-Pacific	6,603	4,923	34%
Americas	1,235	1,154	7%
Other	161	339	-52%

* The personnel figures for FY 2015 have been restated to include the FTE figures for the English & Crystal Living for July 2015.

At the end of December 2016, the Group employed 8,560 (9,003) employees, of whom 1,224 (1,509) were in Finland.

Fiskars' transformation process

With the vision to create a positive, lasting impact on the quality of life we live – Making the everyday extraordinary – Fiskars is on a journey to become an integrated consumer goods company with a family of iconic lifestyle brands. The company took several steps during 2016 to move this process forward.

Divestment of businesses

In January 2016, Fiskars completed the sale of its boats business, announced on November 11, 2015. The sale included shares in Inha Works Ltd. as well as the Buster brand and related factory real estate in Ähtäri, Finland. Fiskars sold its container gardening business in the U.S in January 2016. The transaction included the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Florida, U.S. In addition, Fiskars sold Spring USA, a U.S.-based provider of foodservice equipment in September 2016 and completed the sale of its European Ebertsankey container gardening business in December 2016.

These divestments generated a positive effect on cash flow during 2016. They did not have a significant impact on Fiskars' financial position or results during 2016.

Alignment program

In November 2016, Fiskars launched an Alignment program to proceed in the transformation. The program focuses on the structural changes in the organization, proposed headcount reductions announced in November 2016, and the full integration of the English & Crystal Living business, acquired in 2015.

Fiskars proposed to reduce headcount in areas where there are overlaps or potential to seek efficiencies. Including the addition of a number of new positions, the net reduction of Fiskars' personnel was estimated to be 130 positions globally. As a conclusion of the employee consultations initiated in Finland in November 2016, the maximum number of headcount being reduced was 19. The process continues in other countries and timelines vary from one country to another. Plans are subject to information and consultation with employees and their representatives according to local legislation.

The total costs of the program are approximately EUR 15 million in 2016–2017. They are recorded as adjustments to the operating profit, of which EUR 8.4 million had been recorded by the end of 2016. The targeted annual cost savings are approximately EUR 14 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, starting in 2017 and with the full effect in 2018.

Supply Chain 2017 program

During the third quarter of 2015 Fiskars announced a restructuring program to optimize its global supply chain network in Europe and Asia. The Supply Chain 2017 program aims to improve the competitiveness of Fiskars' manufacturing operations and distribution network.

The total costs of the program are approximately EUR 20 million in 2015–2017. They are reported as adjustments to operating profit, of which EUR 11.1 million had been recorded in Europe by the end of 2016. The targeted annual cost savings are approximately EUR 8 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program has been completed. The program is expected to be completed by the end of 2017.

During 2016, as part of the program, Fiskars completed the transfer of manufacturing operations from the Helsinki ceramics factory to a partner network, and decided to centralize the manufacturing of garden cutting tools at Fiskars' manufacturing site in Poland, with the Functional products factory in Billnäs, Finland concentrating on manufacturing axes, scissors, and snow tools.

In addition, Fiskars established a partner-operated Central European distribution center in the Netherlands to drive quality and efficiency, and to support growth initiatives. In 2016, Fiskars started deliveries from the new distribution center, to which the regional distribution center operations had been transferred from Germany and France. Fiskars will also transfer the logistics of Fiskars-branded products from the UK, Poland and Hungary to the Netherlands.

Investment program in Europe

In December 2010, Fiskars launched an investment program to create competitive structures, systems, and processes in Europe, including a new, shared Enterprise Resource Planning (ERP) system. The costs and investment related to the program were updated to EUR 65 million during the first half of 2013, and approximately EUR 65 million had been recorded by the end of 2016.

The entire business volume targeted by the program is running through common systems and processes. The program was completed as planned by the end of 2016. Fiskars continues to invest in IT systems and processes to ensure a competitive infrastructure in building global businesses and brands.

Financial items and net result in 2016

The net change in the fair value of investments through profit or loss amounted to EUR 6.1 million (2015: 56.1) during 2016, consisting mainly of Fiskars' holdings in Wärtsilä.

Other financial income and expenses amounted to EUR 4.4 million (23.2) in 2016, including EUR 13.1 million (11.4) of dividends received on Wärtsilä shares and EUR -0.5 million (13.9) of foreign exchange differences.

Profit before taxes was EUR 92.8 million (125.5) and income taxes were EUR -27.4 million (-39.2) for 2016. During 2016 earnings per share were EUR 0.78 (1.04) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.56 (0.16).

Cash flow, balance sheet, and financing in 2016

During 2016, cash flow from operating activities before financial items and taxes amounted to EUR 120.7 million (2015: 50.2). Cash flow from operating activities amounted to EUR 83.8 million (47.6) including the negative effect of EUR 28.3 million due to the tax reassessment decision in Finland announced in July 2016. Cash flow from investing activities was EUR 78.8 million (-5.9), including the positive cash flow of EUR 61.7 million from the sale of investments in short-term interest rate funds and EUR 46.1 million from the sale of the Spring USA, boats business, and container gardening business in the U.S. and other non-current assets held for sale. Cash flow from financing activities was EUR -164.1 million (-56.0).

Capital expenditure for 2016 totaled EUR 37.6 million (32.4) and depreciation, amortization, and impairment were EUR 37.4 million (42.8). Depreciation, amortization and impairment in 2015 included a goodwill impairment related to the divestment of the container gardening business in the Americas and an impairment related to the Supply Chain 2017 program.

Fiskars' working capital totaled EUR 217.8 million (190.5) at the end of December. The increase in working capital is due to the increase in income tax receivables related to the tax reassessment decision (EUR 28.3 million). Inventories decreased by EUR 9.7 million during 2016. The equity ratio increased to 69% (65%) and net gearing was 12% (21%).

Cash and cash equivalents at the end of the period totaled EUR 17.7 million (19.7). At the end of the period, the shares in Wärtsilä were valued at EUR 464.4 million (458.7).

Short-term borrowing totaled EUR 10.9 million (86.7) and long-term borrowing totaled EUR 182.4 million (182.9). Short-term borrowing mainly consisted of bank overdrafts and in 2015, also of commercial papers issued by Fiskars Corporation. Net interest-bearing debt amounted to EUR 152.4 million (249.4). In addition, Fiskars had EUR 300.0 million (300.0) in unused, committed long-term credit facilities with Nordic banks.

Changes in organization and management

On January 18, 2016, Ulrik Garde Due was appointed as the President of Living business and a member of the Executive Board.

On October 7, 2016, Matteo Gaeta, President, Asia-Pacific stepped down from the Executive Board.

On November 10, 2016 Fiskars announced plans to change its organizational structure and Group Executive Board effective from January 1, 2017, with the aim of leveraging the full potential of its strong brands, building company-wide capabilities and increasing speed and alignment. Fiskars' new organizational structure features two Strategic Business Units (SBU's): Living and Functional.

FISKARS / ANNUAL REPORT

Fiskars Executive Leadership Team, previously the Executive Board, is responsible for the Group's strategy and priorities and consists of the following members as of January 1, 2017:

- Kari Kauniskangas, President and CEO, and in his role as the President, SBU Functional
- Teemu Kangas-Kärki, Chief Operating Officer and Chief Financial Officer
- Nina Ariluoma, Senior Vice President, Human Resources
- Ulrik Garde Due, President, SBU Living

Other significant events during 2016

New reporting structure

Following the changes in the organizational structure announced on November 10, 2016, Fiskars will revise its financial reporting structure. As of Q1 2017, Fiskars' three primary reporting segments are: Living, Functional and Other. In addition, Fiskars will report group-level net sales for three secondary reporting segments: Americas, Europe and Asia-Pacific. To provide a basis for comparison, Fiskars will present restated, unaudited financial quarterly 2016 results for segments before the Q1 2017 interim report is published.

Corporate Governance

Fiskars complies with the Finnish Corporate Governance Code issued by the Securities Market Association, which came into force on January 1, 2015. Fiskars' Corporate Governance Statement for 2016 in accordance with Reporting requirements of the Code will be published in week 7 of 2017 as a separate report.

Ultimate decision-making power is vested in the Annual General Meeting of shareholders, which elects the members of the Board of Directors. Members of the Board are appointed until the end of the following Annual General Meeting. The Board of Directors is responsible for appointing, and if necessary, dismissing the President and CEO. Fiskars' Articles of Association do not contain matters that could materially affect a public tender offer of the company's securities.

Dividend for the financial year 2015

The Annual General Meeting 2016, held on March 9, 2016 decided to pay a dividend of EUR 0.70 per share, for the financial period that ended on December 31, 2015 totaling EUR 57.3 million. The dividend was paid on March 18, 2016.

Shares and shareholders

Fiskars Corporation has one share series (FIS1V; as of January 2, 2017: FSKRS). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 187,828 of its own shares at the end of 2016. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The average share price during 2016 was EUR 16.98 (2015:18.69). At the end of December, the closing price was EUR 17.60 (EUR 18.74) per share and Fiskars had a market capitalization of EUR 1,438.2 million (1,534.9). The number of shares traded on Nasdaq Helsinki and in alternative market places from January to December was 3.0 million (6.7), which represents 3.7% (8.1%) of the total number of shares.

The total number of shareholders was 18,643 (18,426) at the end of December 2016.

Flagging notifications

During the review period January–December 2016, Fiskars was informed of the following changes among its shareholders:

On February 10, 2016 Fiskars received a notification that the holdings of the shares and voting rights of Virala Oy Ab had increased above the 15% flagging threshold. At that time, the aggregate holdings of Virala Oy Ab totaled 12,300,000 shares in Fiskars Corporation, corresponding to 15.02% of Fiskars Corporation's shares and voting rights.

On May 26, 2016, Fiskars received a notification that control in Turret Oy Ab was transferred to Paul Ehrnrooth. Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth signed a shareholder's agreement where all parties agreed to vote in Fiskars Corporation's General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholder's agreement agreed on a mutual pre-emption right, if any of the parties plans to sell Fiskars Corporation's shares. The voting rights held by Paul Ehrnrooth increased above the 15% flagging threshold. After passing the threshold for flagging notification, Paul Ehrnrooth's indirect holdings corresponded to 11.39% of the shares and 15.28% of the voting rights in Fiskars Corporation.

Purchase of own shares

The Board of Directors decided on March 9, 2016 to commence acquiring the company's own shares on the basis of the authorization given by the Annual General Meeting. Fiskars held 187,828 of its own shares at the end of the fourth quarter.

Board authorizations

The Annual General Meeting for 2016 decided to authorize the Board to decide on the transfer of a maximum of 4,000,000 of the company's own shares (share issue) held as treasury shares in one or several instalments, either against or without consideration. The company's own shares held as treasury shares may be transferred for example as consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system. The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of the company's own shares held as treasury shares. The transfer of the company's own shares may be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue). The authorization is effective until June 30, 2017.

Board and Board Committees

The Annual General Meeting for 2016 decided that the Board of Directors shall consist of ten members. Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Ingrid Jonasson Blank, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa were re-elected. Jyri Luomakoski was elected as a new member. The term of the Board members will expire at the end of the Annual General Meeting in 2017.

In the constitutive meeting of the Board held after the Annual General Meeting 2016, the Board of Directors elected Paul Ehrnrooth as its Chairman and Alexander Ehrnrooth as the Vice Chairman of the Board. Further, the Board decided to renew the previous year's three Board Committees: the Audit Committee, the Compensation Committee and the Nomination and Strategy Committee. The Board decided to establish an Investment Committee.

The Board appointed Jyri Luomakoski (Chairman), Alexander Ehrnrooth, Gustaf Gripenberg, Ingrid Jonasson Blank, Louise Fromond, and Ritva Sotamaa as members of the Audit Committee. Paul Ehrnrooth (Chairman), Inka Mero and Peter Sjölander were appointed as the members of the Compensation Committee. The Board appointed Paul Ehrnrooth (Chairman), Alexander Ehrnrooth and Fabian Månsson as the members of the Nomination and Strategy Committee. Paul Ehnrooth (Chairman), Alexander Ehrnrooth and Jyri Luomakoski were appointed as members of the Investment Committee.

Risks and business uncertainties

Fiskars' business, net sales, and financial performance may be affected by several uncertainties. Fiskars Group has detailed the overall business risks and risk management in its Annual Report and on the company's website www.fiskarsgroup.com/investors.

The performance of the world's major economies has been subdued for some time and prolonged low consumer confidence in key markets or an uncertain geopolitical environment could have a material adverse impact on the Group's net sales and profit.

Demand for some of the Group's products, particularly garden tools and watering products, is dependent on the weather during the spring, while demand for snow tools depends on the winter conditions. Unfavorable weather conditions such as cold and rainy weather during the spring or no snow in the winter, can have a negative impact on sales of these products.

Sales of living products are heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.

By diversifying its manufacturing footprint the company is increasingly exposed to new risks related to its supply chain. The company has its own manufacturing operations in several locations, and most of its suppliers are located outside Fiskars' key markets. Disturbances at the source of supply or in the logistics chain could prevent the orderly delivery of products to customers.

Fiskars is also increasingly exposed to legal, economic, political and regulatory risks related to the countries in which Fiskars and its suppliers have manufacturing facilities, potentially impacting product availability. Failure to meet demands on performance and safety could expose Fiskars to the risk of product recall and even liability for damages in the event that its products cause injury to consumers or damage to property.

Fiskars is exposed to performance, availability and security risks related to common, centralized infrastructure solutions and the increased dependency of operations on centralized platforms. Technical problems or disruption in the access to business-critical information in connection with system implementations or the inability to fully utilize the implemented processes and systems may affect Fiskars' ability to execute essential business processes such as invoicing and deliveries.

Complex and changing tax legislation in multiple jurisdictions where Fiskars operates may create uncertainties relating to tax obligations towards various authorities. Fiskars faces an increasing administrative burden resulting from reporting and disclosure requirements. Increased tax enforcement activity may lead to double taxation and additional costs in the forms of penalties and interest.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes. In July 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases as a result of a tax audit carried out in 2014. Fiskars and its external advisors consider the decision unfounded and did not recognize the related taxes and other costs in the income statement. Fiskars has appealed the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office. Fiskars will continue the appeal process in court, if necessary, in which case the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

A significant part of the Group's operations are located outside of the euro zone. Consolidated financial figures are reported in euros, which means that the Group is exposed to a translation risk. Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates.

Fiskars' financial investment portfolio consists of shares in Wärtsilä and of other financial investments. Other financial investments may include investments in funds, shares, bonds, and other financial instruments. The financial investment portfolio may lose value for several reasons. The most relevant risks are considered to be a decline in stock markets or changes in interest rates.

Events after the reporting period

On February 8, 2017, Fiskars established long-term financial targets that cover four areas: growth, profitability, capital structure, and dividend:

- Growth: The average annual net sales growth to exceed 5%, through a combination of organic growth and targeted acquisitions
- Profitability: EBITA margin to exceed 10%
- Capital structure: Net gearing* below 100%
- Dividend: Fiskars aims to distribute a stable, over time increasing dividend, to be paid biannually

* Net gearing ratio is the ratio of interest-bearing debt, less interest-bearing receivables and cash and bank equivalents, divided by total equity.

Outlook for 2017

Fiskars expects the Group's net sales, excl. net sales of businesses divested in 2016 (2016: EUR 1,180 million) and adjusted EBITA (2016: EUR 107 million) to increase from the previous year.

Fiskars operates globally, with a considerable part of the business in the U.S. Translation exposure may have a material impact on reported financial figures. The fourth quarter is significant both in terms of net sales and adjusted operating profit. The adjusted EBITA excludes restructuring costs, impairment charges, integration related costs, and gain and loss from the sale of businesses.

Fiskars' Other segment includes investments, which are treated as financial assets at fair value through profit or loss. This increases the volatility of Fiskars' financial items in the profit and loss statement and thus the volatility of Fiskars' net results and earnings per share.

Proposal for distribution of dividend

Fiskars' aim is to distribute a stable, over time increasing dividend, to be paid biannually. The Board of Directors proposes a normal dividend of EUR 0.71 per share be paid in March 2017. To facilitate the transition to the new policy, the Board of Directors proposes a dividend of EUR 0.35 per share be paid in September 2017

According to the balance sheet of the parent company at the end of the 2016 financial period, the distributable equity of the parent company was EUR 997.1 million (2015: 1,030.8). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.71 and 0.35 per share shall be paid for the financial period that ended on December 31, 2016. The dividend shall be paid in two instalments. The first instalment of EUR 0.71 per share shall be paid to the shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the dividend record day March 13, 2017. The payment day proposed by the Board for this instalment is March 20, 2017.

The second instalment of EUR 0.35 per share shall be paid in September 2017. The second instalment shall be paid to shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Ltd. on the dividend record day, which, together with the payment day, shall be decided by the Board of Directors in its meeting scheduled for September 7, 2017. The dividend record day for the second instalment would be September 11, 2017 and the dividend payment day September 18, 2017 at the latest.

On the date of this financial statement release, the number of shares entitling their holders to a dividend was 81,717,414. The proposed distribution of dividends would thus be EUR 86.6 million (57.3). This would leave EUR 910.5 million (973.5) of distributable earnings at the parent company.

No material changes have taken place in the financial position of the company since the end of the financial period. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the company's solvency.

Helsinki, Finland, February 7, 2017

FISKARS CORPORATION

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement

EUR million	Note	2016		2015	
Net sales	2	**1,204.6**		1,107.1	
Cost of goods sold	6	**-701.8**		-687.0	
Gross profit		**502.9**	**42%**	420.2	38%
Other operating income	5	**18.5**		4.9	
Sales and marketing expenses	6	**-298.3**		-244.5	
Administration expenses	6	**-115.0**		-106.5	
Research and development costs	6	**-18.0**		-18.0	
Other operating expenses	6	**-7.4**		-4.6	
Goodwill impairment	6			-5.0	
Operating profit (EBIT)		**82.7**	**7%**	46.5	4%
Change in fair value of biological assets	13	**-0.5**		-0.2	
Investments at fair value through profit or loss - net change in fair value	8	**6.1**		56.1	
Other financial income and expenses	8	**4.4**		23.2	
Profit before taxes		**92.8**	**8%**	125.5	11%
Income taxes	9	**-27.4**		-39.2	
Profit for the period		**65.4**	**5%**	86.4	8%
Attributable to:					
Equity holders of the parent company		**64.1**		85.1	
Non-controlling interest		**1.3**		1.2	
Earnings for equity holders of the parent company per share, euro (basic and diluted)	10	**0.78**		1.04	

FISKARS / ANNUAL REPORT

Consolidated statement of comprehensive income

EUR million	Note	2016	2015
Profit for the period		**65.4**	86.4
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss			
Translation differences		**25.1**	11.6
Cash flow hedges		**-0.3**	-0.0
Items that will not be reclassified to profit or loss			
Defined benefit plan, actuarial gains (losses), net of tax	21	**-0.3**	-1.4
Other comprehensive income for the period, net of tax		**24.5**	10.2
Total comprehensive income for the period		**89.9**	96.5
Attributable to:			
Equity holders of the parent company		**88.5**	95.2
Non-controlling interest		**1.4**	1.3

The notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

EUR million	Note	Dec 31, 2016		Dec 31, 2015	
ASSETS					
Non-current assets					
Goodwill	11	**229.7**		237.4	
Other intangible assets	11	**296.3**		303.2	
Property, plant & equipment	12	**159.7**		157.4	
Biological assets	13	**40.9**		41.4	
Investment property	14	**4.9**		4.9	
Financial assets					
Financial assets at fair value through profit or loss	15	**20.4**		14.9	
Other investments	15	**9.7**		7.0	
Deferred tax assets	9	**30.2**		37.7	
Non-current assets total		**791.7**	**45%**	804.0	44%
Current assets					
Inventories	16	**224.6**		234.3	
Trade and other receivables	17	**203.6**		211.0	
Income tax receivables		**35.9**		2.8	
Interest-bearing receivables		**22.0**		0.0	
Investments at fair value through profit or loss	15	**464.4**		520.0	
Cash and cash equivalents	15	**17.7**		19.7	
Current assets total		**968.3**	**55%**	987.9	54%
Non-current assets held for sale	18			41.4	2%
Assets total		**1,760.1**	**100%**	1,833.3	100%

EUR million	Note	Dec 31, 2016		Dec 31, 2015	
EQUITY AND LIABILITIES					
Equity					
Equity attributable to the equity holders of the parent company		**1,218.1**		1,190.8	
Non-controlling interest		**1.9**		3.3	
Equity total	19	**1,220.1**	**69%**	1,194.0	65%
Non-current liabilities					
Interest-bearing liabilities	20	**182.4**		182.9	
Other liabilities		**9.9**		10.7	
Deferred tax liabilities	9	**52.7**		50.0	
Pension liability	21	**14.1**		13.9	
Provisions	22	**7.1**		4.6	
Non-current liabilities total		**266.2**	**15%**	262.0	14%
Current liabilities					
Interest-bearing liabilities	20	**10.9**		86.7	
Trade and other payables	23	**237.8**		237.4	
Income tax liabilities		**8.6**		20.3	
Provisions	22	**16.6**		10.5	
Current liabilities total		**273.8**	**16%**	354.7	19%
Liabilities directly associated with the non-current assets held for sale	18			22.5	1%
Equity and liabilities total		**1,760.1**	**100%**	1,833.3	100%

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

EUR million	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	**92.8**	125.5
Adjustments for		
Depreciation, amortization and impairment	**37.4**	42.8
Gain/loss on sale and loss on scrap of non-current assets	**-8.2**	-2.7
Investments at fair value through profit or loss - net change in fair value	**-6.1**	-56.1
Other financial items	**-4.4**	-23.2
Change in fair value of biological assets	**0.5**	0.2
Change in provisions and other non-cash items	**-20.5**	14.5
Cash flow before changes in working capital	**91.4**	101.2
Changes in working capital		
Change in current assets, non-interest bearing	**7.2**	-22.1
Change in inventories	**24.0**	16.4
Change in current liabilities, non-interest bearing	**-1.9**	-45.3
Cash flow from operating activities before financial items and taxes	**120.7**	50.2
Financial income received and costs paid	**23.2**	15.4
Taxes paid	**-60.2**	-18.0
Cash flow from operating activities (A)	**83.8**	47.6
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries		-289.4
Investments in financial assets	**-6.6**	-41.8
Capital expenditure on fixed assets	**-37.6**	-32.4
Proceeds from sale of fixed assets	**2.1**	4.0
Proceeds from sale of non-current assets held for sale	**34.1**	
Proceeds from sale of subsidiary shares	**12.0**	
Proceeds from sale of investments at fair value through profit or loss	**61.7**	340.5
Other dividends received	**13.1**	11.4
Cash flow from other investments	**0.0**	1.8
Cash flow from investing activities (B)	**78.8**	-5.9
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	**-3.2**	
Change in current receivables	**-22.0**	2.2
Borrowings of non-current debt	**0.0**	149.9
Repayment of non-current debt	**-0.9**	-23.5
Change in current debt	**-78.0**	-104.6
Payment of finance lease liabilities	**-1.4**	-0.8
Cash flow from other financing items	**0.0**	-0.5
Dividends paid	**-58.7**	-78.7
Cash flow from financing activities (C)	**-164.1**	-56.0
Change in cash and cash equivalents (A+B+C)	**-1.5**	-14.4
Cash and cash equivalents at beginning of period	**19.7**	33.6
Translation difference	**-0.5**	0.5
Cash and cash equivalents at end of period	**17.7**	19.7

The notes are an integral part of these consolidated financial statements.

