
**ANNUAL REPORT
2018**



CALIDAGROUP



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CALIDA GROUP ACHIEVES RECORD SALES AND INCREASES NET PROFIT SIGNIFICANTLY



Dr Thomas Lustenberger and Reiner Pichler

DEAR SHAREHOLDERS,

It was a challenging year for the CALIDA GROUP in 2018, as expected. Uncertain economic and political conditions, the extreme summer weather and the resulting reduced footfall in the retail trade were some of the factors that caused the entire clothing trade for the main brands of the Group to stagnate, and in some cases even decline. Despite these unfavourable circumstances and considerable investments in sales, e-commerce and the organisation, the CALIDA GROUP achieved:

record sales from organic growth of CHF 409.5 million

growth with all brands of the GROUP

growth in all retail, wholesale and e-commerce sales channels

an increase in the share of e-commerce to 10.8 percent of sales

an increase in net profit as well as in EBIT.

With these results the CALIDA Group considerably outperformed the market and they are directly attributable to the systematic implementation of the corporate strategy defined in 2016.

INCREASING GLOBAL INSTABILITY AND UNCERTAINTY

Global developments, such as the continuing trade dispute between the US and China, led to growing political instability and general economic uncertainty in 2018. Moreover, the European Union was further destabilised by the difficult negotiations on the UK's exit and the budget dispute with Italy that has been resolved in the meantime. At the same time, the protests by the so-called "yellow vests" in France reflected a political crisis of confidence.

DISRUPTIVE STRUCTURAL CHANGE IN THE RETAIL TRADE

The stagnation of our core markets is related to a permanent change in consumer behaviour and disruptive change in the retail trade. In particular, revenue and footfall in bricks-and-mortar sales channels have been in decline for several years.

7.6%

**Increase
in net sales**

The demise of retail continued in 2018, and the department store crisis in the US and Europe persists. For example, the American department store Macy's had to cut its earnings outlook due to weak holiday sales. Moreover, the merger of the major department stores Karstadt and Kaufhof led to further consolidation of the retail landscape in Germany – its impact on city centres and suppliers is still unknown. In addition to these structural changes, the exceptionally hot summer in Europe had an adverse effect on sales of the fall/winter collection and resulted in higher price markdowns.

In the core market France, the bricks-and-mortar fashion retail segment was down 4 percent as of the end of November 2018. Due to the continued protests, the CALIDA GROUP had to close its stores in its key market on the most important shopping days of the year. In Germany, sales in the bricks-and-mortar fashion retail segment declined 2 percent as of year-end, mainly driven by a considerable drop in footfall of almost 4 percent. Against this backdrop, the sector-related Business Climate Index of the ifo (Institute for Economic Research) for the German fashion retail segment hit a two-year low in October 2018. In Switzerland, bricks-and-mortar sales in clothing and shoes were down as much as 9 percent at year-end, although sales in the retail trade as a whole were in fact up 0.4 percent. Though shopping tourism has meanwhile declined due to a weaker Swiss franc, the effect nevertheless remains substantial in cross-border regions, in particular.

At the same time, the share of online business increased further, albeit with softened momentum compared to recent years. The share of discounted goods in e-commerce also accounted for an above-average proportion of the volume sold, among other things driven by global events such as "Black Friday" and "Cyber Monday". This also resulted in a consolidation of the market; especially smaller brand names and retailers were increasingly coming under pressure. The top 3 online shops in Germany thus already generate 44 percent of total online sales.

On account of these unfavourable conditions, even successful fashion corporations suffered losses in sales and profits for the first time in 2018, which could not be compensated for by a growing online

5.3%

**Increase
of net income**

10.8%

**E-Commerce share
of total sales**

42.2%

**Increase in
e-commerce sales**

58.8%

Equity ratio

87.7%

Share in LAFUMA SA

share. At the same time, major pure play online retailers, such as Asos and Zalando, also had to cut their profit guidance for the first time, followed by plummeting share prices for both companies.

STRATEGIC INVESTMENTS AS A FOUNDATION FOR FUTURE SUCCESS

The CALIDA GROUP meets the challenges of this highly competitive market environment and the fundamental market changes through targeted investments. Central aspects include clearly positioning our brands, promoting innovation, increasing the appeal of our brands and developing our sales channels by adapting them to the changing consumer behaviour of customers.

The CALIDA GROUP will continue to make substantial investments in the development of its brands to reach its defined strategic objectives and, as in 2018, to exploit the opportunities presented by the structural changes in the market.

The following are some strategic highlights of 2018:

Merger of the two e-Shops www.calida.com and www.calida-shop.de (acquired in March 2017) and successful relaunch under www.calida.com. Opening of two CALIDA omnichannel stores with a new digital shop concept.

Further investments in e-commerce for the development of the organisation of the e-commerce division REICH ONLINE and for the further development of the technical shop and system landscape.

AUBADE's 60th anniversary taken as an opportunity to further invest in brand awareness and internationalisation. Launch of AUBADE's cooperation with Viktor&Rolf, two designers with a high level of international visibility.

Expansion of the brand presence of MILLET in Japan and China associated with the expansion of e-commerce activities in these countries. Investments in sales and in the clearer positioning of the EIDER and LAFUMA brands.

Launch of the contract business of LAFUMA MOBILIER for restaurants, hotels and cafés at the leading "Equip'Hotel" Trade Fair in Paris. Further

development and expansion of the top-quality Privilege Line.

Further expansion via managed OXBOW space at key accounts and opening of the first monobrand store in Paris. Sustainable increase in profitability of the OXBOW brand.

The strategic measures introduced so far are having an impact. The CALIDA GROUP significantly outperformed the market. The slight weakening of the Swiss franc this year in comparison to 2017 had an overall positive effect.

The key financial indicators developed as follows in 2018:

Net sales increased from CHF 380.6 million to CHF 409.5 million, which at constant exchange rates is a record in the history of CALIDA GROUP. Sales increased last year by 7.6 percent, or 4.1 percent adjusted for exchange rate effects.

At 24.8 percent, the operating profit margin was maintained at the level of the prior year despite investments in partnership models with our key accounts.

Net income was exceeded by 5.3 percent in comparison to the prior year and amounted to CHF 17.8 million. At CHF 21.6 million, operating profit increased despite considerable investments in e-commerce and marketing and despite a positive effect in the prior year from the restructuring of outdoor business activities in Hong Kong and the US.

The Board of Directors is proposing to shareholders at the Annual General Meeting on 15 April 2019 that a dividend of CHF 0.80 per share out of reserves from capital contributions is paid.

GROWTH THROUGH E-COMMERCE AND DIGITALISATION

To strengthen business in what is currently the fastest growing sales channel and to meet consumer demands arising from the digitalisation of sales channels, the CALIDA GROUP acquired the successful German online retail specialist Reich Online Services GmbH in the prior year. The remarkable

expertise in this organisation has buoyed and accelerated the development of this fastest growing sales channel as well as digitalisation within the CALIDA GROUP in the long run. As a result, e-commerce sales increased 42.2 percent and the e-commerce share rose to 10.8 percent in 2018.

In a first step to integrate REICH ONLINE, CALIDA's own e-shop (www.calida.com) was merged with the online shop run by REICH ONLINE (www.calida-shop.de). At the same time, a new online shop was developed on www.calida.com. The new platform went live on 21 March 2018. These measures resulted in a favorable development of sales and KPIs. Shortly after going live, the new online shop received the Shop Usability Award 2018 in the area of fashion in May. Thanks to the expertise of REICH ONLINE, this interesting business segment will now be developed continuously and rapidly for the other brands of the Group as well.

E-COMMERCE EXPERTISE ALSO REINFORCED ON THE BOARD OF DIRECTORS

At the 31st Annual General Meeting on 18 May 2018, Jean-Paul Rigauddau stepped down as member of the Board of Directors. Jean-Paul Rigauddau had been a member of the Board of Directors since 2016 and was also a member of the Audit & Risk Committee. Dr. Valentin Chaperon joined the Audit & Risk Committee in his place.

The Annual General Meeting elected Nathalie Gaveau as a new member of the Board of Directors of CALIDA Holding AG. With great entrepreneurial spirit, Nathalie Gaveau already established start-ups in online marketing at a young age and was successful in selling them later. Today, she runs Shopcade, an online sales platform for international brands. Ms. Gaveau has excellent credentials which will help boost the digital transformation of the CALIDA GROUP.

There was also a change in the CFO position in 2018. After Thomas Stöcklin exited his post following a tenure of 12.5 years, Sacha D. Gerber assumed the new responsibility of finance and accounting of the CALIDA GROUP as of 1 September 2018. Sacha D. Gerber has extensive finance and management experience in the consumer goods industry.

CALIDA

The CALIDA brand stands for quality, comfort, innovation and modernity. A central element in the development of the brand is its further modernisation focusing on sustainability. This modernisation is conveyed to consumers through innovative products, such as the compostable “I LOVE NATURE”-Shirts, compelling imagery, the claim “BORN IN SWITZERLAND” and the new attractive packaging. This modernisation has been embraced by consumers. CALIDA has also reached a younger target group. The men’s segment was enhanced through the concept of functional underwear for every day, “Daily Functionwear”. The new collection “Daily Loungewear” for women meets the rising demand for lighter, more comfortable and modern clothing for leisure. Initial results are positive.

In 2018 CALIDA made further great progress with the improvement of floor sales management. The conversion to a consignment model with major key accounts in April was aimed at making the retail expertise available to the wholesale customers of CALIDA as well and thus improve the key performance indicators for the retail sales of these customers. There are plans to implement the consignment model with further customers.

The strong Swiss franc, and especially the fact that its strength encourages Swiss customers to shop abroad, continues to hamper the performance of the CALIDA brand, which generates nearly 40 percent of its sales in Switzerland. There was, however, a slight improvement in the situation in the first semester of 2018; the Swiss fashion retail segment nevertheless dropped 9 percent. Bricks-and-mortar trade in all the core markets continues to decline. The effects of digital acceleration combined with a consolidation of the bricks-and-mortar market and declining footfall are also being felt in exports.

We cannot sidestep this trend. With its own 124 retail stores CALIDA almost matched the level of like-for-like sales of the prior year (down 0.9 percent) and thus considerably outperformed the market. Sales through our own e-commerce operations went up by more than 30.5 percent. Key steps leading to this result included the successful merger of the two CALIDA domains “www.calida.com” and “www.calida-shop.de” and the launch of the B2B platform aimed at making the reorder process for our retailers more efficient.

Overall, CALIDA recorded net sales growth of 3.9 percent, from CHF 133.8 million to CHF 139.0 million. Adjusted for exchange rate effects, revenue growth decreased to 1.3 percent. The operating profit margin increased by 0.7 percent from CHF 36.2 million to CHF 36.5 million, despite investments in sales, IT and e-commerce as well as in cooperation activities with key accounts.



AUBADE celebrated an anniversary in 2018. For 60 years, the brand has been synonymous with “lingerie à la française”.

In addition to modernisation of the AUBADE brand, investments in marketing, products and innovation are very important. Following the successful collaboration of the brand with French designer Christian Lacroix in 2016, there are plans for further collaboration with Viktor&Rolf, intended to promote AUBADE's growth and appeal internationally.

This is also the aim of the successful new basic collection and the likewise recently launched marketing campaign “Parlez-vous Aubade?”. The brand also redesigned its store concept.

The unfavourable weather conditions and the numerous strikes in the public transport sector in the key market of France were reflected in the low footfall rates – in the second half of the year, the “yellow-vest” protests had a particularly adverse effect on footfall and sales. The development in the more than 50 of our own retail stores is therefore highly satisfactory in comparison to the market development (drop of 4 percent). At -1.2 percent, like-for-like sales were slightly below the level of the prior year. By contrast, sales through our own e-commerce operations increased 25.7 percent.

Net sales increased slightly by 1.0 percent, from EUR 55.5 million to EUR 56.0 million. As a result of targeted measures, the profit margin improved significantly from EUR 14.0 million (25.3 percent of sales) to EUR 14.8 million (26.4 percent), or by 5.4 percent.



MILLET MOUNTAIN GROUP

The long and snowy winter 2017/18 had a positive impact on business at MILLET MOUNTAIN GROUP. Most retailers therefore had healthy inventory levels at the end of the season. The late onset of spring, above all in the principal market France, however, had a negative effect on reorders. The hot summer and the late onset of winter led to a sluggish start to the fall/winter season 2018/19. Nevertheless, revenue growth of 8.9 percent was recorded in its home market France. The Japan market also recorded positive development, with growth of 19.1 percent while China grew 26.4 percent.

The measures introduced and investments made as part of the corporate strategy for the MILLET, LAFUMA and EIDER brands resulted in significant increases in revenue. Net sales increased by 6.0 percent from EUR 95.7 million to EUR 101.4 million. Adjusted for exchange rate effects, net sales increased 6.4 percent. The operating profit margin of MILLET MOUNTAIN GROUP also developed favorably, with an increase of 7.7 percent from EUR 21.5 million (22.5 percent of sales) to EUR 23.2 million (22.9 percent). This positive performance is attributable to the highly robust development of the gross margin in addition to higher revenue.

As the outfitter for the Austrian Olympic team, MILLET had a spectacular appearance at the Olympics in South Korea, which triggered passion, enthusiasm and emotion for the brand, and this continued to have an effect in the reporting year. As the drive toward internationalisation continues, a new shop was established in Beijing and another in Osaka. The organisation was reinforced in the strategically important areas of e-commerce and digitalisation and the international sales organisation was optimised. Successful innovations, such as the “Mix & Match”-concept, a multi-layered jacket for all seasons, as well as the commitment to sustainability for textile products, which will be 100 percent PFC-free in the future, will make a significant contribution to the planned growth.



As a manufacturer of outdoor furniture, LAFUMA MOBILIER is heavily dependent on weather conditions. Unfortunately, only the summer season is relevant for this consumer market. In the principal market France, the summer got off to a slow start due to the long, cold winter which lasted until mid-April. This resulted in delayed orders from our key accounts and initial excess of supply over demand in the market, and this in turn caused keener competition and prices came under pressure. LAFUMA MOBILIER weathered these challenging conditions better than its competitors thanks to its attractive product portfolio, its clear commitment to quality and comfort and its competitive prices.

Net sales increased by EUR 2.1 million to EUR 40.1 million. The growth in e-commerce revenue of 28.7 percent was also very gratifying. This achievement was recognised in the area of e-commerce by the French magazine Capital. Despite targeted investments in new areas of business and sales, marketing and product development, the profit contribution increased slightly by EUR 0.1 million to EUR 10.8 million (prior year: EUR 10.7 million).

The focus of LAFUMA MOBILIER is on targeted internationalisation and tapping new market segments, the latter with the aim of helping to reduce the dependency on the summer business. The aim of the Privilege Line, which combines innovative design with top quality and comfort "Made in France", is to exploit the sales channels of furniture stores with high design standards. As another new market segment, LAFUMA MOBILIER is building up contract business with hotels, restaurants, cafés, hospitals and nursing homes. The launch of this collection with a new trade fair presence took place at the end of 2018.



The new strategy is also beginning to take effect for the surf and lifestyle brand OXBOW. A positive result was achieved in 2018.

Net sales increased by 6.1 percent from EUR 26.8 million to EUR 28.4 million. The profit margin increased by EUR 0.3 million to EUR 6.0 million (21.2 percent of sales).

OXBOW thus continues on its profitable growth trajectory. With the opening of the first store in Paris in March 2018, the brand now has retail space of its own in the French capital. This positive development is expected to be driven forward by investments in more of its own stores and in several corners of managed floor space at a key account in the first half of 2018. The higher volume of orders placed for the fall/winter collection 2018 give us reason to be optimistic. Clearer positioning and internationalisation are the medium-term goals for the brand. E-commerce will play an important role in development for OXBOW as well.



“With above-average commitment from all our employees, we were able to gain market share despite challenging conditions.”

REINER PICHLER
CEO OF THE CALIDA GROUP

CALIDA HOLDING AG INCREASES ITS SHARE IN LAFUMA SA TO 87.7 PERCENT

CALIDA Holding AG expanded its shareholding in the French subsidiary LAFUMA SA listed in Paris. On 9 March 2018, it acquired its shareholding of 7.6 percent in LAFUMA SA from Jean-Pierre Millet, a long-standing anchor shareholder of LAFUMA SA. With the purchase of the shareholding from CDC Enterprise Elan PME on 14 June 2018, the Group increased its share by a further 8.5 percent. With these two purchases in the first half of 2018, the CALIDA GROUP increased its stake in the leading French outdoor clothing group LAFUMA SA to 87.7 percent.