Statement of changes in consolidated equity

	Equity attributable to shareholders of the parent company							
EUR million	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Retained earnings	Non-controlling interest	Total
Dec 31, 2014	**77.5**		**-4.2**	**-1.0**	**-2.2**	**1,081.7**	**1.3**	**1,153.2**
Translation differences			11.5				0.1	11.6
Cash flow hedges				-0.0				-0.0
Defined benefit plan, actuarial gains (losses), net of tax					-1.4			-1.4
Other comprehensive income for the period, net of tax, total			**11.5**	**-0.0**	**-1.4**		**0.1**	**10.2**
Profit for the period						85.1	1.2	86.4
Total comprehensive income for the period			**11.5**	**-0.0**	**-1.4**	**85.1**	**1.3**	**96.5**
Changes due to acquisitions					-0.7		1.3	0.6
Purchase of treasury shares								
Dividends paid						-55.7	-0.6	-56.3
Dec 31, 2015	**77.5**		**7.3**	**-1.0**	**-4.3**	**1,111.2**	**3.3**	**1,194.0**
Translation differences			25.0				0.1	25.1
Cash flow hedges				-0.3				-0.3
Defined benefit plan, actuarial gains (losses), net of tax					-0.3			-0.3
Other comprehensive income for the period, net of tax, total	**0.0**	**0.0**	**25.0**	**-0.3**	**-0.3**	**0.0**	**0.1**	**24.5**
Profit for the period						64.1	1.3	65.4
Total comprehensive income for the period	**0.0**	**0.0**	**25.0**	**-0.3**	**-0.3**	**64.1**	**1.4**	**89.9**
Changes due to divestments					0.0	-0.6	-1.3	-1.9
Purchase of treasury shares		-3.2						-3.2
Dividends paid						-57.3	-1.5	-58.8
Dec 31, 2016	**77.5**	**-3.2**	**32.3**	**-1.2**	**-4.6**	**1,117.3**	**1.9**	**1,220.1**

The notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting principles for the consolidated financial statements, IFRS

Fiskars Corporation is a Finnish public limited liability company listed on Nasdaq Helsinki and domiciled in Raasepori, Finland. The registered address of Fiskars Corporation is Hämeentie 135 A, Helsinki, Finland. Fiskars Corporation is the parent company of the group. The group manufactures and markets branded consumer products globally. Fiskars' operating segments are Europe and Asia-Pacific, Americas, and Other. The operations are divided into business units Living products, Functional products and Outdoor products. In addition the group has Real Estate operations. The group's international key brands are Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood.

The financial statements are authorized for issue by the Board of Directors of Fiskars Corporation. According to the Finnish Limited Liability Companies' Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in the Annual General Meeting to be held after the publication of the financial statements.

BASIS OF PREPARATION

The consolidated financial statements of Fiskars Corporation ("Fiskars" or "the group") are prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2016 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements are prepared on historical cost basis except for financial assets and financial liabilities which are presented at fair value through profit or loss, and biological assets as well as assets and liabilities related to defined benefit pension plans that are measured at fair value.

Items included in the financial statements of each of the group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the parent company's functional currency. The presentation is in millions of euro with one decimal.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires the management to make judgments and assumptions that affect the recognition and measurement of financial statement items. These estimates and associated assumptions are based on historical experience and other justified assumptions that are believed to be reasonable under the circumstances at the end of the reporting period. These estimates form the basis for judgments of the items in the financial statements. Development of markets and general economic situation may affect the variables underlying the estimates and actual results may differ significantly from these estimates. Such estimates mainly relate to the assumptions made in

- impairment testing (Note 11),
- amount of obsolete inventory (Note 16),
- recognition of impairment losses on trade receivables (Note 17),
- restructuring provisions (Note 22),
- determination of defined benefit pension obligations (Note 21),
- value appraisement of biological assets (Note 13) and
- the probability of deferred tax assets being recovered against future taxable profits (Note 9).

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company, Fiskars Corporation, and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. Acquired or established subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Subsidiaries are consolidated using the acquisition method. Intra-group transactions, profit distribution, receivables, liabilities and unrealized gains between group companies are eliminated in consolidation. The profit or loss for the financial year attributable to the owners and non-controlling interest is presented in the income statement and the total comprehensive income for the financial year attributable to the owners and non-controlling interest is presented in the statement of comprehensive income. The non-controlling interest in equity is presented within equity, separately from the equity of the owners of the parent.

Investments in associates in which Fiskars has a significant influence but not control are accounted for using the equity method. Significant influence usually exists when the group holds over 20% of the voting power of the entity or when the group otherwise has significant influence but not control.

TRANSLATION OF FOREIGN CURRENCY ITEMS

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period monetary assets and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Exchange differences arising from translation are recognized in the income statement and presented under financial items, except for exchange differences related to trade receivables and trade payables that are presented within operating profit. Non-monetary items denominated in foreign currencies are translated using the exchange rate at the date of the transaction, except for those items carried at fair value that are translated using rates prevailing at the date when the fair value was determined.

Translation of financial statements of foreign subsidiaries

In the consolidated financial statements income statements, statements of comprehensive income and cash flows of foreign subsidiaries are translated into the parent company's currency at the average exchange rates for the period. Their balance sheet items are translated at exchange rates prevailing at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and presented under translation differences in equity. Exchange differences resulting from the translation of profit or loss and comprehensive income at the average rate in the income statement and in the statement of comprehensive income, and the balance sheet at the closing rate, are recognized in other comprehensive income and they are included under translation differences in equity. The effective portions of the gains or losses on those financial instruments hedging net investments in foreign operations are recognized similarly. When the group disposes of all, or part of, that subsidiary, the translation differences accumulated in equity are transferred to profit or loss as part of the gain or loss on disposal.

NET SALES AND REVENUE RECOGNITION PRINCIPLES

Net sales are shown net of indirect taxes, rebates, and exchange differences on trade receivables denominated in foreign currencies. Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. Revenue related to the Myiittala loyalty program is allocated between the loyalty program and other components of the sale. The amount allocated to the loyalty program is recognized as revenue when customers use the vouchers or when it is apparent that the vouchers will no longer be redeemed. Royalty income has been included in revenue since 2016. There are no such long-term projects in the group for which the revenue would be recognized using the percentage-of-completion (POC) method.

OTHER OPERATING INCOME AND EXPENSES

Other operating income includes income other than that associated with the sale of goods or services, such as gain on disposal or sale of fixed assets, rental income, releases of certain provisions and other similar income not classified to revenue. Other operating expenses as well include losses on the disposal or sale of fixed assets, integration costs and other similar expenses not classified to other cost items. Royalty income was presented in other operating income until financial year 2015, after that it was transferred to revenue.

PENSION OBLIGATIONS

Group companies have various pension plans in accordance with local conditions and practices in the countries in which they operate. The plans are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan the group pays fixed contributions into a separate entity. If the entity does not hold sufficient assets to pay all employees the benefits in question, the group will have no legal or constructive obligation to pay further contributions. All other plans not meeting the above criteria are classified as defined benefit plans. Most of the plans that group companies have are classified as defined contribution plans and related contributions are charged to the income statement in the year in which the payment obligation has arisen.

The costs for defined benefit pension plans are calculated and recognized under the terms of the plan based on actuarial calculations. Pension costs are recognized as expenses over the employees' service period. The pension obligation is measured as the present value of the estimated future contributions deducted by the fair value of plan assets at the end of the reporting period. Changes in the estimates in the actuarial calculations may influence the reported pension obligations and pension costs. Actuarial gains and losses are recognized in other comprehensive income.

OPERATING PROFIT

IAS 1 Presentation of Financial Statements does not give a definition for operating profit. In Fiskars the operating profit (EBIT) is the net of revenues and other operating income, material purchases and change of inventories, production for own use, employee benefits, depreciations, amortizations and possible impairments and other operating expenses. The operating profit includes operating results of Fiskars' operating segments Europe and Asia-Pacific, Americas, and Other. The net change in fair value of investments through profit and loss, consisting of Fiskars' holdings in Wärtsilä, and change in fair value of biological assets are presented as separate line items below EBIT in the income statement.

INTANGIBLE ASSETS

An intangible asset is initially capitalized in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the group. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Goodwill

Goodwill represents the group's share of difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities, and contingent liabilities acquired measured at the acquisition date. Goodwill is stated at historical cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least annually. For this purpose goodwill has been allocated to cash-generating units or, in case of an associate, the goodwill is included within the carrying amount of the associate in question. The recoverable amount of the unit is compared annually or more often if there are indications of impairment, with its carrying amount to determine potential impairment.

Contingent consideration will be measured at fair value and subsequently re-measured through profit or loss. All acquisition-related costs, such as experts' fees, will be expensed instead of capitalization. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Research and development costs

Research and development costs are expensed as they are incurred, except for those development costs that are capitalized if the criteria in IAS 38 are met. Capitalized development costs consisting of mainly direct labor costs and external services are recognized as intangible assets.

Intangible assets not yet available for use are tested annually for impairment. Subsequent to initial recognition capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their useful lives, from 3 to 6 years.

Other intangible assets

Other intangible assets include among other patents, capitalized development costs, software, as well as trademarks and customer relationships acquired in business combinations. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment. Intangible assets in this class are amortized on a straight-line basis over their known or expected useful lives. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

• Software	3–10 years
• Customer relationships	5–15 years
• Other	3–10 years

Intangible assets with an indefinite useful life such as trademarks or brand names acquired in business combinations are not amortized but they are tested at least annually for impairment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if applicable. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

• Buildings	20–40 years
• Machinery and equipment	3–10 years
• Land and water	No depreciation

Gains and losses on sales and disposals of items of property, plant, and equipment are presented under other operating income and other operating expenses.

LEASES

Leases, in which the group takes over from the lessor substantially all the risks and rewards of ownership, are classified as finance leases. Assets leased under finance leases are recognized under property, plant, and equipment at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the commencement of the lease term. The associated obligations are recognized in interest-bearing financial liabilities. The lease payments are divided into finance cost and amortization of the lease liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Lease payments made under an operating lease are recognized as an expense on a straight-line basis over the lease term.

INVESTMENT PROPERTY

The properties that are not used in the group's operations or which are held to earn rental revenue or increase in value are classified as investment property. These properties are measured at cost less accumulated depreciation and impairment. Investment properties are depreciated over 20–40 years. Land is not depreciated.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The group operations have been divided into cash-generating units (CGU) that are smaller than operating segments. The carrying amounts of the assets relating to these CGUs are reviewed for impairment indicators annually at the end of the reporting period. The recoverable amounts of the following assets are also estimated annually irrespective whether there is any indication for impairment: goodwill, intangible assets with indefinite useful lives and unfinished intangible assets.

To determine a potential impairment the carrying amount of the asset is compared or the carrying amounts of the CGU's net assets are compared against the recoverable amount of that asset or CGU. The recoverable amount is the higher of the present value of the future cash flows (value in use) and the fair value less costs to sell. An impairment loss is recognized for an asset when its carrying amount exceeds its recoverable amount. An impairment loss previously recognized for items of property, plant, and equipment as well as for intangible assets other than goodwill is reversed subsequently only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

BIOLOGICAL ASSETS

Biological assets consist of standing timber in the group's forests in Finland. These assets are measured at fair value less estimated point-of-sale costs. The fair value resulting from both net growth and change in the market value of standing timber is presented as a separate line item in the income statement after operating profit (EBIT). The revenue from the sale of standing timber is presented in the income statement within the operating profit.

For valuing biological assets Fiskars applies a three year rolling average price of standing timber, based on the statistics provided by the Natural Resources Institute Finland, and multiplied by the estimated volume of standing timber, taking into account the costs and risks relating to sales.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset (or a disposal group) as well as assets and liabilities associated with a discontinued operation are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The recognition criteria are regarded to be met when a sale is highly probable, the asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary, the management is committed to the plan to sell the asset and the sale is expected to take place within one year from the date of classification.

As from classification date a non-current asset (or a disposal group) held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and it is not depreciated or amortized any more. Assets classified as held for sale, disposal groups, items recognized in other comprehensive income associated with the assets classified as held for sale as well as liabilities included in the disposal group are presented separately in the balance sheet.

A discontinued operation is a component of the group's business that has been disposed of or will be disposed of in accordance with a coordinated plan. It represents a separate major line of business or geographical area of operations. The profit or loss of a discontinued operation is reported separately from the continuing operations in the consolidated statement of comprehensive income.

INVENTORIES

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work-in-progress comprise direct purchase and manufacturing cost, other direct costs and a proportion of the related production overheads based on normal operating capacity. Net realizable value is the estimated amount that can be realized from the sale in normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are presented net of an impairment loss recognized for obsolete and slow-moving inventories.

FINANCIAL INSTRUMENTS

Financial assets

Fiskars classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Financial assets are classified at initial recognition based on their purpose of use. For investments not at fair value through profit or loss, the directly attributable transaction costs are included in the original costs of the financial assets. All purchases or sales of financial assets are recognized or derecognized using trade date accounting. The group derecognizes financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

Financial assets at fair value through profit or loss

In this category are classified such financial assets that are held for trading or are designated as financial assets at fair value through profit or loss upon initial recognition (the fair value option). In Fiskars this category comprises the investments in listed securities and those derivative instruments that do not meet the hedge accounting criteria or for which hedge accounting is not applied.

These financial assets are measured at fair value both at initial recognition and subsequently. The fair values of the listed securities are based on quoted rates at the end of the reporting period and fair value changes, both realized and unrealized gains and losses are recognized in the income statement under financial items. The fair value measurement principles of derivative instruments are described below under Derivatives and hedge accounting.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group does not hold them for trading or designate them as available for sale upon initial recognition. This category comprises trade receivables and other receivables under current receivables as well as non-current loan receivables that are presented under the item Other investments in the consolidated balance sheet.

Loans and other receivables are measured at amortized cost. The estimate made for doubtful receivables is based on the risks of individual items. Resulting from this assessment the carrying amounts of receivables are adjusted to measure their probable value. Loans and receivables are included in current or non-current assets based on their nature; in the latter class for maturities greater than 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as either loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. In Fiskars this category comprises the investments in unlisted securities. If their fair values cannot be determined reliably, they are measured at cost. Available-for-sale financial assets are included in non-current assets unless the group intends to dispose of them within 12 months of the end of the reporting period in which case they are included in current assets.

Cash and cash equivalents

The balance sheet item Cash and cash equivalents includes cash, i.e. cash in hand and deposits held at call with banks, and cash equivalents. Cash equivalents comprise highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The items included in cash equivalents have original maturities of maximum three months from the date of acquisition. Bank overdrafts are included within current interest-bearing financial liabilities.

Financial liabilities and borrowing costs

Fiskars classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (includes derivative liabilities) and financial liabilities measured at amortized cost. A financial liability is recognized initially at fair value. For financial liabilities measured at amortized cost, the directly attributable transaction costs are included in the original cost. Subsequently financial liabilities are carried at amortized cost using the effective interest method, except for derivative liabilities that are measured at fair value. Financial liabilities are classified as non-current or current; the latter group comprises all those financial liabilities for which the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The group removes a financial liability (or a part of it) from its balance sheet only when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Credit fees related to loan commitments are treated as transaction costs to the extent it is likely that the loans will not be drawn down. Remaining credit fees are amortized over the expected loan term.

Derivatives and hedge accounting

Derivatives not designated as hedging instruments are recognized at fair value through profit and loss. Derivatives are initially valued at cost and subsequently at fair value determined at the end of each reporting period. The fair value of derivatives is based on prevailing market rates or rates derived from the prevailing market rates at the end of the reporting period. Fair value changes are recognized in financial items.

Fiskars has applied hedge accounting to changes in the fair value of derivatives designated, qualifying, and effective as cash flow hedges. The changes are recognized in Other comprehensive income. On balance sheet date, such derivatives consisted of interest derivatives hedging certain loans.

Fair value categories

Hierarchy level 1 includes financial assets that are publicly quoted in an active market. This category includes listed shares. Level 2 includes financial assets and liabilities measured using

directly observable market inputs. All interest bearing debts and derivatives fall within this category. Level 3 includes financial assets and liabilities measured using non-market observable inputs. The asset classes in this category are unlisted equity investments and funds.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the group as a result of a past event has a present legal or constructive obligation, it is probable that the obligation will be realized and a reliable estimate can be made of the amount of the obligation. A provision for restructuring is recognized when a detailed formal plan has been prepared and when there is a valid expectation relating those affected that the plan will be carried out. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognized as a separate asset, but only when receipt of the compensation is virtually certain.

The group may be a party to lawsuits and legal processes concerning the group's business operations. A related provision is recognized in the financial statements when the amount of the expenditure can be estimated reliably and it is more likely than not that they will be realized. Otherwise these contingent liabilities are disclosed in the notes.

INCOME TAXES

The group's tax expense comprises current tax based on group companies' taxable profit for the period and the change of deferred taxes. The current tax charge is calculated using the tax rate enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities or deferred tax assets are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using tax rates enacted or substantively enacted at the end of the reporting period. Temporary differences arise, inter alia, from tax loss carry-forwards, depreciation differences, provisions, defined benefit pension plans, fair value measurement of derivative financial instruments, biological assets, and eliminated intra-group inventory margins as well as from the fair value adjustments made to assets and liabilities in business combinations. A deferred tax liability is recognized on the undistributed profits of subsidiaries and associates if the distribution of profit is probable and it will result in tax consequences. A deferred tax liability is recorded to its full amount and a deferred tax asset is recognized at the amount of the estimated probable tax benefit. Income tax is recognized in profit or loss, unless it relates to items recognized in other comprehensive income. In such case any related tax effects are also recognized similarly.

DIVIDENDS

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR ENDED

As from January 1, 2016 the group has applied the following new or amended standards that have come into effect:

- Annual Improvements to IFRSs 2012–2014 cycle (effective for financial years beginning on or after 1 July 2016). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. Their impacts vary standard by standard but are not significant.
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative (effective for financial years beginning on or after January 1, 2016). The amendment elaborates on the effect of materiality on the presentation of notes, subtotals and the order of notes. The amendments are estimated not to have a material impact on the consolidated financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (effective for financial years beginning on or after January 1, 2016). The amendments provide an exemption from consolidation of subsidiaries for entities that meet the definition of investment entity. This change is not relevant to the group.
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective for financial years beginning on or after January 1, 2016). The amendments reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. This change is not relevant to the group.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after January 1, 2016). The amendments prohibit using a revenue-based depreciation method for items of property, plant and equipment and introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. These amendments have no effect on the group financial statements.

- Amendments to IAS 16 and IAS 41: Bearer Plants (effective for financial years beginning on or after January 1, 2016). The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment. These amendments have no effect on the group financial statements.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after January 1, 2016). The amendment provides guidance on how to account for the acquisition of a joint operation that constitutes a business. The amendment has no effect on the group financial statements.

Other new or amended standards or interpretations had no impact on the consolidated financial statements.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

Fiskars has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

These new or amended standards have been endorsed for use by the European Union:

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after January 1, 2018). The new standard establishes a 5-step model on how to account for revenue from contracts with customers. The new standard will replace current IAS 18 and IAS 11 standards and related interpretations. Accounting for sales revenue may happen over time or in a point in time, and the transfer of control is a central criterion. The new standard will increase the number of notes to be disclosed. Fiskars expects the standard to cause changes in the accounting principles with certain items, but material changes in reported figures are not expected as major revenue types will not be significantly affected. The group has evaluated the effects of the standard and in some instances expects the standard to affect timing of recognizing license and royalty income services purchased from customers where distinct services are expected to be separately recognized as selling costs based on fair value of the service and service-type warranties in circumstances where extra warranties or long guarantee periods are provided by Fiskars.

These new or amended standards have not been endorsed for use by the European Union yet:

- IFRS 9 Financial Instruments and subsequent amendments (effective for financial years beginning on or after January 1, 2018). The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 changes the classification and valuation of financial assets and includes a new model for estimating impairment of financial assets, which is based on expected credit losses. Classification of financial liabilities corresponds for the most part to the current requirements of IAS 39. Hedge accounting will continue to have three types of hedging relationships. Hedge accounting may be applied to more risk positions than earlier and the principles of hedge accounting have been aligned risk management. Fiskars expects the standard to cause changes in the accounting principles, but material changes in reported figures are not expected. The group is currently further evaluating the effects of the standard.
- IFRS 16 Leases (effective for financial years beginning on or after January 1, 2019). The new standard replaces IAS 17 Leases. IFRS 16 requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The group will continue evaluating the effects of the standard during 2017.

Other new or amended standards or interpretations are not expected to impact the consolidated financial statements.

2. Segment information

Fiskars' operating segments were Europe & Asia-Pacific, Americas, and Other in 2016 and 2015. The operations are divided into business units Living products, Functional products and Outdoor products. The operating segments are identified on the basis of management reporting, which is organized by geographical areas. Sales of the 2015 acquired English & Crystal Living (WWRD) are reported as part of the Living products sales.

OPERATING SEGMENTS

Europe & Asia-Pacific

The revenues comprise of sales of Living, Functional and Outdoor products to retailers in Europe, Middle-East and Asia-Pacific. In addition, living products are sold directly to consumers via own stores and outlets.

Americas

The revenues comprise of sales of Living, Functional and Outdoor products to retailers in USA, Canada and Latin America.

Other

The revenues comprise mainly of rental income from Real Estate and timber sales in Finland. Segment Other covers Real Estate unit, investment portfolio, corporate headquarter functions and shared services. Fiskars completed the sale of its boats business in early January 2016, previously part of the Other segment.

Business activities between the segments are not significant. Inter-segment sales are made on an arm's length basis.
Real Estate owns real estates in Finland and leases them to subsidiaries in Finland e.g. for use as production facilities.

The President and CEO monitors the operating results of the segments separately for the purpose of making decisions. Significant portion of segment assets and liabilities are based on geographical location of the assets. Financial income and costs and income taxes are managed on group basis and accordingly not allocated to operating segments.

In the Americas the Fiskars branded products' distribution and logistics are managed and consumer preferences followed centrally. In the Europe & Asia-Pacific area the markets and distribution are more diversified, but from the customer point of view the business units operate in a common environment.

UNALLOCATED ITEMS

The unallocated items of the Income Statement contain corporate level costs and income. Unallocated assets comprise mainly of items related to corporate administration, tax receivables, loan receivables, equity instruments and financial investments. Unallocated liabilities comprise non-current and current debt and tax liabilities. Also part of the restructuring costs are unallocated.

No single customer of Fiskars accounts for more than 10% share of the Group's total net sales.

REPORTING BY OPERATING SEGMENT

2016

EUR million	Europe & Asia-Pacific	Americas	Other	Unallocated and eliminations	Group total
Net sales, external	716.7	484.1	3.8		1,204.6
Net sales, inter-segment	52.7	4.9	1.8	-59.4	0.0
Net sales	769.4	489.0	5.7	-59.4	1,204.6
Operating profit excl. adjustments to operating profit	46.1	57.8	-10.0	0.0	93.8
Adjustments to EBIT*	-8.7	-4.5	2.0		-11.1
Operating profit	37.4	53.2	-8.0	0.0	82.7
Change in fair value of biological assets			-0.5		-0.5
Financial income and expenses				10.5	10.5
Profit before taxes					92.8
Income taxes				-27.4	-27.4
Profit for the period					65.4
Assets	953.4	391.0	1,327.1	-911.4	1,760.1
Liabilities	489.2	171.5	381.7	-502.4	540.0
Capital expenditure	21.9	9.3	6.4		37.6
Depreciations, amortizations and impairment	20.9	6.9	9.6		37.4

* Includes EUR 6.0 million relating to sale of Spring USA, EUR 3.8 million related to sale of boats business, EUR 2.1 million related to container gardening business, EUR -5.2 million provisions and impairments related to the divestment of the Ebertsankey container gardening business, EUR -4.7 million related to the Supply Chain 2017 program and EUR -14.5 million related to integration activities and other minor adjustments.

2015

EUR million	Europe & Asia-Pacific	Americas	Other	Unallocated and eliminations	Group total
Net sales, external	622.1	446.4	38.7		1,107.1
Net sales, inter-segment	41.5	4.9	1.8	-48.2	0.0
Net sales	663.6	451.2	40.5	-48.2	1,107.1
Operating profit excl. adjustments to operating profit	45.3	36.1	-16.3	0.0	65.1
Adjustments to EBIT*	-10.5	-8.0	-0.2		-18.6
Operating profit	34.9	28.1	-16.5	0.0	46.5
Change in fair value of biological assets			-0.2		-0.2
Other financial income and expenses				79.3	79.3
Profit before taxes					125.5
Income taxes				-39.2	-39.2
Profit for the period					86.4
Assets	948.5	376.4	1,414.4	-906.0	1,833.3
Liabilities	680.2	165.0	438.2	-644.2	639.2
Capital expenditure	20.2	4.0	8.2		32.4
Depreciations, amortizations and impairment	21.7	12.7	8.4	0.0	42.8

* Includes EUR -6.4 million relating to Supply Chain 2017 program, EUR -5.0 million goodwill impairment related to the sale of the container gardening business in Americas in 2016, EUR -3.0 million relating to integration of watering business, EUR -2.6 million relating to the EMEA 2015 restructuring program, EUR -1.5 million relating to write-down of machinery and equipment due to planned rationalization of a non-core product range in Europe and EUR -0.2 million of other non-recurring items.

BUSINESS UNITS

Business units are Living, Functional and Outdoor products. Net sales for the business units are reported based on the nature of the sales of the products sold to customers. Sales between the business units are insignificant.

Net sales by business units

EUR million	**2016**	2015
Functional Products	**513.6**	524.5
Living Products	**598.0**	450.1
Outdoor Products	**89.1**	93.8
Other	**3.9**	38.8
Total	**1,204.6**	1,107.1

Information about geographical areas

EUR million	**2016**	2015
Net sales in Finland	**227.6**	257.8
Net sales in the USA	**490.8**	453.6
Net sales in other countries	**486.2**	395.7
Total	**1,204.6**	1,107.1

EUR million	**2016**	2015
Assets in Finland*	**209.1**	207.7
Assets in the USA*	**139.7**	141.5
Assets in other countries*	**412.7**	417.0
Total	**761.6**	766.3

* Non-current assets other than deferred tax assets

FISKARS NEW REPORTING STRUCTURE

As of January 1, 2017, following the implementation of a new strategic business unit-based organization, the Group's financial reporting was changed to reflect the new organization. As a part of the new structure, Fiskars will shift from a region-based organization and form two strategic business units (SBUs): Living and Functional. There will also be a third primary reporting segment, Other. SBU Living will consist of the Scandinavian Living business, including Iittala, Rörstrand, Royal Copenhagen and other brands as well as the English & Crystal Living business, including Waterford, Wedgwood, Royal Albert, Royal Doulton and other brands. SBU Functional will consist of brands including Fiskars, Gerber and Gilmour. The current Outdoor business will operate as a part of the SBU Functional. In addition, Fiskars will report group-level net sales for three secondary reporting segments: Americas, Europe and Asia-Pacific.

The preliminary net sales for 2016 according to the new segment and business unit structure is presented below.

Net sales by segments

EUR million	2016
Living	**598.0**
Functional	**602.7**
Other	**0.1**
Unallocated and eliminations	**3.8**
Group total	**1,204.6**

Net sales by geographical areas

EUR million	2016
Americas	**489.0**
Europe	**648.2**
Asia-Pacific	**174.4**
Unallocated and eliminations	**-106.9**
Total	**1,204.6**

3. Adjustments to operating profit

Exceptional and material transactions outside the ordinary course of business are treated as adjustments to operating profit. These include items such as gains and losses on disposal of business operations, impairments, costs of discontinued significant business operations, restructuring costs and costs of integrating acquired businesses, major product recalls and fines and penalties. Gains and losses are presented in the income statement as an income or expense on the relevant line item and function. Impairments have been presented in the income statement in depreciation, amortization and impairment of the relevant function or on line impairment when the impairment concerns goodwill. Write-downs are presented in other operating expenses.

SUPPLY CHAIN 2017 PROGRAM

During the third quarter of 2015 Fiskars announced a restructuring program to optimize its global supply chain network in Europe and Asia. The Supply Chain 2017 program aims to improve the competitiveness of Fiskars' manufacturing operations and distribution network.

The total costs of the program are approximately EUR 20 million between 2015 and 2017. They are reported as adjustments to operating profit, of which EUR 4,7 million was recorded in Europe during 2016, and EUR 11.1 million by the end of 2016. The targeted annual cost savings are approximately EUR 8 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program has been completed. The program is expected to be completed by the end of 2017.

During 2016, as part of the program, Fiskars completed the transfer of manufacturing operations from the Helsinki ceramics factory to a partner network, and decided to centralize the manufacturing of garden cutting tools at Fiskars' manufacturing site in Poland, with the Functional products factory in Billnäs, Finland concentrating on manufacturing axes, scissors, and snow tools.

In addition, Fiskars established a partner-operated Central European distribution center in the Netherlands to drive quality and efficiency, and to support growth initiatives. In 2016, Fiskars started deliveries from the new distribution center, where the regional distribution center operations had been transferred from Germany and France. Fiskars will transfer the logistics of Fiskars-branded products from the UK, Poland and Hungary to the Netherlands as well.

INVESTMENT PROGRAM IN EUROPE

In December 2010, Fiskars launched an investment program to create competitive structures, systems, and processes in Europe, including a new, shared Enterprise Resource Planning (ERP) system. The costs and investment related to the program were updated to EUR 65 million during first half of 2013, and approximately EUR 65 million had been recorded by the end of 2016.

At the moment the entire business volume targeted by the program is running through common systems and processes. As planned, the program was completed by the end of 2016. Fiskars continues to invest in IT systems and processes to ensure a competitive infrastructure in building global businesses and brands.

OTHER ADJUSTMENTS TO OPERATING PROFIT IN 2016

The Supply Chain 2017 program amounted to EUR -4.7 million in 2016 and Integration activities costs in 2016 amounted to EUR -14.5 million. Sale of Boats amounted to EUR 3.8 million, sale of container gardening business in the Americas amounted 2.1 million EUR, Ebertsankey related provisions and impairments EUR -5.2 million and gain on sale of Spring USA to EUR 6.0 million in 2016. Other adjustments to operating profit totalled EUR 1.4 million in 2016.

EUR million	2016	2015
EMEA 2015 restructuring program		-2.6
Supply Chain 2017 program	**-4.7**	-6.4
Sale of boats business	**3.8**	-0.2
Ebertsankey related provisions and impairments	**-5.2**	-1.5
Sale of Spring USA	**6.0**	
Sale of container gardening business and related goodwill impairment	**2.1**	-5.0
Integration activities	**-14.5**	-3.0
Other non-recurring items	**1.4**	
Total	**-11.1**	-18.6

4. Acquisitions and divestments

2016

DIVESTMENT OF THE BOATS BUSINESS

On January 4, 2016, Fiskars completed the sale of its boats business to Yamaha Motor Europe N.V., announced on 11 November, 2015. The sale included shares in Inha Works Ltd. as well as the Buster brand and related factory real estate in Ähtäri, Finland. The sale generated a positive effect on cash flow. However, it did not have a significant impact on Fiskars Corporation's financial position or result during 2016.

DIVESTMENT OF THE CONTAINER GARDENING BUSINESS IN THE U.S.

On January 22, 2016, Fiskars sold its container gardening business in the U.S. to Bloem, LLC. The transaction included the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Florida, U.S. The sale generated a positive effect on cash flow, however it did not have a significant impact on Fiskars Corporation's financial position or result during 2016.

DIVESTMENT OF TWO BUSINESSES IN SEPTEMBER

In September 2016, Fiskars entered into an agreement to divest its European Ebertsankey container gardening business to Good(s) Factory BV, a member of the Elho Group, European market leader in synthetic pottery and related products. In addition, Fiskars sold Spring USA, the U.S.-based provider of foodservice equipment, to an affiliate of ShoreView Industries.

In the full year 2015, the net sales of Spring USA and Ebertsankey were in the aggregate EUR 26 million and operating profit EUR 3 million. The divestment of Spring USA generated a positive effect on cash flow during the third quarter of 2016. The divestment of Ebertsankey was completed during the Q4 2016. The divestments did not have a significant impact on Fiskars' financial position or results during 2016.

2015

ACQUISITION OF WWRD (ENGLISH & CRYSTAL LIVING BUSINESS) IN 2015

On May 10, 2015, Fiskars agreed to buy 100% of the shares in KPS LuxCo S.à.r.l., the holding company of the WWRD group, including its brands and business operations from the U.S. based private equity firm KPS Capital Partners. The transaction was subject to the completion of the antitrust filing under the U.S. Hart-Scott-Rodino Antitrust Improvements Act (HSR Act) and was completed on July 1, 2015.

The purchase price payable was USD 437 million, equaling EUR 391 million, subject to a post completion adjustment based upon the level of net working capital and cash and debt in the acquired business on the closing date. The consideration transferred amounted to USD 345 million (EUR 308 million). Additionally, Fiskars repaid WWRD's interest-bearing debt of USD 114 million (EUR 102 million). Fiskars financed the acquisition by monetizing its holdings in short term interest rate funds.

The goodwill of EUR 128 million arising from the acquisition is not deductible for income tax purposes. Intangible assets also include trademarks and customer relationships.

The purchase price allocation has been completed with no changes in 2016. The following table summarizes the consideration paid for WWRD, the fair value of assets acquired and liabilities assumed and the non-controlling interest at the acquisition date.

EUR million	**2016**	2015
Non-current assets		
Intangible assets		134.0
Property, plant & equipment		59.4
Deferred tax assets		6.8
Other non-current assets		1.5
Non-current assets total		201.7
Current assets		
Inventories		93.4
Trade and other receivables		56.8
Cash and cash equivalents		15.0
Current assets total		165.2
Non-current assets held for sale*		12.9
Assets total		379.8
Non-current liabilities		
Interest bearing liabilities		105.0
Other non-current liabilities		9.3
Non-current liabilities total		114.3
Current liabilities		
Interest bearing debt		0.6
Trade and other current liabilities		81.0
Current liabilities total		81.6
Liabilities directly associated with the non-current assets held for sale*		2.9
Non-controlling interest**		1.3
Net assets		179.6
Consideration transferred		308.1
Goodwill		128.5

*Relates to land to be sold in Europe & Asia-Pacific

**Non-controlling interest is recognised and measured based on the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

5. Other operating income

EUR million	2016	2015
Divestment of business	**12.7**	
Release of provision related to rented facilities	**2.4**	
Net gain on disposal of fixed assets	**0.9**	2.9
Rental income	**0.3**	0.5
Other income	**2.3**	1.4
Total	**18.5**	4.9

6. Total expenses

TOTAL EXPENSES BY NATURE

EUR million	2016	2015
Materials and supplies	**573.2**	552.4
Change in inventory	**0.7**	26.1
External services	**54.6**	60.7
Employee benefits	**337.1**	291.3
Depreciation and amortization	**37.4**	37.9
Impairment	**0.0**	5.0
Other costs	**137.4**	92.2
Total	**1,140.5**	1,065.6

OTHER OPERATING EXPENSES

EUR million	2016	2015
Loss on sale of fixed assets	**0.4**	0.1
Loss on scrap of fixed assets	**2.5**	0.2
Integration activities	**1.7**	2.9
Other costs	**2.8**	1.5
Total	**7.4**	4.6

DEPRECIATION, AMORTIZATION AND IMPAIRMENT BY ASSET CATEGORY

EUR million	2016	2015
Buildings	**4.8**	4.4
Machinery and equipment	**18.4**	22.1
Intangible assets	**13.9**	10.6
Investment property	**0.4**	0.5
Goodwill impairment		5.2
Total	**37.4**	42.8

FISKARS / ANNUAL REPORT

FEES PAID TO COMPANIES' AUDITORS

EUR million	2016	2015
Audit fees	**1.3**	1.3
Audit related fees	**0.0**	0.0
Tax consultation	**0.8**	0.2
Other non-audit fees	**0.3**	0.1
Total	**2.5**	1.6

The appointed auditor for the financial years 2015 and 2016 was KPMG.

7. Employee benefits and number of personnel

EMPLOYEE BENEFITS

EUR million	2016	2015
Wages and salaries	**267.7**	238.0
Other compulsory personnel costs	**40.8**	32.7
Pension costs, defined contribution plans	**18.2**	17.6
Pension costs, defined benefit plans	**1.2**	1.0
Other post employment benefits	**1.7**	0.7
Termination benefits	**7.6**	1.3
Total	**337.1**	291.3

PERSONNEL AT THE END OF PERIOD

	2016	2015
Finland	**1,224**	1,509
Slovenia	**903**	893
UK	**654**	771
Other Europe	**1,488**	1,417
USA	**1,127**	1,229
Indonesia	**1,152**	1,249
Thailand	**566**	522
Other	**1,446**	1,413
Total	**8,560**	9,003

PERSONNEL (FTE) IN AVERAGE

	2016	2015
Direct	**5,215**	3,507
Indirect	**2,785**	2,909
Total	**8,000**	6,416

* The personnel figures for FY 2015 have been restated to include the FTE figures for the English & Crystal Living for July 2015.