OUTLOOK FOR 2019

We do not expect the unfavourable economic and political conditions to change significantly in 2019. This is also reflected in the < 2 percent forecast by the International Monetary Fund (IMF) for economic growth for the relevant core markets of the CALIDA GROUP. Neither the development of the trade dispute between the USA and China nor that of the Brexit issue are foreseeable, to mention only two areas of conflict. Thus, the uncertain environment and the stagnating development of the relevant industries and core markets will remain a great challenge for the entire CALIDA GROUP team.

To generate further profitable growth despite this situation, all brands of the CALIDA GROUP will focus more intensely on directly meeting the needs of our consumers. We will use digitalisation in particular as an opportunity to build even closer relationships with our customers.

To meet the increased requirements of consumers and the markets, the CALIDA GROUP will invest more in the development of sustainable customer relationship management and in the expansion of omnichannel competence. We aim to go where our customers are. In this context, our brands will also further develop new channels, such as social media, to appeal to the millennials target group, in particular. Due to the growing competition in our stagnating and, in some cases, declining core markets, we will continue to invest in increasing the appeal of our brands. This is a necessary condition for successfully tapping into international growth markets. The CALIDA GROUP will also continue to invest heavily

in sustainability to meet the increasing customer requirements for environmentally friendly and socially compatible products. Sustainability is integrated in our corporate culture and is part of the character of our brands.

Despite the unfavourable conditions and considerable investments, the CALIDA GROUP managed to capture additional market share, generate growth and increase profits. This was only possible thanks to the outstanding efforts of the entire team, and we would like to take this opportunity to express our sincere thanks to all our employees.

The CALIDA GROUP sees the changes in customer behaviour as a great opportunity. Additional investments in digitalisation, e-commerce, omni-channel and internationalisation are planned so as to take advantage of this opportunity.

It is still difficult to assess the economic and political framework conditions in the Group's target markets. Nevertheless, the CALIDA GROUP expects stable earnings and results in 2019.

We are convinced of the competence and performance of our employees and therefore look ahead to the future with confidence.

We would like to thank you, our esteemed shareholders, for the confidence you have placed in us.



Dr Thomas Lustenberger
Chairman of the Board
of Directors



Reiner Pichler
Chief Executive Officer

CONVENIENCE AT THE HIGHEST LEVEL



“With the new store concept we will reach mobile customers across sales channels.”

ALEXANDRA HELBLING
GENERAL MANAGER OF
CALIDA

The demands of today's consumers are constantly increasing. The focus is on the sensorial experience and ultimate convenience when shopping, whether offline or online. To be ideally equipped for this, CALIDA concentrated particularly on the topic of omnichannel in 2018. This is reflected in the newly designed stores in Bremen and Hamburg, which rely on digital signage and the interlinking of bricks-and-mortar and online business. The further development of the “I LOVE NATURE” collection also illustrates the focus on sustainable, unique and emotionally fulfilling shopping experiences.

WHAT YOU SEE IS WHAT YOU GET

Products are researched online, tried on in the store and preferably delivered directly to the shopper's home – that is the consumer behaviour of today, and it is all about convenience. To meet these increasing demands, CALIDA has upgraded the area of omnichannel management. This is demonstrated by the new look of the stores in Hamburg and Bremen. In keeping with the motto “What you see is what you get”, they have a transparent appearance, conveying an airy showroom look from the outside. Digital signage in the shop window conveys CALIDA's brand values, such as sustainability, Swiss quality and design and makes cross-channel shopping inviting. Inside, tablets designed to advise shoppers serve to conveniently link offline and online and make goods available via all channels.

SENSUAL EXPERIENCE AND PERSONAL CONTACT

At the same time, CALIDA relies on the emotional added value when shopping, such as through the integration of a touch and feel world of the various material qualities, the simulation of various lighting conditions in the fitting rooms right down to the perfect CALIDA scent. The modular interior design serves to provide a perfect platform for personal contact. One is hard pressed to find a traditional till counter.

CALIDA as a brand with a history of its own demonstrates once again: tradition and digitalisation work splendidly together. In a next step, CALIDA will also offer the new store concept to the wholesale business.

CALIDA LOVES NATURE

These days sustainability and the careful use of resources are a must – and have been an integral part of the CALIDA culture from the very beginning. The new basic shirt “I LOVE NATURE” was successfully launched in July of this year. It is made of TENCEL® Micro, is 100% compostable and has been awarded the “MADE IN GREEN by OEKO-TEX®” label as well as the independent label “Cradle to Cradle®”. This defines recyclable products that as consumer goods have been designed in such a way that the raw materials contained in the products can be reused again and again in the biological cycle. The production methods, the use and the recycling of the products are – in contrast to conventional recycling – designed such that the quality of the raw materials is preserved over several life cycles: when they decompose, the components are broken down into valuable biological nutrients; new products can then be produced from the renewable raw materials.

Due to the high degree of innovation, the shirt also attracted a considerable amount of media coverage, which was above all reflected in the sales figures. “I LOVE NATURE” will thus be developed further in the coming year into a collection with various products, also in the area of nightwear.

CALIDA

BORN IN SWITZERLAND

460%

increase in
Instagram reach

80%

of production
in Europe

3.9%

sales growth
in 2018

30.5%

growth in
e-commerce

11.9%

e-commerce share
of revenue

THE FASCINATION OF AUBADE



“AUBADE is fashionable but doesn’t get carried away by trends. The brand follows a clear line.”

PHILIPPE BERNAUD
GENERAL MANAGER OF
AUBADE

AUBADE, represents like no other brand typical French lingerie. Design, marketing and sales strategies are refined on a continual basis, yet AUBADE manages to preserve its brand DNA: seduction, Parisian creativity and innovation.

SPECTACULAR COOPERATION

Cooperation with well-known Parisian brands is an important facet of the brand and surprises followers again and again. Following the legendary Variété theater Crazy Horse and Haute-Couture-Designer Christian Lacroix, the fashion duo Viktor&Rolf has now accepted the seductive challenge. The resulting capsule collection for autumn-winter 2019 is made up of several lace bras, -bottom part and a top with applied loop motifs and delicate dot garlands. For over 25 years the loop has been the trademark by Viktor&Rolf and now a real icon of the Haute-Couture.

SENSUALITY AND INNOVATION

Since its founding in 1958, the lingerie brand has witnessed the development that women have undergone in relation to their body image and lifestyle over time and has always been able to offer the right products, adapted perfectly to feminine figures. For example, AUBADE continuously refines its product range for F and G cups and creates cuts that enhance shape and at the same time offer maximum comfort: the full cup bras, the triangle push-up bra, figure-enhancing briefs, etc. Searching for new materials to suit the active everyday life of women is a daily challenge for product development department. For product lines such as Lysessence and Rosessence, special attention has been paid to reducing the weight of the product, without however losing sight of the essence of the brand and capturing the latest trends. The result: ultra-comfortable products that feel like a second skin and seductively draw attention to the body.

NEW MOTIFS AND NEW MEDIA

What would AUBADE be without a daring message? Following “Leçons de séduction”, the brand starts a new chapter on seduction and femininity with “Parlez-vous AUBADE?”. It will be less static and much more personal; there will be new motifs every season, adapted to the evolution of seduction, femininity and the relationship to one’s own body. In summer 2019, Lucian Bor will present his interpretation. His photographs represent feel-good moments with oneself and are a homage to the intimacy of a woman.

AUBADE already has a strong presence in social media and has taken the next step in the area of innovative marketing with the development of the “Magalogue”, a media hybrid of catalog and magazine. Le MAG is available in the shops and online and provides insight into not only the company and collections behind the scenes, but also above all the philosophy of the brand.

SEDUCTION ON ALL CHANNELS

Since 2017 the brand has made significant changes to its boutique concept to create an even more noble and intimate ambiance. Following the boutique in Rue Tronchet in Paris, the Pariser Boutique La Défense is now being redesigned. The AUBADE Customers enjoy the advantage of the Omnichannel-Business: click and collect, booking goods online, returning goods in the shop. Moreover, new tablets will be available to customers in the shops from 2019.

AUBADE is also an international brand. Following the opening of its own shops in continental Europe, the legendary Selfridges in London now also offers lace and embroidery by AUBADE. In the heart of the fashion capital London, the “Body Studio” will introduce the fascination of French lingerie with the most seductive of all brands: AUBADE.



60

years “lingerie
à la française”

3.5

grams weighs a panty
of the line Rosessence

1.6

million products
sold in 2018

25.7%

growth in
e-commerce

AN INSPIRING CONTRAST BETWEEN BLACK AND WHITE



“ EIDER &
ESTHER STOCKER:
A fascinating
experience
working together
with a world-
famous artist.”

FRÉDÉRIC DUCRUET
GENERAL MANAGER OF
MILLET MOUNTAIN GROUP

OUR EXPERTISE

Since the founding of EIDER in 1962, comfort has been the central recurring theme throughout our company history. The comfort, which results from the perfectly coordinated fit, fabrics and ergonomics, provides for optimum freedom of movement. Each and every new designs are made and perfect our fit. With the same passion as on day one. Our goals remain unchanged: to offer the customer maximum comfort, no matter what challenges the activities or the environmental conditions entail, and at the same time, the ultimate sense of freedom.

Every sport begins with movement. EIDER analyses movement; ensures freedom of movement; aims for perfection for all styles. Our positioning in the areas of style and functionality also involves capturing the latest fashion trends to combine comfort and functionality with modernity. Developing elegant sportswear is the constant drive for our creative processes. Design has always been a key element of EIDER's aspiration. In combination with the highest degree of functionality, it makes our products what they are: perfect for a modern and active lifestyle.

GEOMETRY AND BLACK-WHITE

Black-White and Geometry were one of the main trends we have captured for our EIDER Fall/Winter 2018/19 collection. This was found especially interesting in combination with outdoor sports. Due to this it was decided to further develop this concept and make it one of the main components of the collection. Sententiously the team had the opportunity of meeting Esther Stocker – a world-famous Italian artist. Over the years she has furnished many different buildings, houses and flats with her work of art, mainly black-white, and redesigned these from scratch using geometrically structured forms.

She constructs installations on a scale which exceeds human measures. In doing so, she uses black and white exclusively in the form of horizontal and vertical lines,

sometimes introducing minimalistic grey elements. Pure abstraction. What sounds rigid is brought to life in a wondrous way thanks to her extraordinary talent. Flat surfaces are creased or folded, shifted and transformed. Lines collide and create new patterns. Static becomes motion and opens up for creativity and interpretation. Esther Stocker's work is based on complex visual systems of geometric patterns and which follow along grids. An obsession pervades: her artwork. She makes minute changes to the elements in her system to create a sense of order behind each chaos.

A PERFECT SYMBIOSIS

What fascinates us about Esther's work is the manner in which her art incorporates movement into a strict geometric pattern. Her technique carries us directly into the illusion of a material which resembles fabric – with a fall, a texture and folds, which bring the essence of our trade to the surface. That is why her work was the perfect mix for our two main trends, geometry and black-white, to combine with our EIDER products. What came out was the CONTRAST collection, the convincing result of the collaboration between Esther Stocker and EIDER.



4500

articles sold from the
Esther Stocker collection

55%

of EIDER's sales was
generated by women

6.0%

total sales
growth in 2018

39.1%

growth profit
contribution

NEW BUSINESS FOR LAFUMA MOBILIER



“When technique meets design: the Horizon collection is an aesthetic combination of pure lines, clever functionality, and high-quality materials.”

ARNAUD DU MESNIL
GENERAL MANAGER OF
LAFUMA MOBILIER

The beginning of a wonderful collaboration: 2017 LAFUMA MOBILIER turned to Big Game, a Swiss design studio, to create the brand new horeca (hotels, restaurants, cafés) collection for hotels and open-air catering areas. Together with the Big Game Trio, all young French-speaking designers from Belgium and Switzerland, to create a high-quality outdoor collection.

KNOW-HOW MEETS YOUNG DESIGNERS

LAFUMA MOBILIER placed the focus on its technological know-how, unique design and innovative functionality. Combining these aspects succeeded thanks to genuine team spirit. The designers understood the requirements of the manufacturing process and the comments of the internal research and development department and integrated these in the pure and modern style of the pieces. The result is the Horizon collection, consisting of a chair, a table available in two shapes and a sun lounger.

THOUGHT THROUGH AND STYLISH

The chair has curved armrests flowing right out of the frame of the product – a combination of clever design, style and functionality. The chairs can be stacked in groups of six, are light-weight and equipped with a crossbar on the backrest for easy handling. The chair fits perfectly in outdoor areas at cafés, hotels and restaurants.

The folding table with a laminated table-top made of HPL can be set up using only one hand and is equipped with an elastic cushioning system which moves with the table as it is set up or folded and thus ensures more safety and comfort when using. The patented handle is easy to install and move and can also be used to thread a cable through for locking up the tables together. The four adjustable and self-locking legs ensure stability on all types of surfaces.

With the reinforced Batyline® fabric and no crossbar under the seat, the sun lounger

is the perfect piece of furniture for relaxing on the patio. The fabric does not retain water and dries quickly after rain showers. It can also be replaced as needed.

GUARANTEED MADE IN FRANCE

The name Horizon was essentially inspired by the impressive landscape of the Département Drôme, where the head office is located. The unique identifier of the collection is a “Z”, which can be seen on the chair and sun lounger. The collection is manufactured completely in Anneyron and is thus guaranteed “Made in France”, certified with the “Origine France Garantie”, the only transparent and independent guarantee of origin of France.

WINNING PREMIERE

The Horizon collection was introduced in November at the EquipHotel Trade Fair in Paris; it received excellent reviews from the market and got a good press. The table was awarded the “influential innovation” (INNOV18) award at the EquipHotel Trade Fair. Distribution focuses on 3-star hotels and local cafés and restaurants in France and abroad, mainly in Italy and Spain, where LAFUMA MOBILIER is growing rapidly and a solid horeca network is already in place, also perfectly suited to the current high-end sales in Northern Europe, Scandinavia and the Benelux countries. With this offering, LAFUMA MOBILIER is entering the horeca market for the first time, thus tapping into new market options in a competitive environment. The next step will be the introduction of this product line at the trade fair in Milan – the world’s largest trade fair for outdoor furniture.



100%

polyester paint
ultra-resistant to
UV rays

28.7%

growth in
e-commerce

5.5%

sales growth
in 2018

FOCUS TO THE FUTURE



“In the coming year OXBOW will launch a collection for women with an active urban lifestyle.”

BRUNO DELAPORTE
GENERAL MANAGER OF
OXBOW

OXBOW has been designing hardwearing and timeless clothing every season for over 30 years. As a beach brand originally closely linked with the surfwear trend, the brand still perceives this as part of its identity but over the past few seasons has gone on to develop a sophisticated product range of modern urban clothing for women and men.

The economic system is becoming increasingly complex; considering the price war and the unlimited availability of “fast fashion” even a brand like OXBOW must constantly adapt and reinvent itself to offer its customers high-quality products at a fair price. We are very optimistic about the coming year and are looking forward to exciting challenges.

MOVING FORWARD STEP BY STEP

With its product range OXBOW demonstrates solid performance in sport sales; the brand has made a name for itself, ensuring stable annual sales.

To remain competitive among other major brands, OXBOW must highlight its own strengths more clearly. The brand can build on two solid pillars above all in its communication here: its expertise and its image. With the aid of a communications plan, primarily with a digital reach and built up around the 1985 product line, OXBOW can come even more into its own.

1985 HAS COME OF AGE

Following its successful market launch and taking into account its major successes at the points of sale (POS), such as the well-known Galeries Lafayette, it was time for the 1985 product line to be expanded. This has now been done: the product line has been expanded to include 70 options. Thanks to the sales team responsible for the premium network, the OXBOW line 1985 will now be even more favourably listed and give the brand a real boost.