Fiskars has adopted the following definitions for employee reporting:
Personnel, end of period = active employees in payroll at the end of period
Personnel (FTE), average = full-time equivalent number of employees according to worked volume during the period
Direct = production workers
Indirect = other employees than production workers

8. Financial income and expenses

EUR million	**2016**	2015
Dividends received from investments at fair value through profit and loss	**13.1**	11.4
Interest income on cash and bank	**0.0**	0.0
Net change in fair value of current investments at fair value through profit or loss	**6.1**	56.1
Net change in fair value of other investments at fair value through profit or loss	**0.0**	3.4
Derivative revaluation gains, at fair value through profit or loss	**0.8**	0.3
Exchange gains on commercial hedges	**0.8**	0.0
Other exchange gains	**0.0**	20.9
Financial income total	**20.8**	92.1
Interest expenses on debt at amortized cost	**-6.8**	-4.4
Interest cost on finance leasing at amortized cost	**-0.1**	-0.2
Net change in fair value of other investments at fair value through profit or loss	**-1.1**	0.0
Exchange losses on commercial hedges	**0.0**	-7.0
Other exchange losses	**-1.3**	0.0
Other financial expenses	**-0.9**	-1.2
Financial expense total	**-10.3**	-12.8
Financial income and expenses total	**10.6**	79.3

9. Income taxes

INCOME TAXES IN THE INCOME STATEMENT

EUR million	**2016**	2015
Current year income taxes	**-22.1**	-33.0
Prior year income taxes	**5.6**	-2.2
Change in deferred taxes	**-10.9**	-4.0
Income taxes total	**-27.4**	-39.2

In July 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases as a result of a tax audit carried out in 2014. Fiskars and its external advisors consider the decision unfounded and did not recognize the related taxes and other costs in the income statement

RECONCILIATION OF INCOME TAXES

EUR million	**2016**	2015
Tax rate for the parent company	**20.0%**	20.0%
Profit before taxes	**92.8**	125.5
Income tax using the tax rate for the parent company	**-18.6**	-25.1
Effect of tax rates in foreign jurisdictions	**-7.2**	-5.0
Prior year income taxes	**5.6**	-2.2
Other tax exempt income	**7.7**	2.9
Non-deductible expenses	**-1.3**	-4.2
Effect of change of tax rates	**-1.6**	0.0
Tax recognized against unrecognized tax assets and unrecognized tax on loss	**-4.6**	-3.2
Change in valuation of tax assets	**-1.8**	-1.9
Other items	**-5.6**	-0.6
Income taxes recognized in profit and loss	**-27.4**	-39.2

FISKARS / ANNUAL REPORT

TAXES IN OTHER COMPREHENSIVE INCOME

2016

EUR million	Total	Tax	Net
Translation differences	25.1		25.1
Cash flow hedges	-0.3	0.1	-0.3
Defined benefit plan actuarial gains (losses)	-0.3	0.0	-0.3
Other comprehensive income for the period, total	24.4	0.1	24.5

2015

EUR million	Total	Tax	Net
Translation differences	11.6		11.6
Cash flow hedges	-0.0	0.0	-0.0
Defined benefit plan actuarial gains (losses)	-1.7	0.3	-1.4
Other comprehensive income for the period, total	9.9	0.3	10.2

DEFERRED INCOME TAXES IN THE BALANCE SHEET

2016

Deferred tax assets

EUR million	Jan 1, 2016	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2016
Post-employment benefit	3.9	-0.1	0.0	0.8	-0.0	4.7
Provisions and accruals	34.7	-9.8		-6.0	-0.2	18.7
Effects on consolidation and eliminations	17.4	-3.1		2.8		17.1
Property, plant & equipment	3.6	0.6		-0.6	-0.1	3.6
Tax losses and credits carried forward net of valuation allowance	9.0	-1.4		3.2	-0.1	10.7
Other temporary differences	1.3	-1.1	0.1	-0.6		-0.2
Total deferred tax assets	70.0	-14.9	0.1	-0.4	-0.4	54.5
Offset against deferred tax liabilities	-32.3	5.5		2.4		-24.3
Net deferred tax assets	37.7	-9.4	0.1	2.1	-0.4	30.2

Deferred tax liabilities

EUR million	Jan 1, 2016	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2016
Property, plant & equipment	12.9	-2.6		-0.6		9.6
Fair value adjustments	14.8	0.7		0.0		15.5
Effects on consolidation and eliminations*	32.7	-2.2		13.2		43.6
Other temporary differences*	21.8	0.2		-13.8	-0.0	8.3
Total deferred tax liabilities	82.2	-4.0		-1.2	-0.0	77.0
Offset against deferred tax assets	-32.3	5.5		2.4		-24.3
Net deferred tax liabilities	50.0	1.5		1.2	-0.0	52.7
Deferred tax assets (+) / liabilities (-), net	-12.2					-22.5

* Consist mainly of adjustments to fair value in acquisitions

2015

Deferred tax assets

EUR million	Jan 1, 2015	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2015
Post-employment benefit	2.8	0.1	0.3	0.3	0.5	3.9
Provisions and accruals	13.8	6.9		0.8	13.3	34.7
Effects on consolidation and eliminations	1.5	-1.2		-0.1	17.2	17.4
Property, plant & equipment	2.5	-0.3		-0.1	1.4	3.6
Tax losses and credits carried forward net of valuation allowance	17.1	-10.8		0.0	2.7	9.0
Other temporary differences	-1.0	1.8	0.0	0.1	0.4	1.3
Total deferred tax assets	36.7	-3.4	0.3	1.1	35.4	70.0
Offset against deferred tax liabilities	-10.0	3.8	-0.0	-0.2	-25.9	-32.3
Net deferred tax assets	26.8	0.3	0.3	0.9	9.6	37.7

Deferred tax liabilities

EUR million	Jan 1, 2015	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2015
Property, plant & equipment	6.1	-0.9		0.5	7.2	12.9
Fair value adjustments	10.7	4.2				14.8
Effects on consolidation and eliminations*	26.4	0.2		-0.0	6.1	32.7
Other temporary differences*	5.9	-2.8		0.1	18.7	21.8
Total deferred tax liabilities	49.1	0.6		0.6	32.0	82.2
Offset against deferred tax assets	-10.0	3.8	-0.0	-0.2	-25.9	-32.3
Net deferred tax liabilities	39.1	4.4	-0.0	0.4	6.1	50.0
Deferred tax assets (+) / liabilities (-), net	-12.4					-12.2

* Consist mainly of adjustments to fair value in acquisitions

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The Group has full control of the timing of dividend distribution in subsidiaries and therefore no deferred tax liability has been recorded on retained earnings of subsidiaries.

Taxes relating to cash flow hedges and actuarial gains and losses have been recorded into other comprehensive income.

The deferred tax asset on tax losses carried forward, net of valuation allowance, amounted to EUR 10.7 million (9.0) at the end of the financial year. Deferred tax allowance is recorded to offset deferred tax assets in order to recognize the deferred tax assets only to the extent that it is probable that future taxable profits will be available. The tax losses carried forward on the basis of which the deferred tax asset is recognized will not expire in the following five years. Income taxes recorded in the income statement and in other comprehensive income are specified earlier in this note 9.

10. Earnings per share

The basic earnings per share is the annual net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of shares outstanding during the year. Fiskars Corporation does not have any current share option programs or other diluting financial instruments, so the diluted earnings per share is the same as basic.

	2016	2015
Net profit attributable to the ordinary shareholders of the parent company, EUR million	**64.1**	85.1
Number of shares	**81,905,242**	81,905,242
Weighted average number of shares outstanding	**81,825,369**	81,905,242
Earnings per share, EUR (basic)	**0.78**	1.04
Earnings per share, EUR (diluted)	**0.78**	1.04

11. Intangible assets

2016

EUR million	Goodwill	Trademarks, patents and domain names	Software	Other intangible assets	Construction in progress	Total
Historical cost, Jan 1	244.5	247.6	62.0	74.7	10.9	639.6
Translation differences	-2.4	1.8	-0.7	-0.4	-0.0	-1.7
Acquisitions and divestments	-5.8	0.0				-5.9
Additions		0.5	3.8	0.1	1.8	6.3
Decreases		0.0	-0.0	-9.5		-9.6
Transfers between asset groups			3.5	0.0	-3.1	0.4
Historical cost, Dec 31	236.2	249.9	68.6	64.9	9.7	629.2
Accumulated amortization and impairment, Jan 1	7.1	4.1	38.5	49.2		99.0
Translation differences	-0.6	-0.1	0.1	0.1		-0.4
Acquisitions and divestments		0.0		0.0		0.0
Amortization for the period		0.3	10.7	2.9		13.9
Decreases		0.0	0.0	-9.5		-9.5
Transfers between asset groups			0.3			0.3
Accumulated amortization and impairment, Dec 31	6.5	4.4	49.6	42.8		103.3
Net book value, Dec 31	**229.7**	**245.5**	**19.0**	**22.1**	**9.7**	**526.0**
Investment commitments for intangible assets						**0.0**

2015

EUR million	Goodwill	Trademarks, patents and domain names	Software	Other intangible assets	Construction in progress	Total
Historical cost, Jan 1	141.1	138.4	40.0	57.0	13.8	390.3
Translation differences	6.5	1.9	2.1	0.7	0.2	11.4
Acquisitions and divestments	128.5	106.9	11.0	21.2		267.6
Additions		0.5	5.5	0.3	0.6	6.8
Decreases	-31.6		-0.0	-0.3		-31.9
Transfer to non-current assets held for sale			-0.3	-4.4		-4.7
Transfers between asset groups			3.7	0.2	-3.7	0.2
Historical cost, Dec 31	244.5	247.6	62.0	74.7	10.9	639.6
Accumulated amortization and impairment, Jan 1	28.4	3.7	24.5	49.1		105.7
Translation differences	5.1	0.2	2.4	0.6		8.3
Acquisitions and divestments			4.0	1.1		5.1
Amortization for the period		0.3	7.8	2.5		10.6
Impairment for the period	5.2					5.2
Decreases	-31.6		-0.0	-0.1		-31.8
Transfer to non-current assets held for sale			-0.2	-4.0		-4.2
Transfers between asset groups			0.1			0.1
Accumulated amortization and impairment, Dec 31	7.1	4.1	38.5	49.2		99.0
Net book value, Dec 31	237.4	243.4	23.4	25.5	10.9	540.6
Investment commitments for intangible assets						2.7

IMPAIRMENT TESTS

Goodwill is not amortized but is tested at least annually for impairment. Goodwill has been allocated to cash-generating units as follows:

EUR million	**2016**	2015
Europe & Asia-Pacific	**171.3**	175.2
Americas	**58.4**	62.2
Total	**229.7**	237.4

Goodwill from acquisitions is allocated to Cash Generating Units (CGU). The geographical segments, which form the CGUs, are Europe & Asia-Pacific and Americas. The recoverable amounts from CGUs are determined with value in use method, using five-year discounted cash flow projections, based on strategic plans approved by management. Cash flows for the period extending over the planning period are calculated using the terminal value method. The discount rate is the weighted average post-tax cost of capital (WACC) as defined by Fiskars. The components of the WACC are risk-free rate, market risk premium, company-specific risk premium, industry specific equity beta, cost of debt and debt to equity ratio.

On the basis of the impairment calculations made, there has been no need for other impairment of goodwill for any CGU for the period ended December 31, 2016 and 2015. An impairment of goodwill of EUR 5.0 million was made in 2015 due to the forthcoming sale of container gardening business in Americas in 2016, the sale was finalised January 2016.

Fiskars has 10 trademarks whose aggregate carrying amount is EUR 231.1 million (2015: 242.7). Since the benefits from trademarks are indefinite, they are not amortized but are tested at least annually for impairment using a relief from royalty method. Cash flows attributable to trademarks are derived by identifying revenues from sales of products belonging to each trademark. The value in use of trademarks is determined on a discounted cash flow method basis, derived from five-year cash flow projections, based on strategic plans approved by the management. Cash flows for the period extending over the planning period are calculated using the terminal value method.

On the basis of the impairment calculations made there has been no need for impairment of trademarks for the periods ended December 31, 2016 and 2015.

KEY PARAMETERS APPLIED IN IMPAIRMENT TESTING

	2016		2015	
%	**Goodwill***	**Trademarks****	Goodwill*	Trademarks**
Increase in net sales on average	**1.0**	**1.0**	1.8	1.8
Steady growth rate in projecting terminal value	**2.0**	**2.0**	2.5	3.0
Discount rate, pre-tax, average	**8.1**	**9.0**	8.3	9.0

* The increases in net sales, used in impairment testings, are on average more moderate than strategic plans for the planning period. The EBIT used in impairment testing is the CGU's actual three previous years average EBIT-% of sales. This is consistently used for all periods in the five year discounted cash flow projections.

** Used one percentage point higher risk premium than in goodwill testing.

SENSITIVITY ANALYSES

Sensitivity analyses of goodwill have been carried out for the valuation of each CGU by making downside scenarios for key parameters. The management views that no reasonably possible change in any of the key parameters would lead to impairment as the recoverable amounts exceed the carrying amounts considerably.

Sensitivity analyses of trademarks have been carried out for the valuation of each trademark by making downside scenarios for key parameters. The management views that excluding the Gingher trademark, no reasonably possible change in any of the key parameters would lead to impairment. The recoverable amount of the Gingher trademark currently exceeds its carrying amount of EUR 3.5 million by EUR 1.9 million, and an increase of 3.5 percentage point in pre-tax discount rate would result in the recoverable amount being equal to the carrying amount.

12. Property, plant and equipment

2016 EUR million	Land and water	Buildings	Leased real estate	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	24.1	107.1	17.4	194.7	9.9	353.3
Translation differences	-0.1	-2.0	0.6	3.8	0.0	2.3
Acquisitions and divestments		0.0		-0.1	0.0	-0.1
Additions	0.1	4.6		14.6	13.6	33.0
Decreases	-1.0	-10.2		-54.4	0.0	-65.5
Transfers between asset groups	0.0	2.7		9.0	-12.2	-0.4
Historical cost, Dec 31	23.1	102.3	17.9	167.7	11.4	322.5
Accumulated depreciation and impairment, Jan 1	0.8	42.1	17.1	135.8		195.8
Translation differences		0.7	0.6	3.8		5.0
Depreciation for the period		4.5	0.3	18.6		23.3
Impairment for the period				0.0		0.0
Acquisitions and divestments		0.0		0.0		0.0
Decreases		-9.9		-51.3		-61.2
Transfers between asset groups		0.3		-0.5		-0.2
Accumulated depreciation and impairment, Dec 31	0.8	37.6	17.9	106.4		162.8
Net book value, Dec 31	**22.3**	**64.7**	**0.0**	**61.3**	**11.4**	**159.7**
Investment commitments for tangible assets						7.4

2015 EUR million	Land and water	Buildings	Leased real estate	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	15.9	68.2	15.6	164.3	4.9	268.8
Translation differences	0.1	-3.3	1.8	-10.2	-0.6	-12.2
Acquisitions and divestments	7.8	30.3		80.0	24.9	142.9
Additions	0.1	2.4		10.8	12.2	25.4
Decreases	-0.1	-6.7		-34.1	-0.1	-41.0
Transfer to non-current assets held for sale	-0.0	-3.8		-25.9	-0.3	-30.0
Transfers between asset groups	0.4	20.0		9.9	-31.0	-0.7
Historical cost, Dec 31	24.1	107.1	17.4	194.7	9.9	353.3
Accumulated depreciation and impairment, Jan 1	0.8	32.8	15.0	115.5		164.1
Translation differences		-3.7	1.7	-12.1		-14.1
Depreciation for the period		4.1	0.4	18.3		22.8
Impairment for the period				4.1		4.1
Acquisitions and divestments		17.3		66.1		83.5
Decreases		-6.1		-33.5		-39.6
Transfer to non-current assets held for sale		-2.0		-22.8		-24.8
Transfers between asset groups		-0.2		0.1		-0.1
Accumulated depreciation and impairment, Dec 31	0.8	42.1	17.1	135.8		195.8
Net book value, Dec 31	23.3	65.0	0.3	58.9	9.9	157.4
Investment commitments for tangible assets						9.2

13. Biological assets

EUR million	**2016**	2015
Fair value, Jan 1	**41.4**	41.6
Increase due to growth	**2.0**	1.6
Change in wood prices	**-0.2**	-0.8
Harvested timber	**-2.2**	-1.1
Fair value, Dec 31	**40.9**	41.4

Fiskars owns some 11,000 hectares of forest and land in Finland. For valuing biological assets Fiskars applies a three year rolling average price of standing timber, based on the statistics provided by the Natural Resources Institute Finland, and multiplied by the estimated volume of standing timber, taking into account the costs and risks relating to sales.
The fair value measurements of biological assets are categorized within level 3 of the fair value hierarchy.

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14. Investment property

EUR million	2016	2015
Historical cost, Jan 1	**13.3**	13.2
Translation differences	**0.1**	-0.3
Additions	**0.4**	0.1
Decreases	**-2.5**	-0.1
Reclassification from property, plant and equipment	**0.0**	0.4
Historical cost, Dec 31	**11.3**	13.3
Accumulated depreciation, Jan 1	**8.4**	8.2
Translation differences	**0.1**	-0.3
Depreciation and impairment for the period	**0.4**	0.5
Decreases	**-2.5**	-0.1
Accumulated depreciation and impairment, Dec 31	**6.3**	8.4
Net book value, Dec 31	**4.9**	4.9

Investment Property comprises the parent company's buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland. The lease agreement concerning the leasing properties of Fiskars Brands, Inc. in the U.S. was terminated at the end of the year.

FAIR VALUE

Properties in Fiskars Village are unique in their cultural and historical values. Therefore it is not possible to determine a comparable market value on those properties.

BOOK VALUES BY COUNTRIES

EUR million	2016	2015
Finland	**4.9**	4.9
USA		0.0
Total	**4.9**	4.9

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15. Financial assets

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Level 1		Level 3	
EUR million	2016	2015	2016	2015
Book value, Jan 1	**520.0**	766.7	**14.9**	11.1
Additions		37.8	**7.2**	4.0
Decreases	**-61.7**	-340.5	**-0.7**	-1.8
Change in fair value through profit or loss	**6.1**	56.1	**-1.1**	1.5
Book value, Dec 31	**464.4**	520.0	**20.4**	14.9

Investments at fair value through profit or loss comprise listed shares and unlisted funds. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). Level 1 investments consist mainly of 10,881,781 shares in Wärtsilä. A 10% change in the Wärtsilä share price would have an impact of EUR 46.4 million in the results before taxes. Risk associated to investments into short interest rate funds are considered to be low. The fair value of unlisted funds is based on the market value reported by the funds (level 3). Changes in the fair value are recognized in the income statement.

OTHER INVESTMENTS

	Level 1		Level 3	
EUR million	2016	2015	2016	2015
Book value, Jan 1	**0.4**	0.3	**6.6**	4.7
Acquisitions				1.9
Additions			**2.7**	
Other changes	**0.0**	0.1	**0.0**	0.0
Book value, Dec 31	**0.4**	0.4	**9.3**	6.6

Other financial assets comprise listed and unlisted shares as well as non-current receivables. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (level 1). Unlisted shares and other investments are measured at the lower of cost and fair value (level 3).

CASH AND CASH EQUIVALENTS

EUR million	2016	2015
Cash at bank	**17.7**	19.7
Other current investments	**22.0**	
Total, Dec 31	**39.7**	19.7

16. Inventories

EUR million	2016	2015
Raw materials and consumables	**25.5**	26.2
Work in progress	**19.7**	20.3
Finished goods	**211.3**	239.1
Advance payments	**0.1**	0.1
Gross value of inventories	**256.6**	285.7
Inventory provision to the carrying value	**-32.0**	-51.4
Total, Dec 31	**224.6**	234.3

17. Trade and other receivables

EUR million	2016	2015
Trade receivables	**175.1**	173.6
Derivatives	**1.4**	
Other receivables	**4.8**	6.8
Prepaid expenses and accrued income	**22.3**	30.6
Total, Dec 31	**203.6**	211.0

AGING OF TRADE RECEIVABLES

EUR million	2016	2015
Not fallen due	**156.8**	151.0
1–30 days past due	**18.1**	15.4
31–60 days past due	**0.5**	6.5
61–90 days past due	**0.6**	2.8
91–120 days past due	**0.9**	0.4
Over 120 days past due	**2.8**	3.5
Less provision for bad debts, Dec 31	**-4.7**	-6.0
Total, Dec 31	**175.1**	173.6

TRADE RECEIVABLES IN CURRENCIES

EUR million	2016	2015
US Dollars (USD)	**73.4**	63.2
Euros (EUR)	**38.7**	39.9
Danish Krones (DKK)	**18.7**	18.1
Swedish Kronas (SEK)	**8.5**	7.9
Japanese Yens (JPY)	**8.3**	10.3
United Kingdom Pounds (GBP)	**4.9**	10.4
Other currencies	**22.6**	23.7
Total, Dec 31	**175.1**	173.6

Trade receivables are widely spread geographically. The biggest customers are major retailers with solid credit ratings. Credit loss risks are estimated to be moderate. The maximum exposure to credit risk is the carrying amount of the trade receivables.

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18. Non-current assets held for sale

There were no non-current assets held for sale at the end of December 2016.

Non-current assets held for sale at the end of December 2015 included land to be sold in the acquired WWRD business during 2016 together with the assets and liabilities of the boats business and the assets of the container gardening business in Americas. Fiskars signed an agreement on November 11, 2015 to sell its Boats business to Yamaha Motor Europe N.V. The transaction, which included the sale of shares in Inha Works Ltd. as well as the sale of the Buster brand and related factory real estate in Ähtäri, Finland, classified into non-current assets held for sale on December 31, 2015, was completed on January 4, 2016. Fiskars Brands, Inc. sold its container gardening business in the U.S. to Bloem, LLC on January 22, 2016 as it was classified for non-current assets held for sale on December 31, 2015. The transaction included the sale of the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Apopka, Florida, U.S.

EUR million	2016	2015
Non-current assets held for sale		
Tangible and intangible assets		18.7
Inventories		11.5
Other assets		11.2
Total non-current assets held for sale		41.4
Liabilities directly associated with the non-current assets held for sale		
Interest-bearing liabilities		12.8
Provisions		0.3
Other non-interest bearing liabilities		9.4
Total liabilities directly associated with the non-current assets held for sale		22.5

19. Share capital

SHARE CAPITAL AND TREASURY SHARES

	2016 pcs 1,000	2015 pcs 1,000	2016 EUR million	2015 EUR million
Share capital, Jan 1	**81,905.2**	81,905.2	**77.5**	77.5
Share capital, Dec 31	**81,905.2**	81,905.2	**77.5**	77.5

Fiskars Corporation does not have treasury shares.

Treasury shares, Jan 1				
Change	**187,8**		**3.2**	
Treasury shares, Dec 31	**187,8**		**3,2**	

NUMBER OF SHARES AND VOTES

	Dec 31, 2016			Dec 31, 2015		
	Number of shares	Number of votes	Share capital EUR	Number of shares	Number of votes	Share capital EUR
Shares (1 vote/share)	**81,905,242**	**81,905,242**	**77,510,200**	81,905,242	81,905,242	77,510,200
Total	**81,905,242**	**81,905,242**	**77,510,200**	81,905,242	81,905,242	77,510,200

Fiskars Corporation has a single class of shares. Shares have no nominal value.

20. Finance

NON-CURRENT INTEREST BEARING DEBT

	2016		2015	
EUR million	Fair value	Carrying amount	Fair value	Carrying amount
Loans from credit institutions	**181.0**	**181.0**	181.6	181.6
Financial leasing debt	**1.4**	**1.4**	1.3	1.3
Total, Dec 31	**182.4**	**182.4**	182.9	182.9

All interest-bearing debts are valued at amortized cost. The fair values of interest-bearing debts have been calculated by discounting the cash flow of the debt by the market rate at the end of reporting period (fair value hierarchy level 2).

FINANCE LEASE DEBT

EUR million	2016	2015
Finance lease liabilities are payable as follows:		
Less than one year	**0.5**	0.9
Between one and five years	**1.5**	1.2
More than five years	**0.1**	0.2
Minimum lease payments, total	**2.1**	2.3

EUR million	2016	2015
Present value of minimum lease payments:		
Less than one year	**0.4**	0.8
Between one and five years	**1.3**	1.1
More than five years	**0.1**	0.2
Present value of minimum finance lease payments, total	**1.8**	2.1
Future finance charges	**0.3**	0.2

CURRENT INTEREST BEARING DEBT

	2016		2015	
EUR million	Fair value	Carrying amount	Fair value	Carrying amount
Bank overdrafts	**9.6**	**9.6**	7.2	7.2
Commercial papers			77.8	77.8
Finance leasing debt	**0.4**	**0.4**	0.8	0.8
Other	**0.8**	**0.8**	0.9	0.9
Total, Dec 31	**10.9**	**10.9**	86.7	86.7

FISKARS / ANNUAL REPORT

MATURITY OF LIABILITIES

As of December 31, 2016 the Group has unused credit facilities EUR 300 million (300) at its disposal to guarantee its liquidity.
The average maturity of the credit limit agreements as of December 31, 2016 was 2.5 years (3.5). Agreements concerning credit facilities and long term loans include among others covenants for the solidity. Non-compliance with the covenants would lead to a premature expiry of the agreements. Potential default would require material deterioration of the solidity from the current.

2016

EUR million	2017	2018	2019	2020	2021	Later	Total
Bank overdrafts	9.6						9.6
Other debt	0.8						0.8
Loans from credit institutions		31.0		100.0		50.0	181.0
interests	1.4	1.4	1.3	1.3	1.0	0.5	6.9
Finance leasing	0.4	0.3	0.3	0.3	0.3	0.1	1.8
interests	0.1	0.1	0.1	0.0	0.0	0.0	0.3
Trade payables	85.4						85.4
Derivative liabilities	1.6						1.6
Total, Dec 31	99.4	32.8	1.7	101.7	1.4	50.6	287.5
	34.6%	11.4%	0.6%	35.4%	0.5%	17.6%	100.0%

2015

EUR million	2016	2017	2018	2019	2020	Later	Total
Bank overdrafts	7.2						7.2
Commercial papers	77.8						77.8
interests	0.2						0.2
Other debt	0.9						0.9
Loans from credit institutions		1.6	30.0		100.0	50.0	181.6
interests	1.4	1.4	1.3	1.3	1.3	1.0	7.6
Finance leasing	0.8	0.4	0.3	0.3	0.2	0.2	2.1
interests	0.1	0.0	0.0	0.0	0.0	0.0	0.2
Trade payables	82.6						82.6
Derivative liabilities	2.1						2.1
Total, Dec 31	173.0	3.4	31.6	1.6	101.5	51.2	362.2
	47.8%	0.9%	8.7%	0.4%	28.0%	14.1%	100.0%

SENSITIVITY ANALYSIS OF CURRENCY EXPOSURE

The exchange rate sensitivity analysis in accordance with IFRS 7 has been carried out by examining how the profit before taxes or consolidated group equity would be impacted by a 10% devaluation of a currency against all other currencies. Impact from a 10% appreciation of a currency against all other currencies would be opposite. The analysis of impact on profit includes internal and external foreign currency denominated financial items of the parent company in the selected currencies. Commercial cash flows consist of net foreign currency flows of purchases and sales estimated to take place during the following year by the business units and hedged internally. Financial items include foreign currency denominated loans, deposits and external derivatives. The selected currencies represent approximately 90% of the commercial net foreign currency flows. The sensitivity analysis on the group consolidated equity illustrates translation risk related to the foreign currency denominated equity.

	2016			2015		
	Impact on result before taxes			Impact on result before taxes		
EUR million	Estimated commercial cash flows	Other financial items	Impact on group equity	Estimated commercial cash flows	Other financial items	Impact on group equity
AUD	**-2.6**	**2.6**	**-1.3**	-2.1	2.1	-1.2
CAD	**-1.7**	**1.7**	**-0.8**	-1.4	1.4	-0.7
GBP	**1.1**	**-1.1**	**-2.0**	2.4	-2.4	11.3
IDR	**1.5**	**-1.5**	**0.0**	1.3	-1.3	0.0
JPY	**-2.5**	**2.5**	**-1.8**	-2.3	2.3	-2.4
SEK	**-2.3**	**2.3**	**-4.6**	-2.1	2.1	-4.1
THB	**3.8**	**-3.8**	**-0.5**	2.9	-2.9	-0.4
USD	**-0.2**	**0.2**	**-23.4**	1.4	-1.4	-19.9

AVERAGE INTEREST RATES AND SENSITIVITY ANALYSIS OF INTEREST EXPENSES

The sensitivity of interest expenses on changes in interest rates has been presented by simulating a permanent one percentage unit raise in interest rates at the end of the reporting year. The Corporation's net interest bearing debt as of December 31, 2016 was EUR 152.4 million (249.4) and the average interest reset period was 15 months (16). A permanent one percentage point raise in all interest rates would increase the corporation's annual interest costs by EUR 0.7 million (1.3) assuming no change in the amount of the net debt.

The table below shows the Corporation's net interest bearing debt, currency derivatives, average interest rates on loans and interest rate sensitivity by major currencies.

2016

EUR million	EUR	USD	GBP	DKK	Other	Total
External loans and deposits	161.1	5.7	0.8	0.9	-16.1	152.4
Currency derivatives	-73.9	0.7	8.8	34.3	30.1	0.0
Net debt and currency derivatives	87.2	6.4	9.6	35.2	14.0	152.4
Average interest rate on loans (p.a.)	1.0%	3.0%				
Interest rate sensitivity	0.1	0.1	0.1	0.4	0.1	0.7

2015

EUR million	EUR	USD	GBP	DKK	Other	Total
External loans and deposits	258.0	2.1	0.5	1.8	-13.0	249.4
Currency derivatives	-252.1	34.9	151.2	47.2	18.8	0.0
Net debt and currency derivatives	5.9	37.0	151.7	49.0	5.8	249.4
Average interest rate on loans (p.a.)	1.0%	5.9%				
Interest rate sensitivity	-1.2	0.5	1.5	0.4	0.1	1.3

NOMINAL AMOUNTS OF DERIVATIVES

EUR million	**2016**	2015
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	**212.0**	375.9
Electricity forward agreements	**0.4**	1.5
Interest rate swaps		13.4
Cash flow hedges:		
Interest rate swaps	**80.0**	80.0

FAIR VALUE OF DERIVATIVES

EUR million	**2016**	2015
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	**1.3**	0.0
Electricity forward agreements	**0.1**	-0.3
Interest rate swaps		-0.4
Cash flow hedges:		
Interest rate swaps	**-1.6**	-1.4

Derivatives have been valued at fair value, which has been determined by using generally accepted valuation techniques supported by observable market data (fair value hierarchy level 2). Derivatives are recognised at fair value through profit and loss except for cash flow hedges, which are recorded in equity.

MATURITY OF DERIVATIVES

2016

EUR million	2017	2018	Later	Total
Foreign exchange forwards and swaps	212.0			212.0
Electricity forward agreements	0.4			0.4
Interest rate swaps		30.0	50.0	80.0
Total, Dec 31	212.4	30.0	50.0	292.4

2015

EUR million	2016	2017	Later	Total
Foreign exchange forwards and swaps	375.9			375.9
Electricity forward agreements	0.6	0.4	0.6	1.5
Interest rate swaps	13.4		80.0	93.4
Total, Dec 31	389.9	0.4	80.6	470.8

FAIR VALUE OF FINANCIAL INSTRUMENTS

2016

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss	464.4		20.4	484.8
Other investments	0.4		9.3	9.7
Total assets	464.8		29.7	494.4
Derivative liabilities		-1.6		-1.6
Total liabilities		-1.6		-1.6

2015

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss	520.0		14.9	534.9
Other investments	0.4		6.6	7.0
Total assets	520.4		21.5	541.9
Derivative liabilities		2.1		2.1
Total liabilities		2.1		2.1

For the definition of fair value category levels please see the accounting principles in note 1.

FINANCIAL RISK MANAGEMENT

Financial risks are managed by the corporate treasury, in accordance with a set of risk management principles approved by the Board of Directors.

Currency risk

Currency risk is linked to changes in the value of Fiskars' cash flows, its balance sheet, and/or its competitiveness resulting from changes in exchange rates. Fiskars' currency position is split between its transaction position and translation position, both of which are managed separately.

Transaction risk

Transaction risk results from the possibility that the value of expected cash flow denominated in a particular currency may change as a result of changes in exchange rates. The objective of Fiskars' approach to managing its transaction risk is to reduce the impact of changes in exchange rates on the Group's budgeted profitability and cash flows. Business units are responsible for managing the currency risks associated with their projected and agreed commercial cash flows. Units hedge their exposure using currency forwards with the corporate treasury.

Transaction risk is measured by net of the Group's commercial and financial receivables and liabilities denominated in foreign currencies. The net position is hedged by currency derivatives in accordance with the treasury policy approved by the Board of Directors. Currency forwards and swaps are the most widely used instruments in hedging currency risks.

Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant risks relate to the appreciation of THB, IDR and GBP against EUR and depreciation of JPY, AUD and SEK against EUR. Higher levels of imports indirectly expose Fiskars to risks linked to changes in the local currencies of its suppliers, of which the most important is the Chinese renminbi.

Fiskars does not apply hedge accounting as defined under IAS 39 for transaction risk purposes. All gains and losses made on currency derivatives are booked in the income statement. Had hedge accounting been applied to currency derivatives Fiskars' consolidated profit before tax for 2016 would have been EUR 0.8 million below the reported figure (7.0 million above reported in 2015).

Translation risk

Translation risk refers to the impact that changes in exchange rates can have on the consolidated balance sheet, and which can affect the value of balance sheet assets, equity, and debt liabilities. In addition to balance sheet values, changes in exchange rates can also result in changes in key indicators, such as equity ratio and gearing. In 2016 Fiskars Group's translation risk was not significant and it was not hedged. The currency distribution of the Group's balance sheet is monitored regularly.

Interest rate risk

Interest rate risk refers to possible changes in cash flow or in the value of assets or liabilities resulting from changes in interest rates. Interest rate risk is measured by the average reset period of interest rates of financial assets and liabilities. The average reset period reflects the time it takes on average for the change in interest rates to effect on the interest costs of net debt portfolio. The risk is quantified in monetary terms as the change in interest costs during the observation period caused by a permanent one percentage point rise in interest rates. The shorter the average reset period, the more unpredictable are the interest costs and thus the higher the interest rate risk.

Derivatives are used in the management of interest rate risks. The objective is to maintain the average reset period within the agreed limits of 4 to 18 months as set in the treasury policy. As of December 31, 2016 the nominal amount of outstanding interest rate derivatives was EUR 80.0 million (2015: 93.4). The Group's interest-bearing net debt as of December 31, 2016 was EUR 152.4 million (249.4). 46% (62%) of net debt was linked to variable interest rates. Taking into consideration the effect of interest rate derivatives, 54% (38%) of net debt was linked to fixed interest rates. The average interest rate reset period of interest-bearing debt was 15 months (16).

Sensitivity of interest expenses on changes in market rates has been calculated by assuming permanent one percentage unit increase change in market rates and assuming no change in net debt during the year. The calculated impact on the consolidated result before tax would be EUR 0.7 million (1.3) in 2017.

At the end of the year Fiskars held investments amounting to EUR 22.0 million in commercial papers that mature during the first quarter of 2017.

Liquidity and re-financing risk

Liquidity risk refers to the possibility of the Group's financial assets proving insufficient to cover its business needs or a situation in which arranging such funding would result in substantial additional costs. The objective of liquidity management is to maintain an optimal amount of liquidity to fund the business operations of the Group at all times while minimizing interest costs. Liquidity is considered to be the sum of cash and cash equivalents and available committed credit lines.

Re-financing risk refers to the possibility of such a large amount of liabilities falling due over such a short space of time that the re-financing needed might be unavailable or prohibitively expensive. The objective is to minimize the re-financing risk by diversifying the maturity structure of the debt portfolio.

The Group has extensive unused credit facilities at its disposal to guarantee its liquidity. As of the end of the year, the unutilized committed revolving credit facilities totaled EUR 300.0 million (2015: 300.0) and overdraft facilities EUR 38.4 million (20.8). In addition, the Group's parent company in Finland has a commercial paper program with a number of leading banks amounting to EUR 400.0 million, of which none was utilized as of the end of the year (2015: EUR 78.0 million).

Commodity risk

Fiskars may use derivatives to hedge its exposure to commodity price fluctuations where appropriate. At the end of the year, the Group held no commodity derivative contracts other than electricity futures with a nominal value of EUR 0.4 million (1.5) recognized at fair value through the income statement.

Credit risk

Corporate treasury is responsible for evaluating and monitoring financial counterparty risk. The Group minimizes this risk by limiting its counterparties to a limited number of major banks and financial institutions and by working within agreed counterparty limits. Business units are responsible for monitoring customer credit risks. The Group's clientele is extensive and even the largest customer represent less than 10% of the outstanding receivables. As of the end of the year, the Group's trade receivables totaled EUR 175.1 million (173.6), and the financial statements include provisions for bad debt related to trade receivables totaling EUR 4.7 million (6.0).

Management of capital

Fiskars is not subject to any externally imposed capital requirements (other than possible local company law requirements effective in the jurisdictions where Fiskars Group companies are active).

The Group's objectives when managing capital are:

- To safeguard the Corporation's capacity to fund its operations and take care of its obligations under all business conditions
- To maintain a balanced business and investment portfolio that provides return both on short and long term to its shareholders
- To maintain possibilities to act on potential investment opportunities

21. Employee defined benefit obligations

Most of Fiskars Group's pension plans are defined contribution plans. The acquired WWRD business has defined benefit plans in Indonesia, Japan and Slovenia. The defined benefit plans in the U.S., Great Britain and Germany are closed plans, and future pay increases will not impact the valuation. The Group also has supplementary pension plans in Finland which are classified as defined benefit plans. Each plan is operated in accordance with local conditions and practices of the respective country. Authorized actuaries have performed the actuarial calculations for the defined benefit plans.

The main unfunded plans are in the US, Germany, Indonesia, Japan and Slovenia. Plans in Finland and Norway are taken care of by local pension insurance companies. The Group estimates its contributions to the plans during 2017 to be EUR 1.5 (1.6) million.

CHARACTERISTICS OF THE DEFINED BENEFIT PLANS AND RISKS ASSOCIATED WITH THEM

Plan	Net liability 2016	2015	Description and risks
Finland	0.1	0.1	There are 27 eligible members in the Finnish pension plans. The plans are either funded insured pension plans, which are closed, or unfunded pension promises. Benefits of the plans are old age pension, disability pension, family pension and funeral grant. Pension increases are based on either insurance companies' own indexes or TyEL index. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Germany	1.3	1.3	There are 85 eligible members in the German pension plans. The plans are either unfunded individual pension promises, or unfunded pension plans, which are closed. Benefits of the plans are old age pension, disability pension and widow's/widower's pension. Pension increases, if any, are based on inflation. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Thailand	0.4	0.3	There are 543 eligible members in the Thai pension plan, which is a retirement benefit plan. Benefit of the plan is severance pay. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Norway	-0.1	-0.1	There are 15 eligible members in the Norwegian pension plan. The plan is an insured, funded and closed pension plan. Benefits of the plan are old age pension, disability pension, widow's/widower's pension and children's pension. There are no guaranteed minimum pension increases. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
UK	0.8	1.5	There are 180 eligible members in the British pension plan, which is a closed pension fund. The plan has surplus (asset) of GBP 3.6 (3.2) million at end of 2016, which is not recognized as an assets due to asset ceiling. Benefits of the plan are old age pension, early retirement pension, widow's/widower's pension and death benefit. Pension increases are based on inflation. Main risks are volatility of equity instruments, changes in bond yields, increase in life expectancy and inflation risk. UK legislation requires the board to carry out actuarial valuations at least every three years and to target full funding against a basis that prudently reflects the fund's risk exposure, including the strength of the covenant offered to the fund by Fiskars UK Limited. The most recent actuarial valuation was carried out as at March 31, 2014. Fiskars UK Limited has agreed to pay annual contributions of GBP 0.5 million until March 31, 2018. The remaining payments have been recorded as a liability as at December 31, 2016.
USA	5.9	6.0	There is one eligible member in the American pension plan, which is an unfunded pension obligation. Benefits of the plan are old age pension and widow's/widower's pension. There are no pension increases. Main risks are changes in bond yields and increase in life expectancy.
Indonesia	3.8	2.5	There are 1,095 eligible members in the Indonesian pension plan, which is an unfunded retirement benefit plan. Benefits of the plan are severance pay, death benefit and disability benefit. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Japan	1.4	1.2	There are 130 eligible members in the Japanese pension plan, which is a funded and insured pension and retirement allowance plan. Benefits of the plan are old-age pension, death benefit and retirement allowance. There are no pension increases. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Slovenia	1.0	1.1	There are 912 eligible members in the Slovenian pension plans, which are unfunded retirement benefit plans. Benefit of the plan is severance pay. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Total net liability	**14.5**	13.9	

CHANGES IN NET DEFINED BENEFIT LIABILITY

EUR million	Present value of obligation	Fair value of plan assets	Total	Additional liablity and effect of asset ceiling	Total
Jan 1, 2016	30.8	-22.9	7.9	5.9	13.9
Current service cost	0.7		0.7		0.7
Interest expense (+) or income (-)	1.0	-0.7	0.3	0.2	0.5
Past service cost and gains and losses from settlements	0.0		0.0		0.0
Total included in personnel expenses (Note 7)	1.7	-0.7	1.0	0.2	1.2
Return on plan assets, excluding amounts included in interest, (gain -) and (loss +)		-2.2	-2.2		-2.2
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	-0.1		-0.1		-0.1
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	3.1		3.1		3.1
Experience adjustment gains (-) and losses (+)	0.2		0.2		0.2
Changes in asset ceiling, excluding amounts included in interest			0.0	-0.3	-0.3
Remeasurement gains (-) and losses (+) included in OCI	3.1	-2.2	1.0	-0.3	0.7
Translation differences	-1.5	2.5	1.1	-0.6	0.4
Employer contributions		-1.5	-1.5		-1.5
Benefits paid	-1.4	1.3	0.0		0.0
Other changes			0.0	-0.1	-0.1
Dec 31, 2016	32.9	-23.4	9.4	5.0	14.5

EUR million	Present value of obligation	Fair value of plan assets	Total	Additional liablity and effect of asset ceiling	Total
Jan 1, 2015	22.3	-18.6	3.7	3.3	7.0
Acquisitions	6.8	-2.4	4.4		4.4
Current service cost	0.4		0.4		0.4
Interest expense (+) or income (-)	1.0	-0.7	0.3	0.1	0.4
Past service cost and gains and losses from settlements	0.2		0.2		0.2
Total included in personnel expenses (Note 7)	1.6	-0.7	0.9	0.1	1.0
Return on plan assets, excluding amounts included in interest, (gain -) and (loss +)		-0.0	-0.0		-0.0
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0.2		0.2		0.2
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-0.4		-0.4		-0.4
Experience adjustment gains (-) and losses (+)	0.2		0.2		0.2
Changes in asset ceiling, excluding amounts included in interest			0.0	0.8	0.8
Remeasurement gains (-) and losses (+) included in OCI	-0.1	-0.0	-0.1	0.8	0.6
Translation differences	1.6	-1.1	0.5	0.2	0.7
Employer contributions		-1.4	-1.4		-1.4
Benefits paid	-1.4	1.4	0.0		0.0
Other changes				1.5	1.5
Dec 31, 2015	30.8	-22.9	8.0	5.9	13.9

PLAN ASSETS BY ASSET CATEGORY

	2016		2015	
EUR million	Quoted	Unquoted	Quoted	Unquoted
Equity instruments	**14.7**		15.3	
Bonds	**4.9**		4.3	
Property	**0.4**		0.4	
Insurance contracts		**3.1**		2.7
Cash and cash equivalents	**0.2**		0.3	
Other	**0.0**		0.0	
Total	**20.2**	**3.1**	20.2	2.7

PRINCIPAL ACTUARIAL ASSUMPTIONS AT THE BALANCE SHEET DATE

%	**2016**	2015
Discount rate		
Great Britain	**2.7**	3.9
Other countries	**0.4-7.54**	0.8–8.9
Future salary increases		
Great Britain	**n/a**	n/a
Other countries	**n/a / 0.0–5.0**	n/a / 0.0–5.0
Future pension increases		
Great Britain	**0–3.3**	0–3.2
Other countries	**n/a / 0.0–5.0**	n/a / 0.0–5.0

SENSITIVITY ANALYSIS

A reasonably possible change to one of the relevant actuarial assumptions at the reporting date holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	2016 Defined benefit obligation		2015 Defined benefit obligation	
EUR million	Increase	Decrease	Increase	Decrease
Great Britain				
Discount rate (0.5% change)	**-1.1**	**1.2**	-1.1	1.2
Future salary (0.5% change)	**n/a**	**n/a**	n/a	n/a
Future pension (0.25% change)	**0.1**	**-0.1**	0.2	-0.2
Other Group companies, total				
Discount rate (0.5% change)	**-0.8**	**0.9**	-0.6	0.7
Future salary (0.5% change)	**0.1**	**-0.1**	0.3	-0.2
Future pension (0.25% change)	**0.1**	**-0.1**	0.1	-0.1

The weighted average of the duration of the defined benefit obligation: 12.7 (11.5)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

22. Provisions

Warranty provisions relate to products sold and are reviewed and adjusted regularly to reflect the estimated cash outflows to settle the warranty claims. Restructuring provisions mainly relate to the Supply Chain 2017 program and integration activities.