OXBOW WELLNESS: THE MANY FACETS FOR WOMEN

Movement and change are characteristic for the clothing sector, as one can see

from the “active women” or “athleisure” trends. In the coming year OXBOW will therefore launch a new collection for women with an active urban lifestyle. In addition to the traditional product range, a yoga collection inspired by one of the previously designed SUP lines will enrich the wardrobes of female OXBOW fans. These products, with natural materials such as bamboo, figure-enhancing cuts that fit an active lifestyle and printed motifs characteristic of the OXBOW style, will win over female customers.

The two collections for women, SUP and Yoga, make up the OXBOW Wellness product line, which is integrated in the B2B sales program “OXBOW VIBE”. This is conducted by young companies which are managed by students of the School of Management of the ESSCA Group. The students receive training beforehand from one of the OXBOW brand ambassadors – who are themselves yoga instructors – and are responsible for introducing products from the Wellness collection to sport clubs, fitness studios and other sports facilities.

A woman with long brown hair is performing a handstand on a grey yoga mat on a grassy hill. She is wearing a black long-sleeved top with white geometric patterns on the sleeves and black leggings with white geometric patterns on the thighs. Her legs are raised high, with one leg straight up and the other bent. The background features a green valley, a lake, and a rocky mountain peak under a blue sky with white clouds.

1.0

million t-shirts
sold in 2018

24.6%

e-commerce
growth

6.1%

sales growth
in 2018

AWARDED E-COMMERCE KNOWLEDGE



“Winning awards on a regular basis shows that we have developed the right competencies in-house.”

STEFAN MUES
GENERAL MANAGER OF
REICH ONLINE SERVICES

In Europe, e-commerce continues on a double-digit growth trajectory, although this trend slowed slightly in 2018 in the apparel segment, recording an e-commerce share of around 20%. International trends, such as Black Friday, have become firmly established throughout Europe and in 2018 ensured a real boom in sales in the run up to Christmas. The brands of CALIDA GROUP were also well equipped for this online and benefited significantly – in some cases doubling sales on these days – and thus contributed considerably to the growth of CALIDA GROUP.

Around 120 employees ensure a speedy shipping process and the procurement of high-quality goods, offer competent multilingual customer support, high-end IT expertise and top-notch professional online and performance marketing. The location in Stephanskirchen (Germany) with a logistics space of 3000 m² can stock half a million items.

INTERNATIONALLY ACTIVE DIGITAL COMPANY

The relaunch of www.calida.com took place in 2018. Numerous new features provide a valuable shopping experience for visitors to the site. The entire offering is completely implemented in four languages: from the items, user controls, FAQs, content posts and stories through to the payment and shipping options. Visitors to the site can choose from 40 possible country and language combinations. The storefinder bridges the gap between online and offline. The transparent filter concept and the functions “ADD TO WISH LIST” and “SEND WISH LIST” provide for enhanced ease of use and maximum user-friendliness. In the “OUR WORLD” category, customers can find reader-friendly information on the high quality of the products, social and environmental responsibility, materials and their identity and CALIDA’s success story. The clear brand language accentuates brand identity building and ensures high brand recognition, even in the international market. Technical details, such as image

elements in retina print quality, subtle “Zen” animations and 5 breakpoints in a responsive design guarantee ideal screen images of the shops on all end-user devices and round off the high usability.

COMMITMENT REWARDED

In 2018, corporate commitment paid off for REICH ONLINE on all levels – and was rewarded with one first place, a number of top 5 placements and numerous award nominations, among other things. The new www.calida.com shop, for instance, convinced the independent expert panel of the Shop Usability Awards®, winning first place in the category “Fashion”. In addition, the shop secured second place in the category “Best Brand Shop” and was among the top 5 in the category “Best Shop Switzerland”. The additional nominations for the OXID Commons Golden Cart Award and the Digital Commerce Award prove that with its creativity and its competence REICH ONLINE can win over not only its customers, but also the experts.

EXPANSION, ENHANCEMENT AND NEW CHANNELS

The superior expertise of REICH ONLINE is also to be made available to all other brands of CALIDA GROUP next year, creating economies of scale in the process. A major project for 2019 will be the relaunch of the AUBADE shop and the intensification of the omnichannel network, as seen in the CALIDA test shops in Bremen and Hamburg. All employees from Stephanskirchen pool their resources and their professional knowledge to achieve these goals.

60

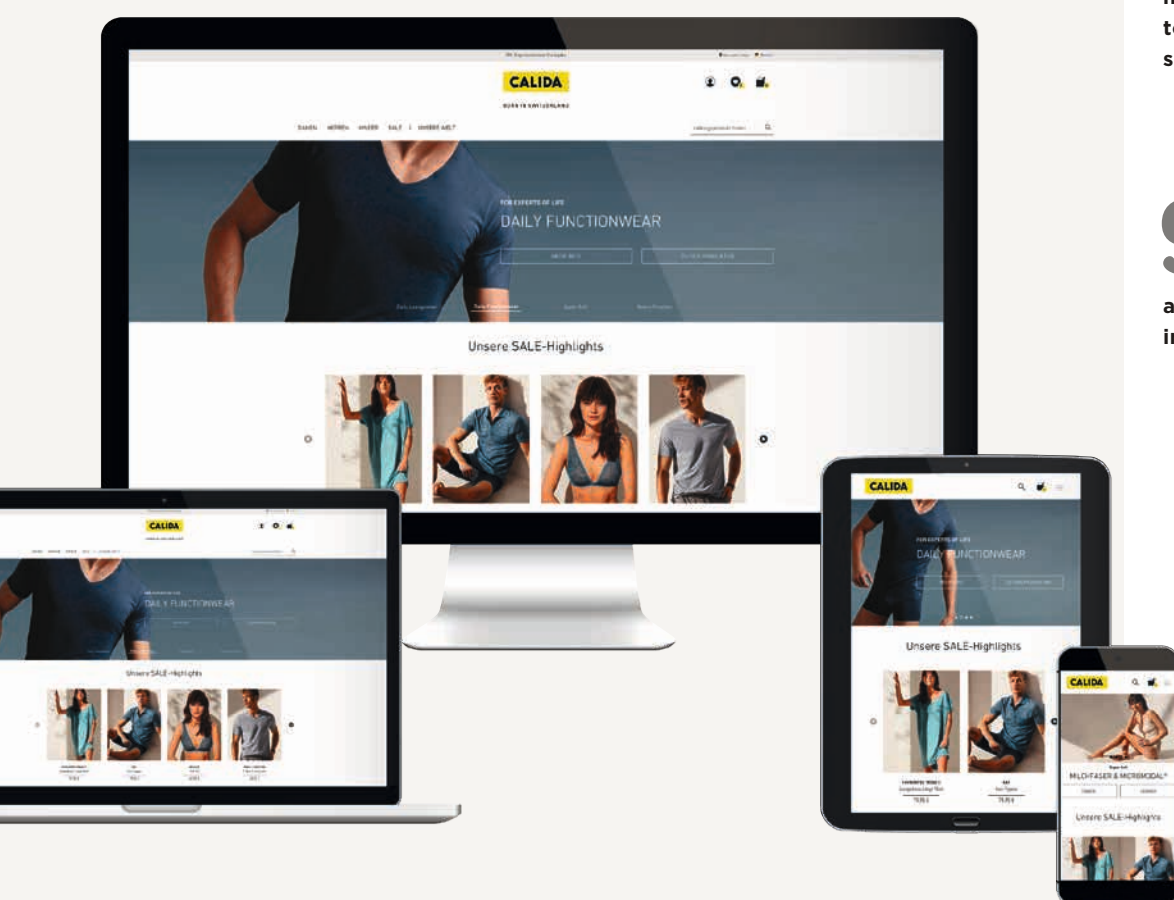
minutes for a parcel
to be dispatched
from the warehouse

84

number of countries
to which REICH ONLINE
ship goods

9

awards and nominations
in the past 3 years



SUSTAINABILITY ACTIVITIES



“ Sustainable thinking and sustainability management are part of CALIDA GROUP's corporate culture. Our consumers should be able to buy our products in good conscience.”

DANIEL GEMPERLE
COO CALIDA GROUP

The textile industry in which CALIDA GROUP operates is an environment characterised by complex, global procurement chains and related issues, such as working conditions, a living wage and environmental standards. The Group considers it its duty to ensure that CALIDA's standards with regard to quality, social ethics and the environment are maintained at the highest level.

MANAGEMENT PRINCIPLES

CALIDA GROUP generally takes a decentralised approach with respect to the management of its divisions, and the same holds true for the topic of sustainability. At group level, the COO is responsible for the sustainability programme.

To promote responsibility for sustainability within the Group, guidelines were developed and are applicable to all divisions. These guidelines include both mandatory and voluntary requirements, and the time periods for their implementation have also been defined. The principal components for the mandatory requirements must be met by all the divisions of the Group by the end of 2019. In addition to this, a toolbox has been developed to help implement the sustainability guidelines; it contains, among other things, concrete recommendations for the various business areas. Within the divisions, the respective managing director is responsible for ensuring that the sustainability guidelines are followed and implemented.

OUR APPROACH WITH REGARD TO SUSTAINABILITY

CALIDA GROUP is committed to maintaining high standards with regard to sustainability. The two largest divisions, CALIDA and MILLET MOUNTAIN GROUP, introduced sustainability programmes quite sometime ago. The other divisions also carry out sustainability projects on a regular basis.

In 2018, a corporate framework for the entire CALIDA GROUP was developed, which defines the structure and expectations of the individual divisions. This

framework allows plenty of freedom for the divisions in designing their own sustainability strategies, and at the same time promotes and requires excellent performance in this area.

CALIDA GROUP'S CODE OF CONDUCT

The code of conduct of the CALIDA GROUP is reviewed on a regular basis taking into account current topics and developments. It covers, among other things, the following areas: human rights, human capital, the environment, health and safety, data privacy, stakeholders and social commitment. The code of conduct can be found online at www.calidagroup.com.

SUSTAINABILITY ALONG THE VALUE-ADDED CHAIN

A comprehensive review was carried out in the CALIDA and MILLET MOUNTAIN GROUP divisions in the reporting year. The objective was to find out what effects, risks and opportunities arise in connection with sustainability along the value-added chain. CALIDA GROUP considers:

quality

development and use of materials

social compatibility and supplier management

environmental policy

personnel development

to be the five most important aspects of the sustainability strategy.

SUSTAINABILITY PROGRAMME AND PROGRESS

All divisions have firmly integrated the topic of sustainability in their processes. Some examples:

CALIDA

Integrated sustainability guidelines in the design process

Launched compostable and Cradle to Cradle®-certified products made of TENCEL®MICRO

Procures more than 75% of the fabrics from European countries

Integrated STANDARD 100 by OEKO-TEX®, BSCI (Business Social Compliance Initiative) and MADE IN GREEN by OEKO-TEX® in the supply chain and thus obtained in the entire supply chain a score of 70% for the MADE IN GREEN by OEKO-TEX® certification

MILLET MOUNTAIN GROUP

Integrated sustainability guidelines in the design process

Uses recycled polyester (made from bottles), organic cotton and materials certified either by bluesign® or STANDARD 100 by OEKO-TEX®

Has a repair shop with a team of ten people

Uses materials in the supply chain that are certified according to STANDARD 100 by OEKO-TEX® with a score of more than 70%. More than 40% of the fabrics are certified by bluesign® and more than 90% of the fabrics are also free of HFC (hydrofluorocarbons)

LAFUMA MOBILIER

Produces its furniture in France and works mainly with local suppliers

Uses materials for manufacturing that are certified according to STANDARD

100 by OEKO-TEX®. The products can be dismantled and recycled at the end of their lifecycle

Involves an environment team in production

AUBADE

Is a member of Sedex

Has its own production facility in Tunisia audited once a year by external specialists with respect to social criteria

Uses mostly materials that have been certified according to STANDARD 100 by OEKO-TEX®

OXBOW

55% of OXBOW's suppliers have been audited by BSCI or Sedex. The remaining 45% were inspected by internal specialists for compliance with social standards

Uses mostly materials that have been certified according to STANDARD 100 by OEKO-TEX®

OUTLOOK

The guidelines intensify the focus on the topic of sustainability – for all divisions. The next step is for all divisions to develop a sustainability strategy for 2021 or review their existing strategy by the end of 2019. In 2020 CALIDA GROUP will also for the first time publish a sustainability report for fiscal year 2019 that contains the contributions and performance of all divisions.



CALIDA GROUP at a glance

SELECTED KPIS

(in CHF million)

	2018	2017	2016	2015	2014
Gross sales	421.1	391.7	381.6	368.5	423.9
as a % of prior-year figure	107.5%	102.6%	103.6%	86.9%	200.9%
Net sales	409.5	380.6	370.9	359.0	412.4
as a % of prior-year figure	107.6%	102.6%	103.3%	87.1%	199.8%
Operating result (EBIT) before exceptional items	21.6	21.6	22.3	21.5	27.2
as a % of net sales	5.3%	5.7%	6.0%	6.0%	6.6%
Operating result (EBIT)	21.6	21.6	18.3	21.5	27.2
as a % of net sales	5.3%	5.7%	4.9%	6.0%	6.6%
Net income	17.8	16.9	14.8	17.0	23.6
as a % of net sales	4.3%	4.4%	4.0%	4.7%	5.7%
Liquidity	43.6	45.2	40.2	56.4	63.2
Current financial liabilities	-29.0	-11.7	-7.7	-11.0	-10.7
Non-current financial liabilities	0.0	-1.2	-6.3	-13.0	-21.3
Gross debt	-29.0	-12.9	-14.0	-24.0	-32.0
Net liquidity	14.6	32.3	26.2	32.4	31.2
Operating cash flow	23.0	31.0	23.6	18.3	19.5
as a % of net sales	5.6%	8.2%	6.4%	5.1%	4.7%
Free cash flow	6.1	6.6	8.4	1.5	-5.2
as a % of net sales	1.5%	1.7%	2.3%	0.4%	-1.3%
Acquisition of group companies and associates and non-controlling interests	24.1	8.6	14.5	-	7.0
Investments in fixed assets	7.0	6.5	6.6	7.3	8.8
Investments in intangible assets	3.6	3.2	2.9	3.1	3.1
Depreciation/amortisation/impairment	9.4	9.0	10.8	10.6	13.4
Shareholders' equity (including non-controlling interests)	186.3	195.6	173.6	179.3	181.8
Total assets	316.6	312.6	280.6	302.7	337.8
Equity ratio	58.8%	62.6%	61.9%	59.3%	53.8%
Return on equity	9.5%	8.6%	8.5%	9.4%	13.6%
Headcount as of 31 December	2'997	2'936	2'906	2'953	3'007

KEY SHARE FIGURES

		2018	2017	2016	2015	2014
Number of registered shares with a par value of CHF 0.10 each		8'255'951	8'202'279	8'121'780	8'091'848	8'053'437
less treasury shares as at 31 December		-15'160	-15'160	-15'000	-2'200	-2'200
Shares with dividend rights as at 31 December		8'240'791	8'187'119	8'106'780	8'089'648	8'051'237
Outstanding options		247'129	254'501	275'400	213'532	153'943
Nominal capital (in CHF)¹⁾		825'595	820'228	812'178	16'992'881	16'912'218
Key figures per registered share (average number; in CHF)						
Gross sales		51.19	47.99	47.08	45.61	52.85
Net sales		49.79	46.63	45.76	44.44	51.41
Operating result (EBIT) before exceptional items	basic	2.63	2.65	2.75	2.67	3.39
	diluted	2.63	2.64	2.75	2.66	3.38
Operating result (EBIT)	basic	2.63	2.65	2.26	2.67	3.39
	diluted	2.63	2.64	2.26	2.66	3.38
Net income	basic	1.97	1.88	1.72	1.97	2.74
	diluted	1.97	1.88	1.72	1.97	2.74
Equity (book value per share)		21.24	20.87	18.54	18.25	18.41
Dividend per registered share ²⁾		0.80	0.80	0.80	0.80	0.80
Stock market prices in CHF	Highest	39.15	41.40	36.95	42.50	39.15
	Lowest	28.40	33.20	27.00	31.20	28.40
	Year-end	30.35	38.00	34.80	32.10	36.85
Market capitalisation in CHF million	Highest	323.2	339.3	300.1	343.1	315.2
	Lowest	234.5	272.3	218.5	252.5	227.1
	Year-end	250.6	311.7	282.6	259.7	296.8
Price/earning ratio		14.7	20.2	20.2	16.3	13.4
Price/book value ratio		1.4	1.8	1.9	1.8	1.6
Price/sales ratio		0.6	0.8	0.7	0.7	0.7
Dividend yield	Highest	2.0%	1.9%	2.2%	1.9%	2.0%
	Lowest	2.8%	2.4%	3.0%	2.6%	2.8%
	Year-end	2.6%	2.1%	2.3%	2.5%	2.2%
Dividend payout ratio		40.6%	42.6%	46.5%	41.5%	29.2%

¹⁾ Par value reduction from CHF 2.10 to CHF 0.10 as per 30 June 2016.²⁾ 2018: Proposal of the Board of Directors to the General Meeting. 2015: Consisting of dividend and par value repayments.