Other provisions include, among others, provisions for legal expenses and estimated costs for refurbishment of premises.

2016
LONG-TERM PROVISIONS

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	0.4	0.1	4.1	4.6
Translation differences	0.0	-0.0	0.0	0.0
Additions	0.0		4.2	4.2
Used provisions			-1.1	-1.1
Change in estimates				
Reversals			-0.7	-0.7
Provisions, Dec 31	0.4	0.1	6.6	7.1

SHORT-TERM PROVISIONS

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	3.5	3.9	3.0	10.5
Translation differences	0.1	0.0	0.1	0.2
Additions	0.1	10.0	0.7	10.9
Used provisions	-0.0	-3.3	-1.8	-5.0
Change in estimates	0.2		-0.1	0.2
Reversals			-0.0	-0.0
Provisions, Dec 31	3.9	10.8	1.9	16.6

2015

LONG-TERM PROVISIONS

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	1.0	0.1	3.4	4.5
Translation differences	-0.0	0.0	-0.0	-0.0
Acquisitions			0.9	0.9
Additions	0.2		0.2	0.3
Used provisions	-0.2		-0.2	-0.4
Change in estimates	-0.1			-0.1
Reversals	-0.5		-0.1	-0.6
Provisions, Dec 31	0.4	0.1	4.1	4.6

SHORT-TERM PROVISIONS

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	3.0	1.2	0.2	4.4
Translation differences	0.2	0.0	0.0	0.2
Additions			2.7	2.7
Used provisions	0.5	4.1	0.2	4.8
Change in estimates	-0.4	-1.4		-1.8
Reversals	0.2		-0.1	0.1
Provisions, Dec 31	3.5	3.9	3.0	10.5

23. Trade and other payables

EUR million	**2016**	2015
Trade payables	**85.4**	82.6
Other debt	**20.3**	24.4
Accrued expenses and deferred income:		
Interests	**2.2**	1.8
Wages, salaries and social costs	**48.5**	47.8
Customer rebates and commissions	**35.8**	35.4
Other	**45.7**	45.4
Total, Dec 31	**237.8**	237.4

Other accrued expenses and deferred income comprise periodization of bought materials and supplies, annual rebates for clients and other accrued items.

24. Commitments

OPERATING LEASE OBLIGATIONS

EUR million	**2016**	2015
Payments next year	**27.8**	30.3
Payments between one and five years	**67.5**	53.0
Payments later	**21.3**	8.1
Total, Dec 31	**116.6**	91.3

CONTINGENCIES AND PLEDGED ASSETS

EUR million	**2016**	2015
Guarantees	**19.1**	26.2
Lease commitments	**116.6**	91.3
Other contingencies*	**15.3**	21.7
Total pledged assets and contingencies, Dec 31	**151.0**	139.2

*Other contingencies include a commitment of USD 15 million to invest in private equity funds.

LITIGATION

Fiskars is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes. In July 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay in total EUR 28.3 million in additional tax, interest expenses and punitive tax increases as a result of a tax audit carried out in 2014.

Fiskars and its external advisors consider the decision unfounded and did not recognize the related taxes and other costs in the income statement. Fiskars has appealed the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office. Fiskars will continue the appeal process in court, if necessary, in which case the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

25. Related party transactions

Fiskars' related parties are members of the Fiskars Board of Directors and Executive Board, other key management persons, and individual shareholders with control or significant influence over the company, as well as entities controlled or significantly influenced by them or their family members. In addition, associated companies of Fiskars are also regarded as related parties.

Fiskars Finland Oy Ab rents real estate from its associate Koy Iittalan Lasimäki and has granted a capital loan to the company at inception.

Fiskars had no significant transactions, liabilities or receivables with related parties during 2016.

EUR million	**2016**	2015
Rent	**0,2**	0,2
Capital loan	**0,2**	0,2

SHAREHOLDINGS OF THE BOARD AND KEY MANAGEMENT, DECEMBER 31

Includes also holdings of Board and key management and their related parties.

	2016				2015			
	Direct holdings	**Holdings of closely related persons**	**Holdings of closely related entities**	**Total**	Direct holdings	Holdings of closely related persons	Holdings of closely related entities	Total
Ehrnrooth Alexander	**855,000**		**12,650,000**	**13,505,000**	855,000		12,220,000	13,075,000
Ehrnrooth Paul 1)	**0**		**9,330,961**	**9,330,961**	8,205		9,322,756	9,330,961
Fromond Louise	**1,250,705**		**8,541,612**	**9,792,317**	601,135		8,541,612	9,142,747
Gripenberg Gustaf	**243,320**	**60,006**	**4,057,289**	**4,360,615**	243,320	60,006	4,057,289	4,360,615
Jonasson Blank Ingrid	**0**		**0**	**0**	0		0	0
Luomakoski Jyri***	**0**		**0**	**0**				
Mero Inka*	**0**		**0**	**0**	0		0	0
Månsson Fabian*	**0**		**2,000**	**2,000**	0		0	0
Sjölander Peter*	**0**		**0**	**0**	0		0	0
Slotte Karsten*****					1,000		0	1,000
Sotamaa Ritva*	**1,000**		**0**	**1,000**	1,000		0	1,000
Ariluoma Nina	**0**		**0**	**0**	0		0	0
Enckell Thomas	**2,300**		**0**	**0**	0		0	0
Gaeta Matteo******					0		0	0
Gaggl Risto	**0**		**0**	**0**	0		0	0
Kangas-Kärki Teemu	**6,000**		**0**	**6,000**	2,000		0	2,000
Kass Robert	**0**		**0**	**0**	0		0	0
Garde Due Ulrik****	**0**		**0**	**0**				
Kauniskangas Kari	**34,097**		**0**	**34,097**	31,097		0	31,097
Matt Alexander**	**0**		**0**	**0**	0		0	0
Tonnesen Paul	**0**		**0**	**0**	0		0	0
Westerlund Frans	**0**		**0**	**0**	0		0	0

The Directors and the CEO do not have any debts to the company; nor has the company given pledges or taken on other responsibilities in their names. The shareholdings of the Board and key management represent in total 45.3% of the outstanding shares of the company.

1) Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth have signed a shareholder's agreement where all parties have agreed to vote in Fiskars Corporation's General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholder's agreement have agreed on a mutual pre-emption right, if any of the parties plans to sell Fiskars Corporation's shares.

* Member of the Board of Directors as of March 12, 2015.
** Member of the Executive Board as of September 15, 2015.
*** Member of the Board of Directors as of March 8, 2016
**** Member of the Executive Board as of January 18, 2016
***** Member of the Board of Directors until March 9, 2016
****** Member of the Executive Board until October 7, 2016

REMUNERATION OF THE BOARD AND KEY MANAGEMENT

	2016			2015		
EUR thousand	**Salaries and fees**	**Statutory pension**	**Supplementary pension***	Salaries and fees	Statutory pension	Supplementary pension*
Bergh Kaj-Gustaf				14.3		
Böer Ralf				15.8		
Ehrnrooth Alexander	**75.0**			77.3		
Ehrnrooth Paul	**120.0**			124.5		
Fromond Louise	**57.0**			58.5		
Gripenberg Gustaf	**57.8**			62.3		
Jonasson Blank Ingrid	**77.0**			77.5		
Luomakoski Jyri	**47.3**					
Mero Inka	**56.3**			43.5		
Mondollot Christine				15.8		
Månsson Fabian	**75.0**			57.8		
Sjölander Peter	**75.0**			57.8		
Slotte Karsten	**13.5**			62.3		
Sotamaa Ritva	**77.0**			59.8		
Kauniskangas Kari	**1,248.4**	**194.1**	**94.5**	926.9	112.0	83.4
Executive board excl. President & CEO	**4,693.2**	**375.6**	**221.5**	3,444.4	135.5	169.4
Total	**6,672.3**	**569.7**	**316.0**	5,098.0	247.6	252.8

The key management consists of the Board of Directors, the President & CEO and the members of the Corporate Management Team (Executive Board). The figures are presented on an accrual basis.

* The key management has a collective supplementary pension insurance, which includes an old-age pension at the retirement age of 60 years, vested rights under certain conditions and indemnity payable at death. The amount of pension income is based on the insurance savings. The employer's contribution to the insurance plan is 20% of the preceding year's base salary of the CEO and 16%-20% of the preceding year's base salary of the Executive Board excl. the CEO.

26. Share based payments

LONG-TERM INCENTIVE PLANS 2016–2018 AND 2015-2017, SETTLED IN SHARES AND CASH

In February 2015, The Board of Directors decided on a new long-term incentive plan for the Group's Chief Executive Officer and Chief Operating Officer. The targets for the plan are based on the company's total shareholder return. No reward will be paid if targets are not met or if the participant's employment ends before reward payment. Similar plan was instituted for 2016.

The vesting period for the long-term incentive plan is three years. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2015 will therefore be paid during the first quarter of 2018 and bonuses for 2016 in the first quarter of 2019.

If the targets of the plan are reached, rewards will be paid to participants after the end of the vesting period. The reward will be paid in company's shares and as a cash payment which is intended to cover taxes and tax-related costs arising from the share reward. If all targets are reached, the maximum reward payable in shares on the basis of the 2016–2018 vesting period would amount to 17,500 shares and the 2015-2017 vesting period would amount to 17,500 shares in the company. Shares to be awarded under the plan will be acquired in public trading arranged by Nasdaq Helsinki, and thus the share plan is not expected to have a diluting effect on the ownership of the company's shareholders.

Amount of share incentives and terms and assumptions in the fair value calculation	2016-2018 plan	2015–2017 plan
Maximum number of shares granted	17,500	17,500
Grant date	Feb 4, 2016	Feb 5, 2015
Grant date share price, EUR	17.21	19.50
Estimated realization of share price after vesting and restriction period	20.35	21.86
Expense recorded during the financial year (EUR million)	0.1	0.2
Liability at the end of the financial year (EUR million)	0.1	0.2
Vesting period starts	Feb 4, 2016	Feb 5, 2015
Vesting period ends	Dec 31, 2018	Dec 31, 2017
Estimated realization of earnings criteria at the beginning of earning period, %	100%	100%
Number of participants in the plan	2	2

FISKARS / ANNUAL REPORT

LONG-TERM INCENTIVE PLAN 2014–2016, SETTLED IN CASH

Participants in the long-term incentive plans are selected by the Board of Directors annually, and the Board also decides on the earning criteria based on financial targets for the plan annually. No reward will be paid if targets are not met or if the participant's employment ends before reward payment.

A positive change in the value of the Company's shares related to its own operations (excluding the impact of investments at fair value through profit or loss on the share price) during the vesting period may increase the final cash payout by up to 50% and for the President and CEO by up to 100% (multiplier effect).

The earning criteria apply during the first year of the vesting period, which for other executives except for CEO is followed by two additional years. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2014 will therefore be paid during the first quarter of 2017. For the CEO, half of the bonus vests after a two year vesting period and the other half after a three year vesting period.

The targets for the incentive plans are based on the company's consolidated net sales and operative cash flow and for the President and CEO, the targets were tied to net sales and EBIT.

Terms and assumptions of the long-term incentive plans	2014–2016 plan
Grant date	Mar 12, 2014
Achieved base amount for the plan (EUR million)	0.9
Multiplier effect (EUR million)	0.4
Realization rate (multiplier effect in %)	47%
Vesting period starts	Mar 12, 2014
Vesting period ends	Dec 31, 2016
Number of participants in the plan	19

27. Subsidiaries and other participations

Fiskars Oyj Abp completed the sale of its boats business on January 4, 2016 including shares in Inha Works Ltd. Fiskars also sold Spring (U.S.A.) Corporation shares in September 2016.

On December 31, 2016, Ferraria Oy Ab and Kiinteistö Oy Danskog Gård merged into the parent company Fiskars Oyj Abp.

SHARES IN SUBSIDIARIES

	Domicile		% of share capital	% of voting power	Nature of main activities
Fiskars Americas Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Fiskars Brands, Inc.	Madison, WI	US	100.0	100.0	P
Fiskars Brands Global Holdings LLC	Madison, WI	US	100.0	100.0	D
Fiskars Servicios, S.A. de C.V. iL	Mexico City	MX	0.002	0.002	D
Fiskars de Mexico, S.A. de C.V.	Mexico City	MX	0.002	0.002	D
Fiskars Canada, Inc.	Toronto	CA	100.0	100.0	S
Fiskars de Mexico, S.A. de C.V.	Mexico City	MX	99.998	99.998	D
Fiskars Servicios, S.A. de C.V. iL	Mexico City	MX	99.998	99.998	D
Consumer Brands (Hong Kong) Co., Limited	Hongkong	HK	1.0	1.0	H
Fiskars Europe Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Consumer Brands (Hong Kong) Co., Limited	Hong Kong	HK	99.0	99.0	H
Fiskars (Thailand) Co.,Limited	Bangkok	TH	98.0	98.0	H
Fiskars Trading (Shanghai) Co., Ltd.	Shanghai	CN	100.0	100.0	H
Fiskars Finland Oy Ab	Helsinki	FI	100.0	100.0	P
ZAO Fiskars Brands Rus	St. Petersburg	RU	100.0	100.0	P
Fiskars Finland Oy Ab, Hungarian Branch Office	Budapest	HU	100.0	100.0	S
Fiskars (Thailand) Co., Limited	Bangkok	TH	1.0	1.0	H
Fispo Sp. z o.o.	Warsaw	PL	100.0	100.0	D
Fiskars Sweden AB	Höganäs	SE	100.0	100.0	S
Nilsjohan AB	Höganäs	SE	100.0	100.0	D
Fiskars Estonia AS	Tallinn	EE	100.0	100.0	S
Fiskars Benelux B.V.	Oosterhout	NL	100.0	100.0	S
iittala BVBA	Antwerpen	BE	0.5	0.5	S
iittala BVBA	Antwerpen	BE	99.5	99.5	S
Fiskars Silkeborg A/S	Silkeborg	DK	100.0	100.0	S
Fiskars Denmark A/S	Glostrup	DK	100.0	100.0	P
Royal Copenhagen GmbH	Cologne	DE	100.0	100.0	S
Royal Copenhagen (Japan) Ltd	Tokyo	JP	100.0	100.0	S
Royal Copenhagen Korea Ltd	Seoul	KR	100.0	100.0	S
Royal Copenhagen Taiwan Ltd	Taipei	TW	100.0	100.0	S
Royal Copenhagen Thailand Ltd	Saraburi	TH	60.0	60.0	P
Fiskars Gardening Equipment (Ningbo), Co., Ltd.	Ningbo	CN	100.0	100.0	P
RC Heritage Center Ltd, Thailand	Saraburi	TH	99.0	99.0	P
Fiskars Asia Pacific Limited	Hongkong	HK	100.0	100.0	S
Fiskars Consumer Goods (Shanghai) Co., Ltd	Shanghai	CN	100.0	100.0	S
Fiskars Deutschland GmbH	Herford	DE	100.0	100.0	D
Fiskars France S.A.S.	Wissous	FR	100.0	100.0	P
Fiskars Germany GmbH	Herford	DE	100.0	100.0	S
iittala GmbH	Solingen	DE	100.0	100.0	S
Fiskars Italy S.r.l.	Premana	IT	100.0	100.0	P
Fiskars Norway AS	Oslo	NO	100.0	100.0	P
Fiskars Polska Sp. z o.o.	Slupsk	PL	100.0	100.0	P
Fiskars Spain S.L.U.	Madrid	ES	100.0	100.0	S
Fiskars UK Limited	Bridgend	GB	100.0	100.0	S
Vikingate Limited	Nottingham	GB	100.0	100.0	D
Fiskars (Australia) Pty Limited	Melbourne	AU	100.0	100.0	S
UAB Fiskars Lithuania	Vilnius	LT	100.0	100.0	S
Fiskars Latvia SIA	Riga	LV	100.0	100.0	S
Fiskars Czech s.r.o.	Prague	CZ	100.0	100.0	S
Ab Åbo Båtvarf - Turun Veneveistämö Oy	Turku	FI	100.0	100.0	D
Avlis AB	Stockholm	SE	100.0	100.0	H
Fiskars (Thailand) Co.,Limited	Bangkok	TH	1.0	1.0	H
WWRD LuxCo S.à.r.l.	Luxembourg	LU	100.0	100.0	H
WWRD Canada, Inc	New Brunswick	CA	100.0	100.0	S
WWRD UK/Ireland, Ltd.	Stoke-on-Trent	GB	100.0	100.0	D
WWRD Ireland IPCo LLC	Wilmington, DE	US	100.0	100.0	H
WWRD IPCo. LLC	Wilmington, DE	US	100.0	100.0	H
Wedgwood/Doulton USA Acqco 1 Inc.	Wilmington, DE	US	100.0	100.0	H
Wedgwood/Doulton USA Acqco 2 Inc.	Wilmington, DE	US	100.0	100.0	H
WWRD US, LLC	Wilmington, DE	US	100.0	100.0	S
WWRD United Kingdom, Ltd.	Stoke-on-Trent	GB	100.0	100.0	P
WWRD United Kingdom, Ltd., Beijing Branch Office	Beijing	CN	100.0	100.0	H
WWRD IPCO UK LLC	Wilmington, DE	US	100.0	100.0	H
WWRD Ireland Limited	Waterford	IE	100.0	100.0	P
WWRD IPCO I LLC	Wilmington, DE	US	100.0	100.0	H
Steklarna Rogaška d.o.o.	Rogaška Slatina	SI	100.0	100.0	P
Steklarski HRAM d.o.o.	Rogaška Slatina	SI	100.0	100.0	S
Rogaška Kristal d.o.o.	Zagreb	HR	100.0	100.0	S
Rogaska America Inc	New York	US	100.0	100.0	S
WWRD Netherlands MidCo B.V.	Amsterdam	NL	100.0	100.0	H
WWRD Australia Pty Ltd	Arndell Park, NSW	AU	100.0	100.0	S
WWRD Australia Pty Ltd, New Zealand Branch	Auckland	NZ	100.0	100.0	S
Josiah Wedgwood & Sons Pty Ltd	Arndell Park, NSW	AU	100.0	100.0	D
Waterford Wedgwood Australia Limited	Stoke-on-Trent	GB	100.0	100.0	D
Waterford Wedgwood Trading Singapore Pte Limited	Singapore	SG	100.0	100.0	H
Wedgwood Consulting Shanghai Ltd. PRC	Shanghai	CN	100.0	100.0	D
Waterford Wedgwood (Taiwan) Limited	Taipei	TW	100.0	100.0	S
Waterford Wedgwood Hong Kong Ltd	Hong Kong	HK	100.0	100.0	S
Waterford Wedgwood Doulton Commercial (Shanghai) Ltd.	Shanghai	CN	100.0	100.0	S
Waterford Wedgwood Japan Limited	Tokyo	AU	100.0	100.0	S
PT Doulton (Indonesia)	Tangerang	ID	96.2	96.2	P

Holding, management or services	H
Production and sales	P
Sales	S
Dormant	D

FISKARS / ANNUAL REPORT

28. Subsequent events

After the balance sheet date, no significant events have taken place within the Group.

FINANCIAL INDICATORS

Five years in figures

		2016	2015	2014	2013	2012
Net sales	EUR million	**1,204.6**	1,107.1	767.5	798.6	747.8
of which outside Finland	EUR million	**977.0**	849.4	632.8	657.6	579.1
in percent of net sales	%	**81.1**	76.7	82.5	82.3	77.4
export from Finland	EUR million	**24.3**	57.1	61.8	66.2	54.5
Percentage change of net sales	%	**8.8**	44.3	-3.9	6.8	0.7
Gross profit	EUR million	**502.9**	420.2	310.4	323.2	274.6
in percent of net sales	%	**41.7**	38.0	40.4	40.5	36.7
Operating profit (EBIT)	EUR million	**82.7**	46.5	42.7	61.0	63.9
in percent of net sales	%	**6.9**	4.2	5.6	7.6	8.5
Operating profit excluding non-recurring items	EUR million	**93.8**	65.1	59.6	73.8	63.1
Share of profit from associate	EUR million			30.0	50.8	47.8
Change in fair value of biological assets	EUR million	**-0.5**	-0.2	-0.3	0.7	5.6
Financial items net	EUR million	**10.6**	79.3	714.3	-4.2	83.2
in percent of net sales	%	**0.9**	7.2	93.1	-0.5	11.1
Profit before taxes	EUR million	**92.8**	125.5	786.7	108.3	200.4
in percent of net sales	%	**7.7**	11.3	102.5	13.6	26.8
Income tax	EUR million	**-27.4**	-39.2	-13.4	-14.3	-21.5
Profit for the period attributable to the equity holders of the company	EUR million	**64.1**	85.1	773.1	93.7	178.9
in percent of net sales	%	**5.3**	7.7	100.7	11.7	23.9
Non-controlling interests' share of profit	EUR million	**1.3**	1.2	0.2	0.3	
Employee benefits	EUR million	**337.1**	291.3	209.8	202.1	173.3
Depreciation, amortization and impairment	EUR million	**37.4**	42.8	28.5	29.2	21.9
in percent of net sales	%	**3.1**	3.9	3.7	3.7	2.9
Cash flow from operating activities	EUR million	**83.8**	47.6	87.0	81.0	95.0
Capital expenditure	EUR million	**37.6**	32.4	35.0	37.5	32.7
in percent of net sales	%	**3.1**	2.9	4.6	4.7	4.4
Research and development costs in income statement	EUR million	**18.0**	18.0	14.6	13.3	10.3
in percent of net sales	%	**1.5**	1.6	1.9	1.7	1.4
Capitalized development costs	EUR million	**0.0**	0.0	0.5	0.7	1.1
Equity attributable to equity holders of the company	EUR million	**1,218.1**	1,190.8	1,151.9	631.8	618.9
Non-controlling interest	EUR million	**1.9**	3.3	1.3	0.9	
Equity total	EUR million	**1,220.1**	1,194.0	1,153.2	632.7	618.9
Net interest bearing liabilities	EUR million	**152.4**	249.4	121.3	152.6	72.4
Working capital	EUR million	**217.8**	190.5	93.3	88.3	71.4
Balance sheet total	EUR million	**1,760.1**	1,833.3	1,589.5	1,039.1	935.4
Return on investment	%	**6.8**	8.4	73.8	15.1	28.9
Return on equity	%	**5.4**	7.4	86.6	15.0	30.5
Equity ratio	%	**69.3**	65.1	72.6	60.9	66.2
Net gearing	%	**12.5**	20.9	10.5	24.1	11.7
Personnel (FTE), average		**8,000**	6,303	4,243	4,087	3,364
Personnel, end of period		**8,560**	9,003	4,832	4,330	3,449
of which outside Finland		**7,336**	7,715	3,300	2,748	1,839

Share related figures

		2016	2015	2014	2013	2012
Share capital	EUR million	**77.5**	77.5	77.5	77.5	77.5
Earnings per share (basic and diluted)	EUR/share	**0.78**	1.04	9.44	1.14	2.18
Operative earnings per share	EUR/share	**0.56**	0.35	0.76	1.14	2.18
Dividend per share*	EUR/share	**0.71+0.35**	0.70	0.68	3.27	0.65
Dividend	EUR million	**86.6**	57.3	55.7	267.8	53.2
Equity per share	EUR/share	**14.91**	14.54	14.06	7.71	7.56
Adjusted average price	EUR/share	**17.11**	18.69	20.35	18.20	16.00
Adjusted lowest price per share	EUR/share	**15.00**	17.30	17.33	16.20	13.60
Adjusted highest price per share	EUR/share	**18.74**	21.07	22.30	19.70	17.49
Adjusted price per share, Dec 31	EUR/share	**17.60**	18.74	17.99	19.55	16.69
Market value of shares	EUR million	**1,438.2**	1,534.9	1,473.5	1,601.2	1,367.0
Number of shares	1,000 pcs	**81,905.2**	81,905.2	81,905.2	81,905.2	82,023.3
Number of treasury shares	1,000 pcs	**187.8**				118.1
Number of shares traded	1,000 pcs	**2,838.0**	6,185.3	6,898.3	3,042.1	4,883.3
Price per earnings		**22.5**	18.0	1.9	17.1	7.7
Dividend per earnings	percent	**135.5**	67.4	7.2	286.8	29.8
Dividend yield	percent	**6.0**	3.7	3.8	16.7	3.9
Number of shareholders, Dec 31		**18,643**	18,426	17,828	16,352	16,148

* Board's proposal.

Basic and diluted earnings per share are equal, as the company has no potential ordinary shares.

FISKARS / ANNUAL REPORT

Calculation of financial indicators

Earnings before depreciation and amortization = Operating profit + depreciation and amortization + impairment

$$\text{Return on investment in \%} = \frac{\text{Profit for the period + income taxes + interest and other financial expenses}}{\text{Equity, total + interest-bearing liabilities (average of beginning and end of year amounts)}} \times 100$$

$$\text{Return on equity in \%} = \frac{\text{Profit for the period}}{\text{Equity, total (average of beginning and end of year amounts)}} \times 100$$

$$\text{Equity ratio in \%} = \frac{\text{Equity, total}}{\text{Balance sheet total}} \times 100$$

$$\text{Net gearing in \%} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables - cash and bank}}{\text{Equity, total}} \times 100$$

$$\text{Earnings per share} = \frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares}}$$

$$\text{Operative earnings per share} = \frac{\text{Profit attributable to equity holders of the company excl. gain on sale and revaluation of Wärtsilä (2014) and changes in the fair value of investments at fair value through profit or loss}}{\text{Weighted average number of outstanding ordinary shares}}$$

$$\text{Equity per share} = \frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding ordinary shares}}$$

$$\text{Adjusted average share price} = \frac{\text{Value of shares traded during the period}}{\text{Number of shares traded during the period, adjusted for emissions}}$$

Market capitalization = Number of outstanding ordinary shares Dec 31 x market quotation Dec 31

$$\text{Price per earnings (P/E)} = \frac{\text{Market quotation per share, Dec 31}}{\text{Earnings per share}}$$

$$\text{Dividend per earnings in \%} = \frac{\text{Dividend paid}}{\text{Profit attributable to equity holders of the company}} \times 100$$

$$\text{Dividend per share} = \frac{\text{Dividend paid}}{\text{Number of outstanding shares, Dec 31}}$$

$$\text{Dividend yield in \%} = \frac{\text{Dividend per share}}{\text{Market quotation, Dec 31 adjusted for emissions}} \times 100$$

SHARES

Number of shares, votes and share capital

Fiskars Corporation's shares are traded in the Large Cap segment of Nasdaq Helsinki. The Company has one series of shares FIS1V (as of January 2, 2017: FSKRS). All shares carry one vote each and have equal rights.

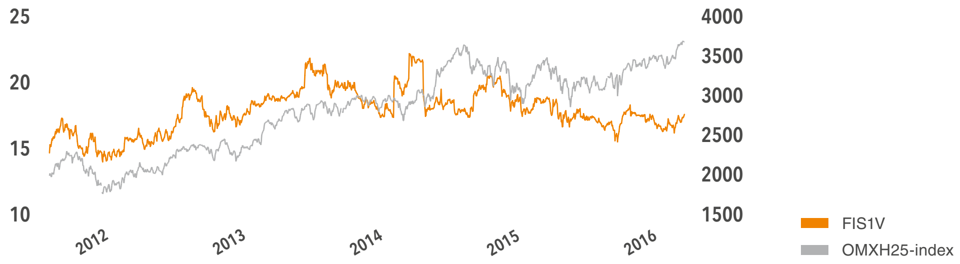
The total number of shares at the end of 2016 81,905,242 (81,905,242). The share capital remained unchanged in 2016 at EUR 77,510,200.

Share details

Market	Nasdaq Helsinki
ISIN	FI0009000400
Trading code	FIS1V (as of January 2, 2017: FSKRS)
Segment	Large Cap
Industry	3000 Consumer Goods
Supersector	3700 Personal & Household Goods
Shares as of Dec 31, 2016	81,905,242

Fiskars share price development

EUR, Jan 1, 2011–Dec 31, 2016



Treasury shares

As of the end of the year, Fiskars owned 187,828 treasury shares, corresponding to 0.2% of the Corporation's shares and votes. The Company has acquired the shares at the Nasdaq Helsinki in accordance with the authorizations of the general meetings of the shareholders. The acquisitions have been made from March through December 2016.

Board authorizations

The Annual General Meeting for 2016 decided to authorize the Board to acquire and convey a maximum 4,000,000 of Fiskars' own shares. Both authorizations will remain in force until June 30, 2017.

Changes in the number of shares, 2012–2016

	Total	
Total shares, Dec 31, 2012	82,023,341	
Feb 15, 2013	-118,099	Cancellation of treasury shares
Total shares, Dec 31, 2013	81,905,242	
Total shares, Dec 31, 2014	81,905,242	
Total shares, Dec 31, 2015	81,905,242	
Total shares, Dec 31, 2016	81,905,242	
Treasury shares Dec 31, 2016	187,828	

SHAREHOLDERS

Fiskars Corporation had 18,643 (18,426) shareholders as of the end of the year. Approximately 2.9% (3.5) of the share capital was owned by shareholderss outside Finland or nominee-registered shareholders.

Management shareholding

On December 31 2016, the Board members, the President & CEO and the CFO and their controlled entities and their managed entities together with a family member, owned a total of 37,031,990 (35,884,414) shares corresponding to 45.2% (43.8) of the Company's shares and votes. The Company did not have any share option programs.

Share ownership, December 31, 2016

	Number of shareholders	%	Number of shares and votes	%
Private companies	633	3.40	35,189,652	42.96
Financial and insurance institutions	19	0.10	1,452,580	1.77
Public sector organizations	7	0.04	3,843,732	4.69
Non-profit organizations	218	1.17	9,506,265	11.61
Households	17,659	94.72	29,512,833	36.03
Outside Finland	98	0.53	290,440	0.36
Nominee registered	9	0.05	2,109,740	2.58
Total	18,643	100.00	81,905,242	100.00

Distribution of shares, December 31, 2016

Number of shares	Number of shareholders	%	Number of shares and votes	%
1-100	7,563	40.57	415,896	0.51
101-500	7,062	37.88	1,850,179	2.26
501-1,000	1,861	9.98	1,427,656	1.74
1,001-10,000	1,895	10.17	5,166,020	6.31
10,001-100,000	197	1.06	5,436,156	6.64
100,001-1,000,000	52	0.28	18,221,245	22.25
1,000,001-	13	1.07	49,388,090	60.30
Total	18,643	100.00	81,905,242	100.00

Major shareholders, December 31, 2016

		Total shares	% of shares and votes
1	Virala Oy Ab	12,650,000	15.44
2	Turret Oy Ab	9,330,961	11.39
3	Holdix Oy Ab	8,541,612	10.43
4	I.A. von Julins Sterbhus	2,689,120	3.28
5	Sophie von Julins Foundation	2,560,000	3.13
6	Oy Julius Tallberg Ab	2,554,350	3.12
7	Varma Mutual Pension Insurance Company	2,469,326	3.01
8	Ehrnrooth Jacob Robert Göran	1,626,939	1.99
9	Ehrnrooth Sophia	1,558,630	1.90
10	Fromond Louise	1,250,705	1.53
11	Fromond Anna	1,250,088	1.53
12	Ilmarinen Mutual Pension Insurance Company	1,202,500	1.47
13	Ehrnrooth Albert	855,372	1.04
14	Ehrnrooth Alexander	855,000	1.04
15	Wrede Anna Helena Sophie	821,790	1.00
16	Hartwall Peter	748,450	0.91
17	Lindsay von Julin & Co Ab	733,320	0.90
18	Therman Anna Maria Elisabeth	722,436	0.88
19	Stiftelsen för Åbo Akademi	647,307	0.79
20	Gripenberg Gerda Margareta Lindsay	628,974	0.77
20 major shareholders		53,696,880	65.55

PARENT COMPANY FINANCIAL STATEMENTS, FAS

Parent company income statement

EUR	Note	**2016**		2015	
Net sales	2	**138,312,057.80**		380,429,050.85	
Cost of goods sold	4	**-67,483,965.52**		-307,603,888.12	
Gross profit		**70,828,092.28**	**51%**	72,825,162.73	19%
Administration expenses	4	**-52,944,614.44**		-22,981,888.86	
Other operating income	3	**6,396,555.54**		1,192,917.72	
Other operating expenses	4	**-13,232.25**			
Operating profit		**24,266,801.13**	**18%**	51,036,191.59	13%
Financial income and expenses	7	**612,428.56**		493,907,364.41	
Profit (loss) before appropriations and taxes		**24,879,229.69**		544,943,556.00	
Appropriations	8				
Change in cumulative accelerated depreciation		**191,025.00**		183,235.52	
Group contribution		**3,700,000.00**		3,941,938.00	
Income taxes	9	**-401,609.12**		-10,030,573.34	
Profit (loss) for the period		**28,368,645.57**		539,038,156.18	

Parent company balance sheet

EUR	Note	Dec 31, 2016		Dec 31, 2015	
ASSETS					
Non-current assets					
Intangible assets	10	**37,568,188.42**		42,414,391.97	
Tangible assets	11				
Land and water		**15,975,550.91**		15,576,936.08	
Buildings		**11,793,808.60**		13,556,145.42	
Machinery and equipment		**1,296,560.30**		1,248,561.43	
Construction in progress		**620,368.87**		529,817.78	
Tangible assets total		**29,686,288.68**		30,911,460.71	
Investments	12				
Holdings in subsidiaries		**554,128,319.26**		424,342,031.96	
Receivables from subsidiaries		**5,133,972.22**		5,000,000.00	
Other shares		**13,592,093.80**		6,991,709.56	
Investments total		**572,854,385.28**		436,333,741.52	
Non-current assets total		**640,108,862.38**	**44%**	509,659,594.20	33%
Current assets					
Inventories	13	**458,736,841.98**		499,606,288.05	
Non-current loan receivables		**37,368.58**		37,368.58	
Current receivables					
Trade receivables		**145,499.29**		91,871.74	
Receivables from subsidiaries	14	**298,915,220.88**		510,956,922.38	
Other receivables		**50,002,653.68**		358,093.86	
Prepayments and accrued income	15	**6,225,275.59**		5,815,161.84	
Current receivables total		**355,288,649.44**		517,222,049.82	
Cash and cash equivalents	16	**57,010.71**		382,190.64	
Current assets total		**814,119,870.71**	**56%**	1,017,247,897.09	67%
Assets total		**1,454,228,733.09**	**100%**	1,526,907,491.29	100%

EUR	Note	Dec 31, 2016		Dec 31, 2015	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	17				
Share capital		**77,510,200.00**		77,510,200.00	
Revaluation reserve		**3,774,707.40**		3,786,443.38	
Fair value reserve		**-1,642,199.00**			
Treasury shares		**-3,178,176.50**			
Other reserves		**3,204,313.18**		3,204,313.18	
Retained earnings		**973,505,079.90**		491,777,173.55	
Profit (loss) for the financial year		**28,368,645.57**		539,038,156.18	
Shareholders' equity total		**1,081,542,570.55**	**74%**	1,115,316,286.29	73%
Appropriations	18	**509,301.44**		700,326.44	
Liabilities					
Non-current	19				
Loans from credit institutions		**180,152,803.98**		180,000,000.00	
Non-current liabilities total		**180,152,803.98**		180,000,000.00	
Current					
Loans from credit institutions		**4,582,389.90**		84,129,911.74	
Trade payables		**2,320,519.43**		2,500,739.64	
Liabilities to subsidiaries	20	**167,929,356.49**		123,086,153.60	
Income tax payable				5,655,759.86	
Other payables		**9,134,706.39**		8,053,175.87	
Accruals and deferred income	21	**8,057,084.91**		7,465,137.85	
Current liabilities total		**192,024,057.12**		230,890,878.56	
Liabilities total		**372,176,861.10**	**26%**	410,890,878.56	27%
Shareholders' equity and liabilities total		**1,454,228,733.09**	**100%**	1,526,907,491.29	100%

Parent company statement of cash flows

EUR	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) before appropriations and taxes	**28,579,229.69**	548,885,494.00
Adjustments for		
Depreciation, amortization and impairment	**11,690,759.04**	1,969,060.08
Reversal of impairment of financial assets in inventories		-34,263,873.26
Investment income	**-5,241,522.86**	-1,192,907.22
Interest income and dividends	**-18,446,052.46**	-586,458,251.92
Net exchange gains and losses	**275,628.10**	-15,936,411.45
Interest expenses and other financial costs	**3,867,087.18**	4,370,859.87
Impairment of shares in and receivables from subsidiaries	**632,771.42**	92,709,860.49
Group contributions	**-3,700,000.00**	-3,941,938.00
Change in provisions and other non-cash items	**-952,913.66**	-8,162.52
Cash flow before changes in working capital	**16,704,986.45**	6,133,730.07
Changes in working capital		
Change in current assets, non-interest bearing	**-1,359,700.37**	622,214.87
Change in inventories	**61,030,968.99**	301,172,842.48
Change in current liabilities, non-interest bearing	**-3,251,056.53**	-2,264,818.21
Cash flow from operating activities before financial items and taxes	**73,125,198.54**	305,663,969.21
Dividends received	**13,058,212.20**	11,406,653.60
Financial income received	**5,141,873.78**	8,157,250.24
Financial expenses paid	**-3,813,201.78**	-4,369,251.48
Taxes paid	**-32,751,336.39**	-1,665,378.15
Cash flow from operating activities (A)	**54,760,746.35**	319,193,243.42

EUR	2016	2015
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of shares in subsidiaries, WWRD LuxCo S.à.r.l.		-176,908,238.86
Investments in other subsidiaries	**-150,000,000.00**	-9,000,000.00
Repayment of equity from subsidiaries, Avlis AB		150,000,000.00
Proceeds from sale of subsidiaries	**8,121,803.03**	
Dividends from subsidiaries, Avlis AB	**400,000.00**	566,298,240.00
Investments in financial assets	**-6,562,806.86**	-4,013,362.01
Investments in intangible assets and property, plant & equipment	**-6,531,637.13**	-1,360,826.36
Proceeds from sale of property, plant & equipment and other investments	**1,976,334.99**	1,261,786.32
Sale of other holdings		1,782,690.11
Change in long term loan receivables	**-133,972.22**	-1,184,025.56
Cash flow from investing activities (B)	**-152,730,278.19**	526,876,263.64
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	**-3,178,176.50**	
Change of non-current debt		127,500,000.00
Change in current debt	**-30,923,248.85**	-707,722,042.61
Change in current receivables	**185,137,508.66**	-219,400,187.43
Dividends paid	**-57,333,669.40**	-78,076,715.71
Group contribution received/paid	**3,941,938.00**	9,400,000.00
Cash flow from financing activities (C)	**97,644,351.91**	-868,298,945.75
Change in cash and cash equivalents (A+B+C)	**-325,179.93**	-22,229,438.69
Cash and cash equivalents at beginning of period	**382,190.64**	22,611,629.33
Cash and cash equivalents at end of period	**57,010.71**	382,190.64

FISKARS / ANNUAL REPORT

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Parent company accounting principles, FAS

The financial statements of Fiskars Oyj Abp have been prepared in accordance with the Finnish Accounting Act and Ordinance and other statutes regulating the preparation of financial statements (Finnish Accounting Standards, FAS). The financial statements are presented in euro.

The preparation of financial statements in conformity with regulations in force and generally accepted accounting principles requires management to make estimates and assumptions that affect the valuation of assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from those estimates.

COMPARABILITY OF THE PREVIOUS FINANCIAL YEAR DATA

On December 31, 2016, Ferraria Oy Ab and Kiinteistö Oy Danskog Gård, subsidiaries of Fiskars Oyj Abp, merged into the parent company, which has an impact on the comparability of the balance sheet. On December 31, 2015, Fiskars Services Oy Ab, subsidiary of Fiskars Abp, merged into the parent company, which has an impact on the comparability of income statement.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. At the end of the reporting period balances in foreign currencies are translated using the exchange rate prevailing at the end of the reporting period. Foreign exchange derivatives are recognized at market values and changes in market values are recognized in the income statement.

NET SALES

Net sales are defined as invoiced amount less indirect taxes, rebates and exchange rate differences related to sales. Revenue is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. Royalty income from trademarks held by Fiskars Corporation is recorded as net sales. Revenue from the sale of securities, dividends and other corresponding income from securities classified as inventories and other income such as service revenue are also recorded as net sales.

LEASING ARRANGEMENTS

Lease payments are expensed as incurred. Future leasing payment obligations are reported as contingent liabilities. Rent income, when the company acts as a lessor, is recorded as net sales.

PENSION BENEFIT PLANS

The statutory and possible supplementary pension plans for the Finnish companies' employees are funded through payments to independent pension insurance companies.

INCOME TAXES

Income taxes consist of the aggregate current tax expense based on the Finnish tax rules and adjustments to prior year taxes. The parent company does not account for deferred taxes as a stand-alone entity.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives not designated as hedging instruments are recognized at fair value through profit and loss. Derivatives are initially valued at cost and subsequently at fair value determined at the end of each reporting period. The fair value of derivatives is based on prevailing market rates or rates derived from the prevailing market rates at the end of the reporting period. Fair value changes are recognized in financial items.

Fiskars has applied hedge accounting to changes in the fair value of derivatives designated, qualifying, and effective as cash flow hedges. The changes are recognized in fair value reserve in equity. On balance sheet date, such derivatives consisted of interest derivatives hedging certain loans.

TANGIBLE AND INTANGIBLE ASSETS AND OTHER LONG-TERM INVESTMENTS

Tangible and intangible assets are stated at cost less accumulated depreciation according to plan. Certain land holdings have been revalued.

Revaluations are based on market values at time of the revaluation. Revaluation reserves are adjusted for decreases in the market value of land holdings. When revalued real estate is sold, the respective share in the revaluation reserve is transferred to retained earnings.