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH COST OF SALES METHOD

	2018	2017	Change
Gross sales	421'142	391'699	+7.5%
Net sales	409'476	380'634	+7.6%
Gross profit	235'917	217'604	+8.4%
as a % of net sales	57.6%	57.2%	
Operating contribution	101'346	94'837	+6.9%
as a % of net sales	24.8%	24.9%	
Non-allocated operating costs	-79'738	-73'238	+8.9%
as a % of net sales	-19.5%	-19.2%	
Operating result (EBIT)	21'608	21'599	+0.0%
as a % of net sales	5.3%	5.7%	
Financial result, net	1'318	-102	
Earnings before tax	22'926	21'497	+6.6%
as a % of net sales	5.6%	5.6%	
Income taxes	-5'156	-4'626	
Net income	17'770	16'871	+5.3%
as a % of net sales	4.3%	4.4%	

Consolidated
financial statements 2018
CALIDA GROUP

Group statement of financial position

The accounting policies and notes on pages 39 to 76 are an integral component of these consolidated financial statements.

AS OF 31 DECEMBER

	Notes	2018	2017 (adjusted)
Cash and cash equivalents	1	43'613	45'200
Trade accounts receivable	2	38'986	43'730
Other current receivables	3	6'531	9'148
Current financial assets	7	1'022	10
Inventories	4	100'377	85'700
Right of return		930	1'644
Current tax assets		6'536	6'037
Prepaid expenses and accrued income		3'415	3'640
Current assets		201'410	195'109
Property, plant and equipment	5	20'963	21'591
Intangible assets	6	82'659	85'024
Non-current financial assets	7	5'801	5'354
Other non-current assets	19	203	210
Deferred tax assets	13	5'571	5'356
Non-current assets		115'197	117'535
ASSETS		316'607	312'644
Current financial liabilities	8	29'054	13'628
Trade accounts payable	9	34'259	22'677
Other current liabilities	10	13'580	14'290
Refund liabilities		2'072	3'164
Current tax liabilities		1'877	2'445
Current provisions	12	2'067	3'060
Accrued expenses and deferred income	11	32'549	36'850
Current liabilities		115'458	96'114
Non-current financial liabilities	8	10	2'574
Other non-current liabilities	19	2'497	7'352
Non-current provisions	12	3'880	4'132
Deferred tax liabilities	13	8'452	6'913
Non-current liabilities		14'839	20'971
Liabilities		130'297	117'085
Share capital		826	820
Treasury shares		-536	-536
Reserves		174'400	170'085
Equity held by the shareholders of CALIDA Holding AG		174'690	170'369
Non-controlling interests	15	11'620	25'190
Shareholders' equity	14	186'310	195'559
SHAREHOLDERS' EQUITY AND LIABILITIES		316'607	312'644

The retrospective application of IFRS 15 results in prior-year figures being adjusted in connection with expected customer returns (see page 40).

Group income statement

1 JANUARY - 31 DECEMBER

	Notes	2018	2017
Net sales	18	409'475	380'634
Other operating income		3'993	2'674
Operating income		413'468	383'308
Cost of goods sold and third-party services		-146'148	-137'038
Personnel expenses	19	-128'711	-120'380
Other operating expenses	21	-107'600	-95'277
Depreciation, amortisation and impairment	22	-9'401	-9'014
Operating expenses		-391'860	-361'709
Operating result		21'608	21'599
Financial income	23	114	207
Financial expenses	23	-506	-900
Exchange differences	23	1'710	591
Financial result, net		1'318	-102
Earnings before tax		22'926	21'497
Income taxes	13	-5'156	-4'626
Net income		17'770	16'871
attributable to:			
shareholders of CALIDA Holding AG		16'214	15'332
non-controlling interests		1'556	1'539
Earnings per registered share in CHF	24	1.97	1.88
Diluted earnings per registered share in CHF	24	1.97	1.88

Group Statement of comprehensive income

1 JANUARY – 31 DECEMBER

	2018	2017
Net income	17'770	16'871
Items that might be reclassified to profit and loss, after tax		
Exchange differences recognised in other comprehensive income	-8'469	12'393
Hedge accounting	5'841	-6'436
Items that cannot be reclassified to profit and loss, after tax		
Remeasurements of the defined benefit plans	4'838	2'068
Total other comprehensive income	2'210	8'025
Total comprehensive income	19'980	24'896
attributable to:		
shareholders of CALIDA Holding AG	18'421	22'978
non-controlling interests	1'559	1'918

Group statement of changes in shareholders' equity

1 JANUARY - 31 DECEMBER

	Share capital	Treasury shares	Capital reserves	Retained earnings	Exchange differences	Reserves	Equity held by the shareholders of CALIDA Holding AG	Non-controlling interest	Shareholders' equity
1 January 2017	812	-531	13'355	169'955	-33'286	150'024	150'305	23'272	173'577
Net income	-	-	-	15'332	-	15'332	15'332	1'539	16'871
Other comprehensive income	-	-	-	-2'654	10'300	7'646	7'646	379	8'025
Total comprehensive income	-	-	-	12'678	10'300	22'978	22'978	1'918	24'896
Dividend from capital contribution reserves	-	-	-6'543	-	-	-6'543	-6'543	-	-6'543
Capital increase ¹⁾	8	-	2'506	-	-	2'506	2'514	-	2'514
Share-based payments ²⁾	-	-	1'145	-	-	1'145	1'145	-	1'145
Tax effect of share-based payments ³⁾	-	-	-25	-	-	-25	-25	-	-25
Transactions with treasury shares	-	-5	-	-	-	-	-5	-	-5
31 December 2017	820	-536	10'438	182'633	-22'986	170'085	170'369	25'190	195'559
Net income	-	-	-	16'214	-	16'214	16'214	1'556	17'770
Other comprehensive income	-	-	-	9'999	-7'792	2'207	2'207	3	2'210
Total comprehensive income	-	-	-	26'213	-7'792	18'421	18'421	1'559	19'980
Dividend from capital contribution reserves	-	-	-6'592	-	-	-6'592	-6'592	-	-6'592
Capital increase ¹⁾	6	-	1'710	-	-	1'710	1'716	-	1'716
Acquisition of non-controlling interests	-	-	-	-8'864	-224	-9'088	-9'088	-15'024	-24'112
Share-based payments ²⁾	-	-	895	-	-	895	895	-	895
Tax effect of share-based payments ³⁾	-	-	-88	-	-	-88	-88	-	-88
Result from hedge accounting transferred to cost of inventories	-	-	-	-943	-	-943	-943	-105	-1'048
31 December 2018	826	-536	6'363	199'039	-31'002	174'400	174'690	11'620	186'310

¹⁾ see note 14.

²⁾ see note 20.

³⁾ see note 13.

Reserves include legal reserves of CHF 5'813 (2017: CHF 5'810) which cannot be distributed to shareholders.

Group statement of cash flows

1 JANUARY – 31 DECEMBER

	Notes	2018	2017
Net income		17'770	16'871
Adjustments for non-cash items			
- Income taxes	13	5'156	4'626
- Amortisation, depreciation and impairment	22	9'401	9'014
- Share-based payments	20	895	1'145
- Adjustment to defined benefit cost		713	757
- (Profit)/loss on disposal of non-current assets		149	-8
- Financial result, net	23	-1'318	102
Change in net working capital and provisions			
- Working capital adjustments		-5'416	3'767
- Change in provisions		-1'050	-2'747
Taxes paid		-3'294	-2'502
Cash flow from operating activities (A)		23'006	31'025
Interest received		82	99
Acquisition of a Group company		-	-8'620
Investments in property, plant and equipment ¹⁾	5	-6'927	-6'532
Investments in intangible assets	6	-3'567	-3'169
Sale of non-current assets		180	80
Loans granted		-340	-245
Repayment of loans granted		243	475
Cash flow from investing activities (B)		-10'329	-17'912
Interest paid		-556	-468
Proceeds from borrowings from banks		26'857	9'730
Repayment of borrowings from banks		-9'057	-14'736
Contingent consideration		-1'160	-
Dividend from capital contribution reserves (C)	14	-6'590	-6'543
Options exercised from share-based payment plan		1'716	2'514
Acquisition of non-controlling interests		-24'112	-
Purchase of treasury shares	14	-	-5
Cash flows from financing activities		-12'902	-9'508
Impact of exchange rate fluctuations on cash and cash equivalents		-1'362	1'375
Change in cash and cash equivalents		-1'587	4'980
Cash and cash equivalents at the beginning of the year		45'200	40'220
Cash and cash equivalents at the end of the year	1	43'613	45'200
Free cash flow (A + B + C)		6'087	6'570

¹⁾ CHF 87 (net) of the additions in the reporting year (CHF 7'014 - note 5) had not yet been paid as of the reporting date.



Notes to the consolidated financial statements

The figures in the notes to the consolidated financial statements are presented in thousand Swiss francs (CHF 1'000) unless indicated otherwise (information on share and option prices, dividends and earnings per share are presented in CHF 1).

Business

The CALIDA GROUP is a global player specialising in apparel with its brands CALIDA, AUBADE, MILLET, EIDER, LAFUMA OUTDOOR, LAFUMA MOBILIER and OXBOW.

The CALIDA and AUBADE brands make the CALIDA GROUP one of the world's leading providers of high-quality underwear, nightwear and luxury lingerie. CALIDA and AUBADE apparel is sold in around 70 countries via high-end specialty retailers, upmarket department stores and our own CALIDA stores and AUBADE boutiques.

The CALIDA GROUP's specialist brands for quality outdoor equipment are MILLET, EIDER, LAFUMA OUTDOOR, LAFUMA MOBILIER and OXBOW. Drawing on their rich tradition, the companies behind these brands develop products for ambitious alpinists and mountaineers, discerning hikers and excursionists and style-conscious garden enthusiasts.

The CALIDA GROUP is headquartered in Oberkirch (Switzerland) and has around 3'000 employees in total.

Accounting policies

GENERAL

These consolidated financial statements of the CALIDA GROUP were prepared in accordance with International Financial Reporting Standards (IFRS). The historical cost principle is applied, except for certain financial instruments (mainly derivatives) which are measured at fair value. The reporting is based on the going concern assumption and the consolidated financial statements comply with Swiss law.

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standard Board (IASB) revised or amended various existing standards.

The following changes, amendments and revisions are applicable for the CALIDA GROUP from the reporting period 2018 onwards:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹⁾
Annual Improvements	Omnibus of amendments to its standards, primarily with a view Improvements to removing inconsistencies and clarifying wording ¹⁾

¹⁾ No significant impact on the financial position and performance or cash flows of the CALIDA GROUP.

The impact of the amended and new accounting standards is as follows:

IFRS 9 - FINANCIAL INSTRUMENTS

As of 1 January 2018, IFRS 9 defines the classification and measurement of financial assets and financial liabilities and introduces new regulations for hedge accounting and the impairment of financial assets. For the transition, the CALIDA GROUP has applied the modified retrospective approach.

Classification and measurement

As of 1 January 2018, the CALIDA GROUP accounted only for financial instruments measured at amortised cost and at fair value through profit or loss; the introduction of IFRS 9 does not result in any amendment to classification or measurement.

Impairment of financial assets

The introduction of IFRS 9 replaces the incurred credit loss model applied for credit risks under IAS 39 with a new expected credit loss model.

The CALIDA GROUP's cash and cash equivalents, trade accounts receivable and financial assets qualify as financial assets for which the new expected credit loss model pursuant to IFRS 9 is applicable.

Trade accounts receivable of the CALIDA GROUP primarily comprise receivables from wholesale customers (B2B). Purchases of goods by end consumers in retail stores or online (B2C) are settled in cash or by credit card payment upon transfer of the goods or when ordering and are therefore not affected.

The credit risk for wholesale receivables is assessed using credit checks, long-standing business relationships with the customers as well as on a case-by-case basis. The history of the payment defaults is used as a basis for assessing the expected payment defaults. Applying IFRS 9 did not result in any significant change in allowances in the reporting year.

Hedge accounting

Pursuant to IFRS 9, hedge accounting can be applied to hedges as the standard is more principles-based. The new model reconciles the treatment of hedges with financial risk management.

The Group's financial risk management, documentation of hedges as well as the resulting measurement and presentation meet the requirements of IFRS 9.

As of 1 January 2018, the CALIDA GROUP only had forward exchange contracts outstanding for currency hedges, which had been entered into without having to pay a premium.

As of 1 January 2018, fair value adjustments for cash flow hedges continue to be recognised in the statement of comprehensive income. For hedges of non-financial items (e.g. purchases of goods), the amounts posted are offset against the non-financial items directly from equity in the period where the hedged cash flows occurs.

IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Under IFRS 15, revenue is to be recognised once the control of goods or services is transferred to a customer. As the sale of goods in the CALIDA GROUP consists of non-complex agreements (takes place at a point in time, and not over a period of time, mainly basic transaction price and no other performance obligations), application of the new standard does not have a significant impact on the net income of the Group.

Adjustments

For better comparability with the prior-year period, the CALIDA GROUP used the full-retrospective approach for the transition period.

In the consolidated statement of financial position, the separate disclosure of the right of return results in a reclassification from inventories of CHF 936 (1 January 2017) and CHF 1'644 (31 December 2017) as well as a reclassification from other current liabilities of CHF 1'792 (1 January 2017) and CHF 3'164 (31 December 2017).

The influence of IFRS 15 on net sales, operating expenses and relative gross profit margin is not material. Accordingly, they have not been adjusted.

The IASB has enacted new and amended standards and interpretations. The following changes are potentially relevant and applicable for reporting periods from 2019 onwards:

Standard	Description	Effective date
Annual improvement process	Omnibus of amendments to various IFRS standards, primarily with a view to removing inconsistencies and clarifying wording.	1 January 2019 ¹⁾
IFRS 16	Leases	1 January 2019

¹⁾ No significant impact on the financial position and performance or cash flows of the CALIDA GROUP.

The impact of the amended and new accounting standards is as follows:

IFRS 16 - LEASES (APPLICABLE AS OF 1 JANUARY 2019)

IFRS 16 requires those applying the standard to recognise leases in their statement of financial position. A distinction between operating leases and finance leases is no longer made at the lessee.

The retail network, in particular for the CALIDA, AUBADE and OXBOW divisions, results in a significant impact on the consolidated financial statements for the CALIDA GROUP.

As of 1 January 2019, the simulations performed lead to a right-of-use asset of CHF 65 – 75 million, an increase in current liabilities of CHF 15 – 20 million (lease liability < 12 months) and non-current liabilities of CHF 50 – 55 million (lease liability > 12 months). As a result, the equity ratio decreased slightly below 50%. Had IFRS 16 already been applied for fiscal year 2018, the operating result would have been CHF 1 million higher and the net income would have decreased immaterially.

The change in the net income is attributable to the front-loading effect of applying the modified retrospective method: As the interest expense is measured relative to the lease liability, the expenses in the income statement is higher at the beginning of the lease period and lower towards the end compared to the effective lease payments made. The effects cancel each other out over the lease period.

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of CALIDA Holding AG and its subsidiaries as of 31 December 2018, all of which are prepared in accordance with uniform accounting principles. The consolidated financial statements of the CALIDA GROUP include all companies in which the Group holds more than 50% of voting rights, or which it controls in some other way. Newly acquired companies are consolidated from the date that control is obtained. The acquisition method is applied. For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets.

In business combinations, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at acquisition-date fair value. Any goodwill arising from acquisition is capitalised and tested on an annual basis for impairment. A bargain purchase, which arises when the fair value of the identified net assets exceeds the consideration transferred on the acquisition date, is recorded directly in the income statement.

All intercompany transactions, unrecognised profits and open positions are eliminated for consolidation purposes.

Measurement principles

FOREIGN CURRENCY TRANSLATIONS

The annual financial statements of foreign subsidiaries are prepared in the respective local currency, which is also the functional currency of the subsidiary in question. The currency translation into Swiss francs for consolidation purposes is as follows: statement of financial position at year-end rates, income statement and statement of cash flows at average rates over the reporting period. Exchange differences resulting from this principle, as well as those arising from the translation of intercompany equity-like loans, are recorded in other comprehensive income. Once the Group loses control over a subsidiary, the cumulative currency translation differences are recycled from other comprehensive income to profit or loss. Other exchange differences, including those from foreign

currency positions and transactions relating to normal business activities, are posted through the income statement.

Goodwill and fair value adjustments of assets and liabilities in connection with acquisitions of foreign subsidiaries are treated as assets and liabilities of this foreign operation and translated into Swiss francs at the rate prevailing on the reporting date.

Exchange rates at year-end	Unit	2018	2017
EUR	1	1.1255	1.1688
USD	1	0.9843	0.9790
HUF	100	0.3500	0.3769
GBP	1	1.2486	1.3156
TND	1	0.3288	0.3967
JPY	100	0.8915	0.8674
CNY	1	0.1434	0.1498
Average exchange rates for the year	Unit	2018	2017
EUR	1	1.1549	1.1101
USD	1	0.9781	0.9842
HUF	100	0.3622	0.3590
GBP	1	1.3053	1.2674
TND	1	0.3718	0.4086
JPY	100	0.8859	0.8778
CNY	1	0.1479	0.1456

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on observable market prices or on using generally accepted valuation methods such as option price models or the discounted cash flow method.

Statement of financial position

FINANCIAL ASSETS

Effective 1 January 2018, assets are classified as follows:

Subsequent measurement at amortised cost

Subsequent measurement at fair value (through profit and loss)

The main objective of the CALIDA GROUP is to hold these financial assets, generate interest income and collect the nominal amount at maturity. This is the “held to collect” business model, and the financial assets are recognized at amortized cost (which corresponds to the nominal value for short-term receivables).

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, time deposits and sight funds which are held at banks or similar institutions and have an original term to maturity of less than three months. Positions are measured at nominal values.

Trade accounts receivable

Trade accounts receivable and other current receivables are measured at transaction price. Trade accounts receivable are subsequently measured at amortised cost applying the effective interest method.

Trade accounts receivable of the CALIDA GROUP primarily comprise receivables from wholesale customers (B2B). The credit risk for wholesale receivables is assessed and measured on a case-by-case basis using credit checks, long-standing business relationships with the customers according to the expected credit loss model. The CALIDA GROUP uses the simplified approach under IFRS 9.

The allowance account for receivables is carried separately and reflects the difference between the carrying amount of the receivables and the present value of the future expected cash flows from the transaction. A receivable is offset against the allowance amount only if it is no longer recoverable. Changes in the allowance account are recorded within sales and marketing expenses.

Loans and other financial assets

Loans as well as other financial assets that are held to generate contractual cash flows that solely represent principal or interest payments are measured at amortised cost. Initial measurement is at fair value plus transaction costs. Subsequently, they are measured using the effective interest method at amortised cost, less impairment using the expected credit loss model.

They are shown as current assets if they are due within twelve months after the reporting date. Otherwise they count as non-current assets.

Regular way purchases or sales of financial assets are recognised on the date the Group makes a commitment to buy or sell the asset.

Financial assets are derecognised when the rights to the cash flows have expired or if the right to receive the cash flows has been transferred and the CALIDA GROUP has substantially transferred all risks and rewards incidental to ownership.

Derivative financial instruments

The CALIDA GROUP uses hedging instruments such as forward exchange contracts or currency options to hedge against the exchange rate risk from firm commitments or highly probable forecast transactions (cash flow hedge).

Derivative financial instruments are measured at fair value on the date they are entered into and then subsequently as of each reporting date. If the fair value is positive, they are recorded as an asset and if it is negative, as a liability.

All fair value changes in derivative financial instruments are recorded through profit or loss unless the criteria for hedge accounting are fulfilled. If so, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in the income statement. Amounts recorded in other comprehensive income are recycled directly from equity to the acquisition cost of the hedged goods in the period in which the hedged transaction is recorded. If the forecast transaction is no longer expected to occur, the cumulative gains or losses previously recorded in other comprehensive income are recycled to the financial result.

INVENTORIES

Inventories comprise raw materials, semi-finished and finished goods and merchandise. Inventories are measured at the lower of cost and net realisable value.

Raw materials are measured at cost price using the weighted average cost method. Semi-finished and finished goods produced internally are measured at production cost and merchandise at cost price. Production cost includes the entire cost of material, manufacturing costs and the proportionate share of fixed production overheads.

Outmoded and unsaleable goods are written down to their net realisable value, i.e. the estimated selling price less the costs of completion and the costs necessary to make the sale. This is calculated using a range of coverage analyses for standard products. Seasonal effects are considered for fashion items. Unrealised profits from intercompany transactions are eliminated.

PROPERTY, PLANT AND EQUIPMENT

Land is recognised at cost. Buildings, machines, vehicles and plant facilities are recorded at cost less accumulated depreciation and impairment. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful life in years
Buildings	5–40
Fixtures and fittings	5–12
Machinery	5–10
IT equipment and operating software	3–5
Vehicles	4–5
Furniture	3–10
Store fittings	3

Residual values, useful lives and the depreciation method used are reviewed and adjusted as necessary at year-end. Impairment losses are recorded where necessary.

The Group has not entered into any finance leases. Maintenance and repair costs are expensed immediately unless they increase the value of the asset.

GOODWILL

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Goodwill is recognised as an asset with an indefinite useful life. It is not amortised but subject to an impairment test annually and whenever there are indications of possible impairment.

INTANGIBLE ASSETS

Licences, software and customer lists are recognised at cost less any accumulated amortisation and any accumulated impairment losses. They are amortised on a straight-line basis over their useful lives as follows:

	Useful life in years
Customer lists	5–10
Licences	3–5
Software	3–5

Costs for development projects or software are capitalised if they will yield measurable benefits for the entity over several years.

Trademarks

Trademarks are treated as intangible assets with an indefinite useful life provided there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Intangible assets with indefinite useful lives are not amortised but subject to an annual impairment test.

Key money

Provided there is an active market and legal basis, key money for retail stores is not amortised but subject to an annual impairment test. Key money that is not repayable or only payable in certain circumstances is amortised over the term of the lease agreement, including any prolongation options.

IMPAIRMENT OF ASSETS

Items of property, plant and equipment and intangible assets are tested for impairment at each reporting date. If there are indications of impairment, an impairment test is carried out to determine the recoverable amount of the asset. The recoverable amount is determined for the cash-generating unit to which the asset belongs if the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount is the higher of the fair value less costs to sell and the value in use. An asset is impaired when its carrying amount exceeds its recoverable amount. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually and whenever there is an indication that it may be impaired.

With the exception of goodwill, assets are reviewed on each reporting date for any indications that a previously recorded impairment loss no longer exists or has decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

FINANCIAL LIABILITIES

Effective 1 January 2018, financial liabilities are classified as follows:

Subsequent measurement at amortised cost

Subsequent measurement at fair value (through profit and loss)

Derivative financial instruments

Refer to the detailed description in the section "Financial assets".

Trade accounts payable

Trade accounts payable are initially recognised at fair value and subsequently at amortised cost.

Other financial liabilities at amortised cost

Financial liabilities primarily comprise loans from banks and current liabilities. They are initially measured at fair value, which is generally determined as the amount needed to settle the liability less transaction costs. Other financial liabilities are subsequently measured at amortised cost; any difference between the amount received (after deducting transaction costs) and the amount repayable is recorded in financial expense over the term of the liability using the effective interest method.

Any amount or portion due in the next twelve months is recognised as current liabilities. If there are provisions permitting an extension of the contractual term, the new term is used to classify the liability as current or non-current.

PROVISIONS

Provisions are set up if the Group has a legal or constructive obligation from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

SHARE CAPITAL

Share capital equals the nominal value of all shares outstanding.

CAPITAL RESERVES

Paid-in capital exceeding the nominal share value (less transaction costs) and allocations of share options from share-based payments are recognised in the capital reserves.

TREASURY SHARES

Treasury shares are measured at cost and deducted from shareholders' equity. Gains or losses from the disposal of treasury shares are recognised directly in the capital reserves.

Income statement**NET SALES (CONTRACTS WITH CUSTOMERS)**

Net sales comprise the transaction price for sales to third parties taking into account (deduction) of any value-added tax, volume discounts, returns or other reductions. These are estimated using existing contracts and expected values.

Revenue is recognised when control is transferred to the customer (e.g. handover of goods in the shop or upon delivery).

In connection with customer returns, right of return assets and refund liabilities are recorded in the statement of financial position. These are calculated on the basis of past experience and changes in net sales. Performance obligations from customer loyalty programmes, which are currently not significant, are accounted for in net sales.

EMPLOYEE BENEFITS AND OTHER DEFINED BENEFIT PLANS

The CALIDA GROUP maintains both defined contribution and defined benefit plans.

Employees in Group companies outside of Switzerland are mainly insured via state pension funds or independent savings institutions. These plans are classified as defined contribution plans. Under these defined contribution plans, the CALIDA GROUP pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation relating to employee service in prior periods. The contributions are recognised as personnel expenses in the period in which they are made.

Pension plans in Switzerland and some in France qualify as defined benefit plans. The net defined benefit liability or asset is calculated based on actuarial valuations, which are prepared annually. The defined benefit obligation is determined using the projected unit credit method, taking into account the service rendered by employees up to the reporting date as well as assumptions as to future salary trends,

employee turnover and mortality. The actuarial valuations use the most recent generational tables to consider expected mortality.

The present value of the defined benefit obligation (DBO) is compared to the fair value of the plan assets for each plan and recognised as a net defined benefit liability or asset. The carrying amount of any asset is limited so that it does not exceed the economic benefits available to the CALIDA GROUP in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of defined benefit plans are recorded as follows:

Service cost (current and past service costs from plan amendments): through profit and loss, within personnel expenses.

Net interest on the net defined benefit liability or asset: through profit and loss, within financial result.

Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses, the return on plan assets (less interest at the discount rate, which is included in net interest) as well as the effects of the asset ceiling: in other comprehensive income.

SHARE-BASED PAYMENTS

Certain members of Executive Management and other executive employees receive equity-settled share-based payments. A share-based payment is measured at fair value as of the date on which it is granted using a binomial model (options) or a simulation algorithm (LTI). The amount is recorded in personnel expenses on a straight-line basis over the vesting period based on the number of equity instruments that management estimates will actually become vested.

BORROWING COSTS

Interest costs and other borrowing costs are expensed directly and only capitalised if they are directly related to the acquisition or production of a qualifying asset.

INCOME TAXES

Provisions are recognised for taxes on profits regardless of when they fall due for payment.

Deferred taxes are the result of temporary differences arising when measuring items in the financial state-

ments according to uniform Group principles compared to measurements for tax purposes. They are calculated using the balance sheet liability method. Expected tax rates are relevant. Deferred tax assets on tax losses carried forward are only recognised if it is probable that they can be realised by offsetting against future profits.

Current and deferred tax assets and liabilities are netted if there is a legally enforceable right to do so and the income taxes were levied by the same tax authority. No deferred taxes are recognised for taxes that would be payable upon distribution of subsidiaries' profits unless the distribution is planned to take place in the foreseeable future.

Estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period, and the amount of income and expenses during the reporting period. Assets and liabilities are recognised when it is probable that any future economic benefit associated with the item will flow to or from the entity and value or cost can be measured reliably. If these estimates and assumptions – made by management to the best of their knowledge as of the reporting date – prove to differ significantly from the actual circumstances at a later point in time, the original estimates and assumptions are adjusted in the reporting period in which the circumstances changed. In the following, the key assumptions as to future developments are set out together with details of the main sources of estimation uncertainty that could trigger adjustments to assets and liabilities over the next twelve months.

INVENTORIES

Inventories are written down to reflect losses in value of unsaleable, slow-moving or defective raw materials, semi-finished and finished goods and merchandise. The allowances are determined based on assumptions as to the resaleability of the goods. Management relies on past experience but also considers trends in future sales as well as differences in the resaleability of raw materials compared to seasonal and standard articles within the range. Write-downs totalling CHF 27'395

(2017: CHF 26'219) were recorded as of 31 December 2018. Inventories were recognised at a net carrying amount of CHF 100'377 (2017 (adjusted): CHF 85'700) as of 31 December 2018. The actual outcome may differ from the assumptions due to changes in the market conditions or economic environment. Such differences would impact the subsequent reporting period.

KEY MONEY

Key money is recognised at cost. Provided there is an active market and legal basis, key money is not amortised but subject to an annual impairment test. The impairment test involves making estimates and assumptions about the expected future cash flows associated with the use of key money. The actual cash flows may differ from the discounted future cash flows based on these estimates. Key money, which has an indefinite useful life, is carried at CHF 20'851 (2017: CHF 20'421).

NET DEFINED LIABILITY OR ASSET

Pension liabilities or pension assets are measured on the basis of various assumptions about financial and demographic developments. These assumptions are reviewed annually and adjusted if necessary. Changes in assumptions, e.g. the discount rate of future salaries, or circumstances can materially impact the amount of future cost of a defined benefit plan as reported in the income statement or other comprehensive income, and the net defined benefit liability (asset) reported. The defined benefit asset recorded in the statement of financial position as of 31 December

2018 came to CHF 203 (2017: CHF 210) and the defined benefit liability to CHF 2'497 (2017: CHF 7'352).

PROVISIONS

The provisions were determined based on a best estimate, i.e. the amount that the Company would rationally pay to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of each reporting period. Expenses incurred may vary depending on developments in potential proceedings, including legal rulings. Such changes would affect the subsequent reporting period. The provisions amounted to CHF 5'947 as of 31 December 2018 (2017: CHF 7'192).

DEFERRED TAX ASSETS FROM TAX LOSSES CARRIED FORWARD

Various companies of the CALIDA GROUP carry forward substantial tax losses. These lapse after seven years in Switzerland. In some other countries there is no limitation period. Deferred taxes are calculated based on the assumption that temporary differences will be recovered before the tax loss carryforward lapses and can therefore be offset against tax loss carryforwards. Tax effects on tax losses carried forward are also capitalised based on future expected earnings. If there is uncertainty as to the future development of earnings at a given Group company, no deferred tax assets are recognised. Deferred tax assets of CHF 8'394 are recognised on tax loss carryforwards as of 31 December 2018 (2017: CHF 7'117).

Scope of consolidation

SCOPE OF CONSOLIDATION AS OF 31 DECEMBER 2018

Company ¹⁾	Registered office	Activity	Share capital In local currency	Capital share/ voting rights in %
CALIDA AG	Oberkirch/Sursee, Switzerland	Sales/logistics	CHF 10'000'000	100.0%
CALIDA Austria GmbH	Vienna, Austria	Sales	EUR 100'000	100.0%
CALIDA Belgium SPRL	Forest, Belgium	Sales	EUR 18'550	100.0%
CALIDA Finance AG	Sursee, Switzerland	Financial services	CHF 100'000	100.0%
CALIDA France SAS	Paris, France	Sales	EUR 16'639'200	100.0%

in CHF 1'000

Company ¹⁾	Registered office	Activity		Share capital In local currency	Capital share/ voting rights in %
CALIDA GmbH	Lörrach, Germany	Sales	EUR	102'258	100.0%
CALIDA Handels GmbH	Lörrach, Germany	Sales	EUR	100'000	100.0%
CALIDA Management AG	Oberkirch, Switzerland	Management services	CHF	100'000	100.0%
CALIDA Netherlands BV	Rotterdam, the Netherlands	Sales	EUR	18'000	100.0%
CALIDA Ungarn Produktionsgesellschaft mbH	Rajka, Hungary	Production	HUF	477'300'000	100.0%
AUBADE SA	Oberkirch, Switzerland	Sales	CHF	500'000	100.0%
AUBADE Paris SAS	Paris, France	Sales/logistics	EUR	15'754'230	100.0%
AUBADE Denmark ApS	Hellerup, Denmark	Sales	DKK	80'000	100.0%
AUBADE Handels GmbH	Lörrach, Germany	Sales	EUR	100'000	100.0%
AUBADE Paris (UK) Ltd.	Hemel Hempstead, UK	Sales	GBP	100	100.0%
AUBADE Paris & Cie SCS	Monte Carlo, Monaco	Sales	EUR	100'000	100.0%
BELAUBADE SA	Forest, Belgium	Sales	EUR	362'000	100.0%
Société de Lingerie Azur	Monastir, Tunisia	Production	TND	10'000	100.0%
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100.0%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	87.7%
MILLET Outdoor Products (Nanjing) CO. Ltd.	Nanjing, China	Production/sales	CNY	15'000'000	87.7%
L.M.O. SRL.	Grassobbio, Italy	Sales	EUR	10'000	87.7%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	87.7%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	87.7%
LAFUMA GROUP GmbH	Stephanskirchen, Germany	Sales	EUR	285'000	87.7%
LAFUMA GROUP SL	Barcelona, Spain	Sales	EUR	475'000	87.7%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	87.7%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY	10'000'000	87.7%
LAFUMA MOBILIER SAS	Anneyron, France	Production/sales	EUR	9'262'561	87.7%
LALLEMAND SAS	Vieux d'Izenave, France	Production/sales	EUR	925'540	87.7%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR	113'445	87.7%
LAFUMA America Inc.	Duluth, USA	Sales	USD	24'500	87.7%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF	100'000	87.7%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	87.7%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	87.7%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	87.7%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR	25'000	100.0%

¹⁾ Only active companies are listed.