Tangible and intangible assets are depreciated and amortized over their expected useful lives. The following expected useful lives are applied:

- Intangible assets 3–10 years
- Buildings 20–40 years
- Vehicles 4 years
- Machinery and equipment 3–10 years
- Land and water No depreciation

Investments in subsidiaries are stated in the balance sheet at cost or at net realizable value if the net realizable value is significantly and permanently impaired. An impairment loss may be reversed until the original acquisition cost, when the value of the investment has been restored.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost includes both direct and indirect costs. Cost is determined on a first-in first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Financial assets in inventories are stated at the lower of cost and fair value.

RECEIVABLES

Receivables are valued at the lower of book value and recoverable value.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. These are booked as provisions in Balance sheet and as corresponding items in Income statement.

APPROPRIATIONS

Appropriations in the parent company balance sheet consist of depreciation in excess of plan and possible given or received group contributions.

2. Net sales

EUR	**2016**	2015
Sale of financial assets in inventories	**61,738,835.02**	340,521,820.78
Dividends from financial assets in inventories	**13,058,137.20**	11,406,578.60
IC Service fee	**34,653,063.00**	
Royalties	**23,900,217.67**	23,423,650.91
Lease income	**1,838,835.51**	3,475,306.19
Other	**3,122,969.40**	1,601,694.37
Total	**138,312,057.80**	380,429,050.85

3. Other operating income

EUR	**2016**	2015
Net gain on sale of property, plant and equipment	**549,503.48**	1,192,907.22
Net gain on sale of subsidiary shares	**4,702,101.89**	
Merger result from Ferraria Ab and Danskog Gård Ab	**977,059.45**	
Other income	**167,890.72**	10.50
Total	**6,396,555.54**	1,192,917.72

4. Total expenses

TOTAL EXPENSES BY NATURE

EUR	2016	2015
Materials and supplies	-9,671.60	-25,115.45
Purchases of financial assets in inventory		-37,796,188.51
Change in inventory	-61,030,968.99	-266,908,969.23
Employee benefits	-19,794,206.91	-7,567,817.03
Depreciation, amortization and impairment	-11,690,759.04	-1,969,060.08
External services	-1,480,831.47	-250,921.37
Other	-26,422,141.95	-16,067,705.31
Total	-120,428,579.96	-330,585,776.98

OTHER OPERATING EXPENSES

EUR	2016	2015
Loss on sale of property, plant and equipment	-10,082.51	
To subsidiaries	-3,149.74	
Total	-13,232.25	

5. Fees paid to the company's auditors

EUR	2016	2015
Audit fees	-120,000.00	-192,130.81
Tax consultation	-552,186.63	-26,347.87
Other	-145,413.87	-2,125.00
Total	-817,600.50	-220,603.68

6. Personnel costs and number of employees

PERSONNEL COSTS

EUR	2016	2015
Wages and salaries	-16,045,477.50	-6,359,009.59
Pension costs	-2,773,109.60	-948,233.70
Other personnel costs	-975,619.81	-260,573.74
Total	-19,794,206.91	-7,567,817.03

NUMBER OF EMPLOYEES

	2016	2015
Average (FTE)	182	46
End of period	187	178

7. Financial income and expenses

EUR	2016	2015
Dividend income		
From group companies	400,000.00	566,298,240.00
From other parties	75.00	75.00
Dividend income, total	400,075.00	566,298,315.00
Interest and financial income from non-current investments		
From group companies	6,990,816.31	5,956,419.54
Interest and financial income from non-current investments, total	6,990,816.31	5,956,419.54
Other interest and financial income		
From other parties	716,738.05	25,788,533.55
Other interest and financial income, total	716,738.05	25,788,533.55
Interest and financial income, total	7,707,554.36	31,744,953.09
Interest and other financial expenses		
To subsidiaries		
Interest expenses	-238,309.55	-900,015.27
Change in provisions for credit losses	-632,771.42	-309,860.49
Interest and other financial expenses to other parties	-6,624,119.83	-10,526,027.92
Interest and other financial expenses, total	-7,495,200.80	-11,735,903.68
Impairment of non-current investments		
Subsidiaries*		-92,400,000.00
Impairment of non-current investments, total		-92,400,000.00

* Impairment loss of shares in Avlis AB, subsidiary of Fiskars Corporation

	2016	2015
Total financial income and expenses	612,428.56	493,907,364.41
Net exchange gains and losses included in financial items	-275,628.10	15,936,411.45

8. Appropriations

EUR	2016	2015
Change in cumulative accelerated depreciation	**191,025.00**	183,253.52
Group contribution received	**3,700,000.00**	5,410,000.00
Group contribution paid		-1,468,062.00
Total	**3,891,025.00**	4,125,191.52

9. Income taxes

EUR	2016	2015
Current year taxes for profit before extraordinary items	**-1,274,957.42**	-9,075,703.93
Tax for approriations	**-778,205.00**	-788,387.60
Income tax for previous periods	**1,651,553.30**	-166,481.81
Income taxes per income statement	**-401,609.12**	-10,030,573.34

10. Intangible assets

EUR	2016	2015
Historical cost, Jan 1	**64,761,719.48**	9,317,728.53
Transferred in a merger*	**49,718.33**	47,584,768.08
Additions	**5,569,243.36**	8,034,383.02
Transfers	**20,633.70**	-175,160.15
Historical cost, Dec 31	**70,401,314.87**	64,761,719.48
Accumulated amortization and impairment, Jan 1	**22,347,327.51**	2,057,635.36
Transferred in a merger*		19,576,093.80
Amortization for the period	**10,485,798.94**	713,598.35
Accumulated amortization and impairment, Dec 31	**32,833,126.45**	22,347,327.51
Net book value, Dec 31	**37,568,188.42**	42,414,391.97

* Fiskars Services Oy Ab, subsidiary of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2015.
* Ferraria Oy Ab and Kiinteistö Oy Danskog Gård, subsidiaries of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2016.

FISKARS / ANNUAL REPORT

11. Tangible assets

2016

EUR	Land and water	Buildings	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	5,863,753.70	37,063,651.28	5,717,308.75	529,817.78	49,174,531.51
Transferred in a merger**	343,622.23	487,069.99			830,692.22
Additions	54,909.05	430,305.46	178,328.81	298,850.45	962,393.77
Decreases	-15,810.46	-5,860,690.83	-324,017.18		-6,200,518.47
Transfers	27,629.99	53,768.05	106,267.62	-208,299.36	-20,633.70
Historical cost, Dec 31	6,274,104.51	32,174,103.95	5,677,888.00	620,368.87	44,746,465.33
Accumulated depreciation and impairment, Jan 1		23,507,505.86	4,468,747.32		27,976,253.18
Transferred in a merger**		355,750.20			355,750.20
Depreciation for the period		1,003,130.91	201,829.19		1,204,960.10
Decreases		-4,486,091.62	-289,248.81		-4,775,340.43
Accumulated depreciation and impairment, Dec 31		20,380,295.35	4,381,327.70		24,761,623.05
Revaluation, Jan 1	9,713,182.38				9,713,182.38
Decreases	-11,735.98				-11,735.98
Revaluation, Dec 31	9,701,446.40				9,701,446.40
Book value Dec 31, 2016	**15,975,550.91**	**11,793,808.60**	**1,296,560.30**	**620,368.87**	**29,686,288.68**

2015

EUR	Land and water	Buildings	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	5,759,338.83	36,180,039.69	5,426,147.76	580,803.38	47,946,329.66
Acquisitions			64,029.83	41,349.96	105,379.79
Additions	98,489.94	687,080.30	260,358.47	488,467.82	1,534,396.53
Decreases	-46,075.07	-258,379.58	-107,119.82		-411,574.47
Transfers	52,000.00	454,910.87	73,892.51	-580,803.38	0.00
Historical cost, Dec 31	5,863,753.70	37,063,651.28	5,717,308.75	529,817.78	49,174,531.51
Accumulated depreciation and impairment, Jan 1		22,681,291.66	4,324,446.10		27,005,737.76
Transferred in a merger*			57,955.87		57,955.87
Depreciation for the period		1,077,362.30	178,099.43		1,255,461.73
Decreases		-251,148.10	-91,754.08		-342,902.18
Accumulated depreciation and impairment, Dec 31		23,507,505.86	4,468,747.32		27,976,253.18
Revaluation, Jan 1	9,713,389.19				9,713,389.19
Decreases	-206.81				-206.81
Revaluation, Dec 31	9,713,182.38				9,713,182.38
Book value Dec 31, 2015	15,576,936.08	13,556,145.42	1,248,561.43	529,817.78	30,911,460.71

* Fiskars Services Oy Ab, subsidiary of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2015.
** Ferraria Oy Ab and Kiinteistö Oy Danskog Gård, subsidiaries of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2016.

12. Investments

2016 EUR	Holdings in subsidiaries	Receivables from subsidiaries	Other shares	Total
Historical cost, Jan 1	516,742,031.96	5,000,000.00	7,796,431.02	529,538,462.98
Additions	149,031,217.22	133,972.22	6,562,806.86	155,727,996.30
Decreases	-1,080,701.14			-1,080,701.14
Changes due to merger***	-18,164,228.78		37,577.38	-18,126,651.40
Historical cost, Dec 31	646,528,319.26	5,133,972.22	14,396,815.26	666,059,106.74
Write-downs, Jan 1	-92,400,000.00		-804,721.46	-93,204,721.46
Write-downs, Dec 31	-92,400,000.00		-804,721.46	-93,204,721.46
Net book value, Dec 31, 2016	**554,128,319.26**	**5,133,972.22**	**13,592,093.80**	**572,854,385.28**

2015 EUR	Holdings in subsidiaries	Receivables from subsidiaries	Other shares	Total
Historical cost, Jan 1	485,754,293.10	3,815,974.44	5,565,759.12	495,136,026.66
Additions	189,990,238.86	5,000,000.00	4,013,362.01	199,003,600.87
Decreases	-150,000,000.00	-3,815,974.44	-1,782,690.11	-155,598,664.55
Changes due to merger*	-9,002,500.00			-9,002,500.00
Historical cost, Dec 31	516,742,031.96	5,000,000.00	7,796,431.02	529,538,462.98
Write-downs, Jan 1			-804,721.46	-804,721.46
Decreases**	-92,400,000.00			-92,400,000.00
Write-downs, Dec 31	-92,400,000.00		-804,721.46	-93,204,721.46
Net book value, Dec 31, 2015	424,342,031.96	5,000,000.00	6,991,709.56	436,333,741.52

* Fiskars Services Oy Ab, subsidiary of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2015.

** Impairment loss of shares in Avlis AB, subsidiary of Fiskars Corporation

*** Ferraria Oy Ab and Kiinteistö Oy Danskog Gård, subsidiaries of Fiskars Corporation, merged to Fiskars Corporation on December 31, 2016.

FISKARS / ANNUAL REPORT

SHARES IN SUBSIDIARIES

	Number of shares	Domicile		% of share capital	% of voting power	Book value
Avlis AB	25,641,347	Stockholm	SE	100.0	100.0	375,994.66
Fiskars Americas Holding Oy Ab	1,000	Raasepori	FI	100.0	100.0	110,071,862.76
Fiskars Europe Holding Oy Ab	1,000	Raasepori	FI	100.0	100.0	163,674,315.82
Fiskars (Thailand) Co., Ltd.	100	Bangkok	TH	1.0	1.0	2,409.12
WWRD LuxCo S.à.r.l.	10,000	Luxembourg	LU	100.0	100.0	280,001,214.08
Ab Åbo Båtvarf - Turun Veneveistämö Oy	150	Turku	FI	100.0	100.0	2,522.82
Total Dec 31, 2016						**554,128,319.26**

Ferraria Oy Ab and Kiinteistö Oy Danskog Gård merged into Fiskars Corporation December 31, 2016.

OTHER SHARES

	Book value
Other shares owned by the parent company	13,592,093.80
Total, Dec 31, 2016	**13,592,093.80**

13. Inventories

EUR	**2016**	2015
Finished goods	**20,161,522.92**	
Financial assets	**438,575,319.06**	499,606,288.05
Total, Dec 31	**458,736,841.98**	499,606,288.05

EUR	**2016**	2015
Market value of financial assets in inventories	**464,434,413.08**	520,032,229.98
Book value of financial assets in inventories	**438,575,319.06**	499,606,288.04
Difference	**25,859,094.02**	20,425,941.94

14. Receivables from subsidiaries

EUR	**2016**	2015
Trade receivables	**7,175,667.22**	4,927,107.50
Loan receivables	**124,330,098.93**	274,599,747.82
Other receivables	**161,021,390.82**	219,930,671.42
Prepayments and accrued income	**6,388,063.91**	11,499,395.64
Total, Dec 31	**298,915,220.88**	510,956,922.38

15. Prepayments and accrued income

EUR	2016	2015
Prepaid and accrued interest	**1,798,917.04**	1,852,583.82
Other prepayments and accruals	**4,426,358.55**	3,962,578.02
Total, Dec 31	**6,225,275.59**	5,815,161.84

16. Cash and cash equivalents

EUR	2016	2015
Cash and cash equivalents	**57,010.71**	382,190.64
Total, Dec 31	**57,010.71**	382,190.64

17. Shareholders’ equity

EUR	2016	2015
Share capital, Jan 1	**77,510,200.00**	77,510,200.00
Share capital, Dec 31	**77,510,200.00**	77,510,200.00
Revaluation reserve, Jan 1	**3,786,443.38**	3,786,650.19
Decrease	**-11,735.98**	-206.81
Revaluation reserve, Dec 31	**3,774,707.40**	3,786,443.38
Fair value reserve, Jan 1	**0.00**	
Decrease	**-1,642,199.00**	
Fair value reserve, Dec 31	**-1,642,199.00**	
Treasury shares, Jan 1	**0.00**	
Increase	**-3,178,176.50**	
Treasury shares, Dec 31	**-3,178,176.50**	
Other reserves, Jan 1	**3,204,313.18**	3,204,313.18
Other reserves, Dec 31	**3,204,313.18**	3,204,313.18
Retained earnings, Jan 1	**1,030,815,329.73**	547,475,793.68
Dividends	**-57,333,669.40**	-55,698,620.13
Other changes	**23,419.57**	
Net profit	**28,368,645.57**	539,038,156.18
Retained earnings, Dec 31	**1,001,873,725.47**	1,030,815,329.73
Distributable earnings, Dec 31	**997,053,349.97**	1,030,815,329.73
Shareholders' equity total, Dec 31	**1,081,542,570.55**	1,115,316,286.29

18. Appropriations

EUR	2016	2015
Depreciation in excess of plan, Jan 1	**700,326.44**	883,561.96
Changes during the year	**-191,025.00**	-183,235.52
Depreciation in excess of plan, Dec 31	**509,301.44**	700,326.44

The deferred tax liabilities, 20.0% from appropriations, have not been recognized.

19. Non-current liabilities

EUR	2016	2015
Loans from credit institutions payable		
between one and five years	**130,152,803.98**	130,000,000.00
in more than five years	**50,000,000.00**	50,000,000.00
Loans from credit institutions, total	**180,152,803.98**	180,000,000.00
Non-current liabilities, total	**180,152,803.98**	180,000,000.00

20. Liabilities to subsidiaries

EUR	2016	2015
Trade payables	**412,507.33**	3,037,534.02
Other liabilities	**167,461,374.97**	118,517,356.20
Accruals and deferred income	**55,474.19**	1,531,263.38
Total, Dec 31	**167,929,356.49**	123,086,153.60

21. Accruals and deferred income

EUR	2016	2015
Interests	**1,419,374.75**	1,360,405.50
Wages, salaries and social costs	**5,247,416.79**	4,530,522.99
Other	**1,390,293.37**	1,574,209.36
Total, Dec 31	**8,057,084.91**	7,465,137.85

22. Lease obligations

EUR	2016	2015
Payments next year	**1,061,703.13**	4,266,597.83
Payments later	**7,941,250.24**	226,541.71
Total, Dec 31	**9,002,953.37**	4,493,139.54

23. Contingencies and pledged assets

EUR	2016	2015
As security for own commitments	**14,136,000.00**	20,438,000.00
Lease commitments	**9,002,953.37**	4,493,139.54
Guarantees as security for subsidiaries' commitments	**19,110,000.00**	26,215,000.00
Total, Dec 31	**42,248,953.37**	51,146,139.54

24. Derivative contracts

Nominal value, EUR	2016	2015
Foreign exchange forwards and swaps	**542,780,845.04**	654,055,711.18
Electricity forward agreements		1,541,556.00
Interest rate swaps	**80,000,000.00**	80,000,000.00
Total, Dec 31	**622,780,845.04**	735,597,267.18

Fair value, EUR	2016	2015
Foreign exchange forwards and swaps	**527,577.93**	616,703.24
Electricity forward agreements		-346,409.00
Interest rate swaps	**-1,642,198.52**	-1,380,727.53
Total, Dec 31	**-1,114,620.59**	-1,110,433.29

BOARD'S PROPOSAL FOR DISTRIBUTION OF PROFITS AND SIGNATURES

The distributable earnings of the parent company at the end of the 2016 fiscal year were EUR 997.1 million (1,030.8). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.71 and 0.35 per share shall be paid for 2016. The number of shares entitling to a dividend totaled 81,717,414. The proposed distribution of dividend would thus be EUR 86,620,458.84. This would leave EUR 910.5 million of distributable earnings at the parent company.

No material changes have taken place in the financial position of the company since the end of the fiscal year. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the company's solvency.

Signatures to the Financial Statements and the Board of Directors' Report

Helsinki, February 7, 2017

Alexander Ehrnrooth

Paul Ehrnrooth

Louise Fromond

Gustaf Gripenberg

Ingrid Jonasson Blank

Jyri Luomakoski

Inka Mero

Fabian Månsson

Peter Sjölander

Ritva Sotamaa

Kari Kauniskangas
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 7, 2017
KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Fiskars Corporation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fiskars Corporation (business identity code 0214036-5) for the year ended 31 December, 2016. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

VALUATION OF GOODWILL - CONSOLIDATED ACCOUNTING PRINCIPLES AND NOTE 11

Key audit matter

- The goodwill in consolidated balance sheet has increased to €230 million due to significant acquisitions in previous years.
- Goodwill is tested for impairment annually. Estimating future cash flows in impairment tests involves a significant amount of management judgment particularly on growth in net sales, profitability and discount rates.
- The Company prepares impairment testing of goodwill for the financial statements on a discounted cash flow method basis with sensitivity analyses.

Our response

- We have assessed critically management's judgments and assumptions, which have been used to prepare the cash flow projections for the coming years.
- We have used our valuation specialists for evaluating the appropriateness of used discount rate and the technical correctness of the calculations as well as used assumptions with relation to market and industry-specific information.
- In addition, we have evaluated the adequacy of sensitivity analyses and the appropriate presentation of notes related to impairment testing of goodwill in the notes of financial statements.

VALUATION OF TRADEMARKS - CONSOLIDATED ACCOUNTING PRINCIPLES AND NOTE 11

Key audit matter

- Trademarks in consolidated balance sheet has increased to €231 million due to significant acquisitions in previous years.
- Based on company's determination, the benefits from trademarks are indefinite and thus they are not amortized but are tested at least annually for impairment.
- The Company prepares impairment testing of trademarks for the financial statements using “relief from royalty” method. Estimating future cash flows in impairment tests involves a significant amount of management judgment particularly on trademark-specific sales and discount rates.

Our response

- We have assessed critically management's judgments and assumptions, which have been used to prepare the cash flow projections for the coming years.
- We have used our valuation specialists for evaluating the appropriateness of used assumptions and the discount rate as well as the technical correctness of the calculations.
- In addition, we have evaluated the adequacy of sensitivity analyses and the appropriate presentation of notes related to impairment testing of trademarks in the notes of financial statements.

VALUATION OF INVENTORY - CONSOLIDATED ACCOUNTING PRINCIPLES AND NOTE 16

Key audit matter

- The Group manufactures and sells consumer products and is subject to changing consumer demands.
- Valuation of inventories requires management judgment on future sales and to assess the appropriate level of provisioning for products which may be destroyed or sold below cost as a result of a change in consumer demand.

Our response

- For both finished goods and raw materials, we have evaluated the basis for the valuation of inventory, the consistency of applying accounting policies and practices as well as the rationale for the recording of individual inventory provisions.
- Based on aforementioned procedures, we have assessed whether both finished goods and raw materials inventory provisions have been prepared in line with group policy and are supportable on the basis of historical trends as well as management's expectations on future sales.

REVENUE RECOGNITION - CONSOLIDATED ACCOUNTING PRINCIPLES AND NOTE 2

Key audit matter

- The Group's net sales (2016: €1205 million) is a significant item in the financial statements consisting of a large number of transactions as well as diverse pricing and rebate agreements.
- Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery.
- Revenue recognition includes the risk of revenue being recognized in incorrect period as well as management judgments on appropriate accounting for adjustments related to both customer and sales campaign specific rebates and provisions.

Our response

- We have evaluated the appropriateness of the company's revenue recognition policies with relation to the principles of revenue recognition determined in IFRS.
- We have reviewed relevant IT systems and the internal control environment in the sales process to ensure appropriateness of recognizing sales transactions and price changes.
- In addition, we have performed substantive procedures to different revenue streams in the perspective of completeness and accuracy and assessed the transactions, which require management judgment.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO FOR THE FINANCIAL STATEMENTS

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.
The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 7 February, 2017

KPMG OY AB

Virpi Halonen
Authorized Public Accountant, KHT

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