ACQUISITION OF REICH ONLINE SERVICES GMBH

As of 1 March 2017, the CALIDA GROUP acquired 100% in Reich Online Services GmbH, the German specialist in e-commerce. With this acquisition, the CALIDA GROUP reinforced its expertise in the growing e-commerce segment in line with its strategy.

The purchase price allocation is definitive. The market values of the identified assets and liabilities of Reich Online Services GmbH on the date control was transferred (1 March 2017) are as follows:

ACQUIRED NET ASSETS	Market values
Cash and cash equivalents	1'435
Inventories	1'555
Other current assets	284
Property, plant and equipment	765
Intangible assets	1'435
Other non-current assets	258
Assets	5'732
Trade accounts payable	-1'401
Current provisions	-151
Other current liabilities	-500
Non-current liabilities	-426
Liabilities	-2'478
Acquired net assets	3'254
Goodwill	8'810
Total purchase price	12'064
Acquired cash and cash equivalents	-1'435
Contingent purchase price payments	-2'009
Net outflow of cash and cash equivalents	8'620

The goodwill mainly includes expertise in e-commerce and online market access for the CALIDA brand in Germany. The goodwill is not tax deductible. The contingent purchase price payments depend on operating targets being achieved, are subject to possible exchange rate fluctuations and interest rate risks, and are due as of 31 January 2018 (CHF 1'160) or 1 January 2019. The targets set were achieved, resulting in the liabilities recognised being paid out in full.

As of 31 December 2018, contingent purchase price payments are calculated at CHF 1'126 (see note 8).



OXBOW | S.U.P. | Play Air
Top | Trek
Leggins | Rasta

Notes to the consolidated financial statements

The figures in the notes of the consolidated financial statements are presented in thousand Swiss francs (CHF 1'000) unless indicated otherwise (information on share and option prices, dividends and earnings per share are presented in CHF 1).

1. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand and bank balances	43'613	45'200
Total	43'613	45'200

The effective interest rate for bank balances and current bank deposits was between 0.0% and 0.2% (2017: 0.0% and 0.2%).

2. TRADE ACCOUNTS RECEIVABLE

	2018	2017
Trade accounts receivable from third parties	43'929	49'416
Trade accounts receivable from related parties	1	13
Allowances	-4'944	-5'699
Total, net	38'986	43'730

The payment terms are contractually agreed and are in the majority 60 days. No interest is charged for the first 120 days after the invoice date. Thereafter, interest is charged on the amount outstanding at a rate of between 5% and 10% p.a. Trade accounts receivable can be broken down into those that are past due and those that are not past due based on the individual terms agreed with the customer.

On 21 December 2018, a group company entered into a factoring agreement with a financial institution which provides for the sale of individual receivables of up to a maximum amount of EUR 7 million. The accounting of this transaction falls within the scope of application of IFRS 9.

For the derecognition of an asset, IFRS 9 stipulates an approach which is based on three criteria:

Transfer of cash flows in connection with the transferred asset;

Transfer of substantially all of the risks and rewards of ownership of the transferred asset;

Transfer of control of the transferred asset.

The agreement stipulates that, for the assignment of the selected receivables in favour of the financial institution, the company exercise all rights that meet the criteria for derecognition pursuant to IFRS 9. The derecognized receivables as of 31 December 2018 amount to CHF 7.7 million.

The ageing analysis is as follows:

	Gros	Allowances	Net 2018	Net 2017
Not past due	30'951	-12	30'940	33'661
Past due by 1–60 days	5'843	-1	5'841	7'599
Past due by 61–120 days	1'160	-62	1'098	1'217
Past due by more than 120 days	5'976	-4'869	1'107	1'253
Total, net	43'930	-4'944	38'986	43'730

Allowances for trade accounts receivable are made based on individual assessment and recent experience.

in CHF 1'000

Bad debt allowances:	2018	2017
Balance as of 1 January	-5'699	-5'696
Additions	-1'400	-1'016
Utilisation	806	1'028
Reversal	1'163	397
Exchange differences	186	-412
Balance as of 31 December	-4'944	-5'699

Currencies of relevance for trade accounts receivable:	2018	2017
CHF	2'865	1'601
EUR	28'949	34'742
JPY	2'519	2'249
USD	1'684	1'964
CNY	1'021	1'362
Other	1'948	1'812
Total, net	38'986	43'730

3. OTHER CURRENT RECEIVABLES

	2018	2017
Receivables from government authorities	3'570	5'439
Receivables from pension funds	29	47
Prepayments to suppliers	1'533	1'880
Other receivables	1'399	1'782
Total	6'531	9'148

4. INVENTORIES

	2018	2017 (adjusted)
Raw materials	9'437	9'423
Semi-finished goods	9'817	9'681
Finished goods	81'123	66'596
Total, net	100'377	85'700

Inventories include allowances of CHF 27'395 (2017: CHF 26'219) for outmoded and unsaleable goods.

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Fixtures and fittings	IT equipment	Furniture and store fittings	Vehicles	Assets under construction	Total
Historical cost								
1 January 2017	49'729	13'336	14'657	5'136	34'650	900	532	118'940
Additions	697	1'366	389	337	2'746	289	708	6'532
Disposals	-1'216	-369	-326	-48	-3'438	-207	-	-5'604
Reclassification ¹⁾	-7'003	534	8'117	1	-877	95	-867	-
Change in the scope of consolidation	-	-	227	-	525	14	-	766
Exchange differences	1'065	1'523	369	335	2'693	7	20	6'012
31 December 2017	43'272	16'390	23'433	5'761	36'299	1'098	393	126'646
Additions	644	1'820	1'326	349	2'036	175	664	7'014
Disposals	-3	-407	-2'005	-921	-2'354	-217	-	-5'907
Reclassification ¹⁾	14	27	3'033	160	-2'370	-	-864	-
Exchange differences	-662	-1'352	-374	-189	-1'206	-49	-7	-3'839
31 December 2018	43'265	16'478	25'413	5'160	32'405	1'007	186	123'914
Accumulated depreciation and impairment								
1 January 2017	42'493	9'208	14'109	3'903	28'933	517	-	99'163
Depreciation	796	1'071	444	643	3'443	142	-	6'539
Disposals	-1'216	-367	-366	-43	-3'404	-155	-	-5'551
Reclassification ¹⁾	-4'858	-17	5'480	-	-699	94	-	-
Exchange differences	770	1'236	219	295	2'377	7	-	4'904
31 December 2017	37'985	11'131	19'886	4'798	30'650	605	-	105'055
Depreciation	432	1'156	1'436	588	2'885	141	-	6'638
Disposals	-	-400	-1'995	-921	-2'207	-179	-	-5'702
Reclassifications ¹⁾	-	-	2'713	-	-2'713	-	-	-
Exchange differences	-489	-1'056	-248	-164	-1'047	-36	-	-3'040
31 December 2018	37'928	10'831	21'792	4'301	27'568	531	-	102'951
Net carrying amount as of 31 December 2018	5'337	5'647	3'621	859	4'837	476	186	20'963
Net carrying amount as of 31 December 2017	5'287	5'259	3'547	963	5'649	493	393	21'591

¹⁾ During the review of property, plant and equipment, reclassifications were made to ensure the group-wide uniformity of disclosures. Depreciation was correctly carried out in accordance with the accounting guidelines at all times.

6. INTANGIBLE ASSETS

Historical cost

	Goodwill	Brands, licences and patents	Customer lists	Software	Key money	Other intangible assets	Total
1 January 2017	36'761	35'683	4'400	10'138	23'377	3'192	113'551
Additions	-	26	-	1'405	576	1'162	3'169
Disposals	-	-18	-	-46	-229	-97	-390
Reclassification	-	-	-	2'748	-	-2'748	-
Change in the scope of consolidation	8'810	-	517	1	-	918	10'246
Exchange differences	4'208	3'260	448	798	1'933	167	10'814
31 December 2017	49'779	38'951	5'365	15'044	25'657	2'594	137'390
Additions	-	11	-	2'260	350	946	3'567
Disposals	-	-	-	-579	-101	-19	-699
Reclassification	-	-	-	522	-	-522	-
Exchange differences	-1'856	-1'456	-199	-448	-874	-74	-4'907
31 December 2018	47'923	37'506	5'166	16'799	25'032	2'925	135'351

Accumulated amortisation and impairment

1 January 2017	19'168	11'722	4'243	7'834	2'904	368	46'239
Amortisation and impairment	-	31	171	1'887	327	59	2'475
Disposals	-	-	-	-46	-229	-97	-372
Exchange differences	1'766	1'101	393	644	127	-7	4'024
31 December 2017	20'934	12'854	4'807	10'319	3'129	323	52'366
Amortisation and impairment	-	27	197	2'168	281	90	2'763
Disposals	-	-	-	-465	-74	-15	-554
Exchange differences	-788	-492	-183	-372	-54	6	-1'883
31 December 2018	20'146	12'389	4'821	11'650	3'282	404	52'692
Net carrying amount as of 31 December 2018	27'777	25'117	345	5'149	21'750	2'521	82'659
Net carrying amount as of 31 December 2017	28'845	26'097	558	4'725	22'528	2'271	85'024

GOODWILL

As of 31 December, goodwill is allocated to the cash-generating units (CGU) as follows:

	2018	2017
CALIDA	9'303	9'660
MILLET MOUNTAIN GROUP	11'167	11'597
LAFUMA MOBILIER	7'307	7'588
Total	27'777	28'845

The recoverable amount of a CGU is derived from the value-in-use calculation. For these calculations, the estimated free cash flows are used based on the business plans. The planning period is five years. For the CALIDA/MILLET MOUNTAIN GROUP/LAFUMA MOBILIER division, an average sales growth rate of 4.6% to 8.2% (2017: 5.5% to 9.4%) and a pre-tax discount rate of 8.4% to 13.0% (2017: 8.5% to 13.3%) is considered. The pre-tax discount rate applied reflects the specific risks for the operating segments. Cash flows beyond the planning period are projected with a growth rate of between 1.5% and 1.9% (2017: 1.5%), which does not exceed the long-term growth rate of the respective market in which the CGU is active.

The recoverable amount exceeds the carrying amounts recorded. Even if the basis data were to change significantly, e.g. zero growth beyond the planning period, no impairment of goodwill would result.

BRANDS

The CALIDA GROUP owns several brands with indefinite useful lives based on their high degree of recognition and long tradition as well as the marketing strategies aimed at maintaining the position of the brands. These brands are tested for impairment annually at the level of the cash generating units (CGU), which is the respective operating segment. The main brands are MILLET (CHF 9.6 million, 2017: CHF 9.9 million), LAFUMA MOBILIER (CHF 8.4 million, 2017: CHF 8.7 million) and AUBADE (CHF 3.6 million; 2017: CHF 3.7 million). The average growth rates for the planning periods are 2.8% to 8.2% (2017: 3.5% to 9.4%). The growth rate for the periods beyond that is estimated at 1.9% (2017: 1.5%). The pre-tax discount rates are 9.9% to 13.0% (2017: 10.7% to 13.3%).

KEY MONEY

Key money for retail space for AUBADE, CALIDA, MILLET MOUNTAIN GROUP and OXBOW is recognised as an asset with an indefinite useful life at a carrying amount of CHF 20'851 (2017: CHF 20'421). The recoverable value is determined per store based on a value-in-use calculation which uses cash flow forecasts based on individual business plans per store and assumes that sales will grow at a rate of between 1.5% and 1.9% (2017: 1.5%) after the planning period. A pre-tax discount rate of 9.9% to 15.8% (2017: 10.7% to 15.5%) is applied.

7. FINANCIAL ASSETS

	2018	2017
Derivative financial instruments	1'016	-
Sundry other financial assets	6	10
Current financial assets	1'022	10
Derivative financial instruments	515	-
Sundry other financial assets	5'286	5'354
Non-current financial assets	5'801	5'354
Total non-current financial assets	6'823	5'364

The derivative financial instruments are exclusively for hedging activities with regard to future cash outflows for USD sourcing.

Other financial assets mainly relate to security deposits paid for rental agreements. Their terms match the terms of the respective rental agreement.

8. FINANCIAL LIABILITIES

Net liquidity – the difference between interest-bearing debt and cash and cash equivalents – decreased in the reporting period from CHF 32.3 million to CHF 14.6 million, in particular due to the acquisition of non-controlling interests in LAFUMA SA. Financial liabilities break down as follows:

	2018	2017
Current financial liabilities to banks	27'896	10'516
Contingent consideration	1'126	1'171
Derivative financial instruments	32	1'941
Current financial liabilities	29'054	13'628
<i>Current financial liabilities – default Derivative financial instruments</i>	<i>29'022</i>	<i>11'687</i>
Contingent consideration	–	1'169
Derivative financial instruments	10	1'405
Non-current financial liabilities	10	2'574
<i>Non-current financial liabilities – default Derivative financial instruments</i>	<i>–</i>	<i>1'169</i>
Total financial liabilities	29'064	16'202

The CALIDA GROUP has the following syndicated loan facility as of the reporting date 31 December:

Debtor: CALIDA Holding AG CALIDA Finance AG CALIDA AG	Currency	Interest rate	Term	Credit volume 2018	Thereof utilised 2018	Credit volume 2017	Thereof utilised 2017
Acquisition loan	EUR	LIBOR + margin ¹⁾	2013–2018	n/a	n/a	7'010	7'010
Revolving credit facility	various	LIBOR + margin ¹⁾	2018 – 2024 (2013–2018)	40'000	27'655	65'376	3'506
Total syndicated loan				40'000	27'655	72'386	10'516

¹⁾ Depending on leverage

In 2018, the CALIDA GROUP renewed the loan agreement with the syndicate of banks. This again comprises a revolving credit facility of CHF 40 million to secure long-term financing and an option to increase the loan. Claims of CHF 27'655 had been made as of the reporting date.

Besides other terms and conditions, the facility contains financial covenants relating to leverage (expressed as the ratio of net debt to EBITDA) and the equity ratio (equity as a percentage of total assets). There are other conditions typical for syndicated loan agreements. All covenants and other conditions were met during the reporting period 2018 and 2017.

9. TRADE ACCOUNTS PAYABLE

	2018	2017
Trade accounts payable	34'259	22'677
Total	34'259	22'677

Trade accounts payable break down by currency as follows as of reporting date:

	2018	2017
CHF	892	1'488
EUR	26'374	13'984
USD	5'250	4'006
JPY	762	1'345
Other	981	1'854
Total	34'259	22'677

Trade accounts payable do not bear interest and are usually payable within 30 to 60 days.

10. OTHER CURRENT LIABILITIES

	2018	2017 (adjusted)
Liabilities to government authorities	7'796	8'825
Advance payments received from customers	580	714
Liabilities to commercial agents	381	402
Other liabilities	4'823	4'349
Total	13'580	14'290

Other current liabilities do not bear interest and have an average payment term of 90 days.

The prepayments from customers are of a short-term nature and the performance obligations from 2017 were met in full.

11. ACCRUED EXPENSES AND DEFERRED INCOME

	2018	2017
Invoices not yet received	9'184	14'325
Accrued personnel expenses	14'253	13'679
Other accrued expenses and deferred income	9'112	8'846
Total	32'549	36'850

12. CURRENT AND NON-CURRENT PROVISIONS

	Transfer fees	Restructuring	Personnel provisions	Litigation	Other provisions	Total
1 January 2017	1'163	1'588	1'485	1'126	3'896	9'258
Additions	58	67	572	503	464	1'664
Utilisation	-	-1'055	-404	-416	-627	-2'502
Reversal	-2	-202	-685	-678	-203	-1'770
Change in the scope of consolidation	-	-	-	-	151	151
Exchange differences	30	-2	81	71	211	391
31 December 2017	1'249	396	1'049	606	3'892	7'192
Additions	53	110	968	-	401	1'532
Utilisation	-91	-275	-409	-163	-964	-1'902
Reversal	-	-	-338	-170	-171	-679
Exchange differences	-15	-12	-37	-14	-118	-196
31 December 2018	1'196	219	1'233	259	3'040	5'947
Current provisions 2018	399	219	194	259	996	2'067
Non-current provisions 2018	797	-	1'039	-	2'044	3'880
Total provisions 2018	1'196	219	1'233	259	3'040	5'947
Current provisions 2017	416	396	438	606	1'204	3'060
Non-current provisions 2017	833	-	611	-	2'688	4'132
Total provisions 2017	1'249	396	1'049	606	3'892	7'192

TRANSFER FEES

Provisions are recognised for any guaranteed transfer fees to commercial agents upon cancellation of contracts. The amount is determined based on the likelihood of occurrence and expected timing and recognised as an addition to sales provisions. Transfer fees are determined based on the sales generated by the respective commercial agent. An outflow of resources for the non-current portion is expected within the next ten years.

RESTRUCTURING

The restructuring provision covers cost for the reorganisation of operating sites and the distribution network as well as for closure of own retail stores. In the reporting period, the restructuring measures in the sales organisations in China, in particular, were largely completed.

PERSONNEL PROVISIONS

Personnel provisions relate to provisions for a long-term employee profit-sharing plan required under French law ("Participation des salariés"), for the long-term participation plans and personnel expenses in connection with restructuring measures.

The "Participation des salariés" plan is determined using a legally prescribed formula based on the local entity's profit in the commercial accounts, reduced by a pre-defined equity discount.

The provision for the long-term participation plans contains the expected residual claims of CHF 226 from the phantom stock plan (see also note 20).

In the reporting period, the restructuring measures in the sales organisations in China were largely completed.

LITIGATION

The provision for litigation covers risks and legal costs incurred in connection with various pending legal disputes, including commercial matters. An outflow of funds is expected within 12 months.

OTHER PROVISIONS

Other provisions cover various risks to which the Group is exposed in the course of its ordinary business activities. The provisions are generally utilised within one to three years.

13. INCOME TAXES

Deferred tax assets and liabilities relate to the following items of the statement of financial position:

	Deferred tax assets		Deferred tax liabilities	
	2018	2017	2018	2017
Receivables	402	229	-8'099	-9'196
Inventories	2'003	2'521	-1'230	-1'024
Property, plant and equipment	2'283	2'755	-1'898	-2'171
Intangible assets	2	2	-6'204	-6'472
Other assets	564	1'591	-1'470	-719
Provisions	1'784	1'035	-140	-45
Defined benefit obligation	663	1'326	-57	-59
Other liabilities	943	2'841	-821	-1'288
Tax losses carried forward ¹⁾	8'394	7'117	-	-
Total deferred tax assets/(liabilities)	17'038	19'417	-19'919	-20'974
Netting	-11'467	-14'061	11'467	14'061
Total deferred tax assets/(liabilities), as disclosed	5'571	5'356	-8'452	-6'913

¹⁾ The recognised tax losses carried forward increased in the reporting period, as these were mainly recognised in the amount of the existing deferred tax liabilities, which increased.

UNRECOGNISED TAX LOSSES CARRIED FORWARD**Unrecognised tax losses carried forward lapse**

	2018	2017
in 1 year	1'132	1'190
in 2 to 5 years	3'897	4'435
in more than 5 years	5'222	4'677
do not lapse ¹⁾	62'351	72'827
Total unrecognised tax losses carried forward	72'602	83'129

¹⁾ The non-forfeitable unrecognised tax losses carried forward decreased in the reporting period, as these were mainly recognised in the amount of the existing deferred tax liabilities, which increased.

Tax losses carried forward are only recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

	2018	2017
Tax expense recorded in the income statement		
Current income taxes	-4'499	-4'743
Deferred income taxes	-657	117
Total tax expense recorded in the income statement	-5'156	-4'626
Tax effect recorded in other comprehensive income		
Deferred income taxes from hedging	-29	50
Deferred income taxes from remeasurement of defined benefit plans	-684	-303
Total tax effect recorded in other comprehensive income	-713	-253
Tax effect recorded directly in equity		
Current income taxes from share-based payments	-69	24
Deferred income taxes from share-based payments	-19	-49
Total tax effect recorded directly in equity	-88	-25

TAX EXPENSE ANALYSIS

The Group operates in various countries with differing tax laws and tax rates. As a result, the expected and actual tax expense each year depends on the specific country to which profits or losses can be attributed. The change in the expected tax rate (2018: 24.9%; 2017: 22.3%) mainly relates to the change in the mix of pre-tax results returned by the individual countries.

The analysis below shows the main factors explaining differences between the expected and actual tax expense (calculated using the weighted average tax rates based on the pre-tax profit or loss of each group company).

	2018	in %	2017	in %
Earnings before taxes	22'926		21'497	
Tax expense based on expected tax rate	-5'699	24.9	-4'787	22.3
Effect of changes in the tax rates	161		797	
Non-deductible expenses and/or non-taxable income	1'229		1'700	
Unrecognised tax losses in the current period	-1'036		-435	
Utilisation of unrecognised tax loss carryforwards	306		276	
Changes in recognised tax loss carryforwards	658		-837	
Other effects ¹⁾	-775		-1'338	
Actual tax expense recorded in the income statement	-5'156	22.5	-4'626	21.5

¹⁾ Includes CHF -1'004 (2017: CHF -940) of a French trade tax. According to local jurisdiction, a portion of this tax is calculated based on realised value added; this portion is therefore disclosed as income tax.

14. SHAREHOLDERS' EQUITY - GROUP

The share capital of CALIDA Holding AG as of 31 December breaks down as follows:

	2018	2017
8'255'951 registered shares with a par value of CHF 0.10 each (2017: 8'202'279 registered shares with a par value of CHF 0.10 each), issued and fully paid up	826	820

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 18 May 2018 approved the distribution of a dividend of CHF 0.80 per registered share to be paid from the capital contribution reserve. The dividend of CHF 6'592 was paid out on 25 May 2018. Taking into account the additional paid-up capital received from capital increases of CHF 1'937 during the reporting period, this resulted in a reduction of the capital contribution reserve of CHF -4'655. This leaves capital contribution reserves of CHF 7'265 in CALIDA Holding AG.

CONDITIONAL CAPITAL

In the reporting period, a conditional capital increase of CHF 6 (2017: CHF 8) or 53'672 registered shares (2017: 80'499 registered shares) was carried out. The average issue price was CHF 32.06 per share (2017: CHF 31.53). The premium, representing the excess over par value after deduction of transaction costs, was allocated to the capital reserves (2018: CHF 1'710; 2017: CHF 2'506).

The available conditional capital as of 31 December 2018 amounts to CHF 10 (2017: CHF 16). This equates to 104'049 registered shares (2017: 157'721 registered shares) with a par value of CHF 0.10 (2017: CHF 0.10) each.

TREASURY SHARES

As of the reporting date 31 December 2018, the Company holds 15'160 treasury shares. In the reporting year, there were no transactions with treasury shares.

15. NON-CONTROLLING INTERESTS

The Group company LAFUMA SA in Annecy-le-Vieux (F), and its subsidiaries (LAFUMA GROUP), which are controlled by the CALIDA GROUP and operate internationally, have significant non-controlling interests.

ACQUISITION OF NON-CONTROLLING INTERESTS

On 9 March 2018, CALIDA Holding AG acquired the shares from Jean-Pierre Millet in LAFUMA SA for a price of EUR 17.99 per share; the total purchase price amounted to CHF 11'503. This acquisition increased CALIDA Holding AG's shareholding in LAFUMA SA by 7.6% to 79.2%.

On 14 June 2018, CALIDA Holding AG acquired the shares held by CDC Entreprises Elan PME in LAFUMA SA for a price of EUR 17.99 per share; the total purchase price amounted to CHF 12'609. This acquisition increased CALIDA Holding AG's shareholding in LAFUMA SA by 8.5% to 87.7%.

The information on non-controlling interests is presented below:

	2018	2017
Non-controlling interests ¹⁾	12.3%	28.5%
Share of net income	1'556	1'539
Share of the shareholders' equity	11'620	25'190

¹⁾ Voting rights equal capital share.

Condensed financial information of the LAFUMA GROUP, including goodwill and fair values of the identified assets and liabilities but before elimination of intercompany transactions:

	2018	2017
Statement of financial position		
Assets	175'984	170'041
Liabilities	59'303	60'272
Net assets	116'681	109'769
Income statement		
Net sales	196'153	178'219
Net income	6'940	6'026
Statement of cash flows		
Cash flow from operating activities	7'180	13'666
Change in cash and cash equivalents	2'130	7'722

16. SIGNIFICANT SHAREHOLDERS

The following shareholders reported that they held more than 5% (directly and/or indirectly) of CALIDA Holding AG's share capital recorded in the commercial register as of the reporting date:

	2018	2017
Shareholder group of Kellenberger family members	34.3%	34.6%
Veraison Capital AG	16.1%	16.2%
Vontobel Fonds Services AG	8.7%	8.8%
Swisscanto Fondsleitung AG ¹⁾	5.0%	5.0%
Shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG	– 2)	6.7%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 5 November 2016.

²⁾ No longer subject to the notification requirement as reported to SIX Swiss Exchange on 5 January 2018.

17. DIVIDEND DISTRIBUTION

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 15 April 2019 to issue a dividend for the reporting period of CHF 0.80 per registered share from the capital contribution reserve (2017: CHF 0.80).

18. NET SALES FROM CONTRACTS WITH CUSTOMERS AND SEGMENT REPORTING

As chief operating decision maker, the CALIDA GROUP Executive Management determines the business activities and monitors internal reporting to assess performance and make decisions about resources to be allocated. The CALIDA GROUP has five reporting segments which are organised and managed independently of each other in accordance with their market alignment.

SEGMENTS

The brands CALIDA, AUBADE, LAFUMA MOBILIER and OXBOW form a reportable segment. The MILLET MOUNTAIN GROUP combines the three mountain sports and outdoor brands MILLET, EIDER and LAFUMA.

OTHER ACTIVITIES

Besides corporate functions, other activities contain some smaller activities which are not allocated to an operating segment. The operations of the multi-brand webshops www.onmyskin.de and webshops for the third-party brands are reported in other activities.

OPERATING REPORTING

The CALIDA GROUP monitors segment performance at the level of the operating profit contribution, which shows – in the presentation according to the nature of expense method – the operating profit contribution of each segment after deduction of cost of goods sold and allocated sales and marketing costs (e.g. costs of the sales organisation, rent for sales areas).

The non-allocated operating costs mainly contain costs for product development, logistics, IT, administration and management.

The CALIDA GROUP's internal reporting is based on International Financial Reporting Standards (IFRS).

Net sales of the CALIDA GROUP from contracts with customers break down by sales as follows:

2018	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	138'957	64'701	117'063	46'278	32'812	9'664	409'475
thereof e-commerce	17'114	6'461	3'810	4'263	2'405	9'664	43'716
Bricks-and-mortar sales channels	121'843	58'240	113'253	42'015	30'407	-	365'759
Operating profit contribution	36'475	17'084	26'782	12'429	6'952	1'623	101'346
Non-allocated operating costs							-79'738
Operating result							21'608
Financial result, net							1'318
Earnings before tax							22'926
Amortisation and depreciation	-3'783	-1'200	-3'028	-867	-172	-351	-9'401
thereof impairment	-	-	-	-	-	-	-
Investments	3'771	1'236	3'586	1'259	509	220	10'581

2017	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	133'777	61'576	106'195	42'150	29'733	7'202	380'634
<i>thereof e-commerce</i>	<i>11'374</i>	<i>4'870</i>	<i>2'267</i>	<i>3'185</i>	<i>1'855</i>	<i>7'202</i>	<i>30'753</i>
<i>Bricks-and-mortar sales channels</i>	<i>122'403</i>	<i>56'706</i>	<i>103'929</i>	<i>38'966</i>	<i>27'878</i>	<i>-</i>	<i>349'881</i>
Operating profit contribution	36'207	15'581	23'906	11'891	6'404	847	94'837
Non-allocated operating costs							-73'238
Operating result							21'599
Financial result, net							-102
Earnings before tax							21'497
Amortisation and depreciation	-3'916	-1'364	-2'395	-774	-201	-364	-9'014
thereof impairment	-	-	-	-	-	-	-
Investments	3'544	1'263	2'452	1'358	876	208	9'701

In the reporting period, the CALIDA GROUP recognised impairment losses for receivables from contracts with customers of CHF 483 against sales and marketing expenses (2017: CHF 954).

GEOGRAPHICAL REPORTING

	2018	2017
Net sales		
France	164'901	149'359
Germany	85'139	80'766
Switzerland	64'950	62'735
Other Europe	64'407	60'249
Asia	23'791	20'382
USA	4'730	4'886
Other markets	1'557	2'257
Total	409'475	380'634

Net sales are broken down by region according to the customer's location.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2018	2017
France	75'583	78'074
Germany	12'703	13'370
Switzerland	9'424	9'812
Hungary	2'970	3'127
Other markets	2'942	2'232
Total	103'622	106'615

Property, plant and equipment and intangible assets are broken down by geographical location. Other markets are mainly countries in the rest of Europe, Asia and North Africa.

19. PENSION PLANS AND PERSONNEL EXPENSES

Personnel expenses of the CALIDA GROUP break down as follows:

	2018	2017
Wages and salaries	-93'240	-87'795
Social security expenses	-21'698	-21'167
Expenses for defined benefit plans	-1'948	-1'800
Expenses for defined contribution plans	-1'313	-1'184
Share-based payments	-895	-1'145
Other personnel expenses	-9'617	-7'289
Total	-128'711	-120'380

Pension plans in Switzerland and some in France qualify as defined benefit plans. All other plans are defined contribution plans.

SWITZERLAND

Pension funds are subject to regulatory supervision and are governed by the BVG ["Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans]. This requires pension plans to be managed by a separate and legally independent entity. The governing body of the pension plan (Employee Benefit Committee) is responsible for general management, drafting the pension fund regulations, defining the investment strategy and determining how the benefits will be funded. The Employee Benefit Committee comprises employee and employer representatives.

The beneficiaries of the plan are insured against the economic consequences of old age, disability and death. Benefits paid to the beneficiaries are governed by the pension fund regulations but minimum benefits are also prescribed by the law (BVG/LPP). The benefits paid are based on the retirement savings capital of the insured person, which is accrued through annual contributions and interest. Annual contributions are made by the employer and the employee and depend on the insured salary and the age of the plan participant. Upon retirement, plan participants can choose between receiving a life time annuity or a lump sum payment of savings capital.

The major risks of relevance for the pension fund are the investment risk, interest rate risk, invalidity risk and risk of longevity. The pension fund of the Swiss Group companies has taken out reinsurance to cover these risks until 31 December 2018. As of 1 January 2019, the investment risk and the interest rate risk are borne by the companies themselves. The realignment has lowered the risk and the cost contribution by -12%; the invalidity risk and the risk of longevity are still insured. At the same time, the new solution offers opportunities for improved investment results, higher interest on the retirement savings capital and thus higher payments during old age and in the event of leaving the pension scheme.

With the transfer of responsibility for the investment strategy and the investment risk from the insurance company to the pension fund as of 1 January 2019, the insurer transfers additional assets in the amount of CHF 3'360 to the pension fund of the Swiss Group companies. This amount was recorded in the reporting year in the remeasurements of the net defined benefit plan in other comprehensive income.

FRANCE

Employees in France receive a lump sum retirement indemnity ("indemnité de fin de carrière", IFC). The amount due is based on the number of years of service at the company, the salary and the rank of the retiree. Entitlement lapses if the employee leaves the company before retirement. The plan for the AUBADE Division is funded, while the plans for MILLET MOUNTAIN GROUP, LAFUMA MOBILIER and OXBOW Division are not.

The net defined benefit obligation of all defined benefit plans is presented below:

Breakdown of the net defined benefit liability

	2018	2017
Present value of the defined benefit obligation (DBO)	-53'247	-55'006
Fair value of plan assets	50'953	47'864
Net defined benefit asset/(liability)	-2'294	-7'142
of which recorded in other non-current assets	203	210
of which recorded in other non-current liabilities	-2'497	-7'352

The net defined benefit liability developed as follows:

Balance as of 1 January	-7'142	-8'704
Cost of defined benefit plans, through profit or loss	-2'009	-1'857
Remeasurements, in other comprehensive income	5'522	2'371
Employer contributions	1'139	1'084
Plan settlements	129	114
Exchange differences	67	-150
Balance as of 31 December	-2'294	-7'142

PRESENT VALUE OF THE DBO

Balance as of 1 January	55'006	55'862
Service cost	1'948	1'800
Interest expense	402	342
Employee contributions	1'139	1'086
Benefit payments	-2'995	-3'259
Plan settlements	-129	-114
Actuarial (gains)/losses	-2'023	-936
Exchange differences	-101	225
Balance as of 31 December	53'247	55'006
of which relating to Switzerland:		
Present value of the DBO	50'645	52'283
Active employees	80.8%	80.0%
Retirees	19.2%	20.0%
Average duration in years	17.1	17.6

FAIR VALUE OF PLAN ASSETS

	2018	2017
Balance as of 1 January	47'864	47'158
Interest income at discount rate	341	285
Employer contributions	1'139	1'084
Employee contributions	1'139	1'086
Benefit payments	-2'995	-3'259
Return on plan assets (excluding the interest income discount rate)	3'499	1'435
Exchange differences	-34	75
Balance as of 31 December	50'953	47'864

The CALIDA GROUP recognised expenses for defined benefit plans within the following income statement line items in the reporting period:

	2018	2017
Service cost in personnel expenses	-1'948	-1'800
Net interest in financial expenses	-61	-57
Total	-2'009	-1'857

Remeasurements of the net defined benefit liability recorded in other comprehensive income break down as follows:

	2018	2017
Remeasurement of the net defined benefit liability		
- Changes in financial assumptions	1'815	1'031
- Changes in demographic assumptions	67	-81
- Experience adjustments	141	-14
Return on plan assets (excluding the interest income discount rate)	3'499	1'435
Total remeasurements of the defined benefit plans recorded in other comprehensive income, before taxes	5'522	2'371

The following weighted actuarial assumptions were applied in determining the DBO:

	2018	2017
Discount rate	0.9%	0.7%
Estimated future salary increases	1.0%	1.0%

The reinsurance contract of the Swiss pension fund foresees that the retirees remain with the insurance also in case of a contract cancellation. Therefore, as of 31 December 2018, the CALIDA GROUP has no risks coming from the pension liabilities for the retirees and the corresponding assets.

SENSITIVITY

A change in these significant actuarial assumptions would have the following (weighted) impact on the DBO: an increase/decrease of 0.5% in the discount rate would lead to a decrease/increase of -7.6%/+8.7% (2017: -7.9%/+9.1%) in the DBO. A decrease/increase of 0.5% in the salary increase would lead to an increase/decrease of +0.4%/-0.5% (2017: +0.4%/-0.5%) in the DBO.

The sensitivity analysis was performed separately for each assumption and reflects changes that were reasonably possible at the reporting date. Interdependencies were not taken into account. The actual effects may differ from these estimates.

The table below provides a breakdown by investment category of the fair value of plan assets from all plans:

	2018	2017
Shares	10.4%	11.7%
Bonds	11.1%	12.9%
Real estate	5.3%	6.0%
Receivables from an insurance company (collective foundation)	73.2%	69.4%
Total	100.0%	100.0%

Shares and bonds are all securities traded in an active market. The fair market value of real estate relates exclusively to indirect investments in listed securities. The pension funds do not hold any CALIDA shares and none of the group companies have access to assets of the pension funds.

The CALIDA GROUP expects to make employer contributions of CHF 1'228 for fiscal year 2019.

20. SHARE-BASED PAYMENTS

LONG TERM INCENTIVE PLAN (LTI)

With the approval by the Annual General Meeting on 9 May 2017 in the reporting period, the long-term incentive plan (LTI) agreed with the CEO was converted from a phantom stock plan into a share-based payment plan. According to this plan, the CEO receives a bonus of CHF 240 for each CHF 2.50 increase in the share price of CALIDA Holding AG once the next relevant threshold is exceeded (share price of CHF 38.50). The bonus payment is paid out in the form of restricted registered shares of CALIDA Holding AG.

The expected residual claims of CHF 226 from the phantom stock plan are recognised in provisions. The CALIDA GROUP recorded personnel expenses of CHF 343 in connection with the LTI in 2018 (2017: CHF 410).

OPTIONS

Call options on registered shares in CALIDA Holding AG are granted as part of the performance-related variable compensation for members of Executive Management and certain executive employees. Each option is associated with the right to call one share. The options are American style. The fair value of the options is recorded in personnel expenses over the individual vesting periods.

31 December 2018

Number of options outstanding	Term	Exercise price in CHF	Settlement date
12'329	1 April 2015 – 31 March 2020	36.65	vested
38'000	1 April 2015 – 31 March 2021	36.65	1 April 2019
6'600	1 April 2016 – 31 March 2021	33.40	vested
10'200	1 April 2016 – 31 March 2021	33.40	1 April 2019
40'000	1 April 2016 – 31 March 2022	33.40	1 April 2020
77'000	1 April 2017 – 31 March 2022	33.80	1 April 2020
63'000	1 April 2018 – 31 March 2023	36.30	1 April 2021
247'129	Total		

The CALIDA GROUP recorded personnel expenses of CHF 552 in connection with stock option plans in 2018 (2017: CHF 735).

The table below presents the number of options, the weighted average exercise price and changes during the reporting period.

	Number of options 2018	Ø Exercise price CHF 2018	Number of options 2017	Ø Exercise price CHF 2017
Outstanding as at 1 January	254'501	34.02	275'400	33.40
Granted in the reporting period	63'000	36.30	101'000	33.80
Exercised in the reporting period ¹⁾	-53'672	32.06	-80'499	31.53
Expired in the reporting period	-5'300	35.37	-	-
Forfeited in the reporting period	-11'400	35.25	-41'400	34.22
Outstanding as of 31 December	247'129	34.93	254'501	34.02
Vested as of 31 December	18'929	35.52	32'501	33.76

¹⁾ The weighted average share price on the exercise date of options was CHF 36.77 (2017: CHF 38.89).

The exercise price of options outstanding as of the end of the reporting period was between CHF 33.40 and CHF 36.65 (2017: CHF 30.75 and CHF 36.65), while the average term to maturity was 3.18 years (2017: 3.43 years). Options granted in the reporting period had an average weighted fair value of CHF 6.43 (2017: CHF 9.85).

The fair value of options granted was determined on the grant date using a binomial model, taking into account the terms and conditions of the option plans. The table below shows the weighted average measurement parameters for the reporting period:

	2018	2017
Share price in CHF	36.45	39.40
Exercise price in CHF	36.30	33.80
Expected volatility in %	30.1%	30.4%
Expected lifetime in years	4.00	4.00
Risk-free interest rate in %	-0.2%	-0.4%
Expected dividend in CHF	0.80	0.80

The expected volatility is determined based on past price trends for the CALIDA share. The risk-free interest rate was determined using the zero yield of the Switzerland zero curve and a term corresponding to the expected life of the options.

Management's best estimate of the expected life of the options based on past experience is used for the model. For options granted, it is assumed that these are held over the mid-term. No other characteristics of the options granted are incorporated in the fair value measurement.

21. OTHER OPERATING EXPENSES

	2018	2017
Sales and marketing expenses	-31'920	-27'230
Rental expenses	-23'870	-22'592
General administrative expenses	-20'276	-19'433
Other expenses	-31'534	-25'997
Total	-107'600	-95'252

22. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Notes	2018	2017
Depreciation of property, plant and equipment	5	-6'638	-6'539
Amortisation of intangible assets	6	-2'763	-2'475
Total		-9'401	-9'014

23. FINANCIAL RESULT, NET

	2018	2017
Interest income from financial assets	42	112
Other financial income	29	95
Fair value adjustment of contingent purchase price payments	43	-
Total financial income	114	207
Net interest on defined benefit plans	-61	-57
Interest expense from financial liabilities	-441	-356
Bank fees and other financial expenses	-4	-156
Fair value adjustment of contingent purchase price payments	-	-331
Total financial expenses	-506	-900
Net gains on exchange differences	1'710	591
Total exchange differences	1'710	591
Total	1'318	-102

24. EARNINGS PER REGISTERED SHARE

	2018	2017
Net income attributable to shareholders of CALIDA Holding AG	16'214	15'332
Number of shares as of the reporting date	8'255'951	8'202'279
Less weighted average included in capital increase	-31'653	-40'222
Average number of shares outstanding	8'224'298	8'162'057
Earnings per registered share in CHF	1.97	1.88
Diluted earnings per registered share in CHF	1.97	1.88

The dilutive effects were calculated based on the average number of call options outstanding and the average share price. The options outstanding with an exercise price below the average share price (determined at daily closing price) are taken into account in determining dilutive effects. The average number of potential registered shares included in the calculation was 498 (2017: 8'698).

25. LEASE OBLIGATIONS

There are minimum lease payments from fixed-term leases as follows (not including prolongation options):

	2018	2017
in up to 1 year	19'969	18'521
2 to 5 years	45'419	43'888
more than 5 years	17'258	12'781
Total	82'646	75'190

The leases mainly relate to rent obligations for retail stores and vehicles. They generally have a term to maturity of up to ten years, although most agreements include a prolongation option.

26. PLEDGED ASSETS

	2018	2017
Pledged land and buildings at carrying amounts	-	2'312
Liens on property	-	27'000
Current financial liabilities to banks secured by real estate	-	10'516
Pledged bank balances	3'910	4'279

The renewed syndicated loan facility no longer contains any pledges of CALIDA AG's real estate or LAFUMA SA's shares.

Furthermore, the usual general terms and conditions of the financial institutions offer options for offsetting credit against open obligations.

27. TRANSACTIONS WITH RELATED PARTIES

Business relationships exist between CALIDA Holding AG and its subsidiaries as well as members of the Board of Directors and Executive Management. Other related parties are significant shareholders, companies controlled by members of the Board of Directors and the pension funds. All business transactions with related parties are carried out at arm's length.

GROUP COMPANIES

An overview of consolidated subsidiaries is provided in the section "Scope of consolidation". Transactions between CALIDA Holding AG and its subsidiaries as well as between subsidiaries of the Group were eliminated in the consolidated financial statements.

Members of the Board of Directors and Executive Management

	2018	2017
Short-term benefits	3'276	3'839
Long-term benefits	-	-363
Post-employment benefits	429	364
Share-based payments	464	626
Total	4'169	4'466

As of 1 March 2017, the organisation was adjusted and the size of Executive Management was reduced from six to four members.

Remuneration (incl. social security contributions of CHF 385) is disclosed as short-term benefits. The long-term benefits contain the change in the expected claims from the CEO participation plan. Post-employment benefits refer to pension plans. The amount shown for share-based payments reflects the expenses recorded in the reporting period from options granted in the years 2015 to 2018 (2017: 2013 to 2017) as well as the LTI (see note 20). For further disclosures according to article 13 et seq. Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), please refer to the remuneration report of CALIDA Holding AG.

The CALIDA GROUP draws on the legal advisory services of several law firms, including Meyerlustenberger Lachenal, Zurich, in which Dr. Thomas Lustenberger, Chairman of the Board of Directors of CALIDA Holding AG, was formerly a partner, and is today a consultant. As of 31 December 2015, he resigned from the partnership and since 1 January 2016, has not obtained any further earnings from the law firm. Meyerlustenberger Lachenal rendered services costing the CALIDA GROUP CHF 101 (2017: CHF 154) in the reporting period. Of this, CHF 0 (2017: CHF 29) was outstanding as of 31 December 2018.

SIGNIFICANT SHAREHOLDERS

The reported receivables from related parties of CHF 1 (2017: CHF 13) as of 31 December 2018 relate to a company controlled by a significant shareholder; sales of CHF 238 (2017: CHF 308) were generated with this company in the reporting period.

The outstanding amounts are unsecured and are settled in cash. No guarantees have been received or issued.

28. FINANCIAL RISK MANAGEMENT

The CALIDA GROUP is exposed to interest rate, currency, credit and liquidity risks in the course of its business operations. Limits have been set for the individual risk categories. These are monitored continuously for compliance and adjusted overall to the risk capacity of the Group.

FINANCIAL INSTRUMENTS

Financial assets are allocated to the following categories:

	2018	2017
Cash and cash equivalents	43'613	45'200
Trade accounts receivable	38'986	43'730
Loans (current and non-current)	5'292	5'364
Other financial assets ¹⁾	1'399	1'782
Total – at amortised cost	89'290	96'076
At fair value through profit and loss (derivative financial instruments – level 2)	1'531	-
Total	90'821	96'076

¹⁾ Component of other current receivables (note 3).

Financial liabilities are allocated to the following categories:	2018	2017 (adjusted)
Financial liabilities (current and non-current)	27'896	10'516
Trade accounts payable	34'259	22'677
Other current liabilities ¹⁾	5'204	4'751
Refund liabilities	2'072	3'164
Accrued expenses and deferred income ²⁾	9'184	14'325
Total - at amortised cost	78'615	55'433
Derivative financial instruments (level 2)	42	3'346
Contingent purchase price payments (level 3)	1'126	2'340
Total - financial liabilities at fair value through profit loss	1'168	5'686
Total	79'783	61'119

¹⁾ Not including liabilities to government authorities and advance payments received from customers of CHF 8'376 (2017: CHF 9'539).

²⁾ Not including accrued personnel expenses and other accruals of CHF 23'365 (2017: CHF 22'525).

Due to being short term, the carrying amounts of the current financial assets and liabilities are generally equal to their market value (non-discounted amounts).

The derivative financial instruments recognised are based solely on forward exchange contracts concluded with banks as counterparties (OTC) for the purpose of foreign exchange hedging and are measured at fair value. The fair value (market value) is based on observable market data, particularly the spot rates and yield curves of the respective currencies (level 2 of the fair value measurement hierarchy).

The contingent purchase price payments were discounted using market interest rates. The fair value adjustment is expensed over the term of use of the liabilities. For the reporting period and prior year, this comprises entirely interest rate and currency effects. The targets leading to full payment of the agreed amount have been achieved (level 3 of the fair value measurement hierarchy).

As of 31 January 2018 and 1 January 2019, the contingent purchase price payments were made in full in accordance with the agreement.

CREDIT RISKS

Current bank balances are held exclusively with banks that enjoy an excellent credit rating. The risk of default is mitigated by maintaining business relationships with a number of banks and other financial institutions and by monitoring the credit risk continuously.

Trade accounts receivable are subject to active risk management. Doubtful accounts are assessed for impairment individually. Indications of possible impairment include significant financial difficulty or insolvency of the customer as well as situations where financial restructuring is probable or the customer has already defaulted.

Due to the varied customer structure, there are no generally applicable credit limits across the Group. However, customers' creditworthiness is tested systematically, taking into account the financial situation, past experience and/or other factors. The likelihood of risk concentrations in this area is limited by the fact that the Group's customer base is broad, geographically diversified and spread across five divisions.

The CALIDA GROUP does not hold any specific collateral for trade accounts receivable as of year-end 2018 (2017: none). Trade accounts receivable are partly secured via credit insurance.

Management does not expect any material losses from receivables in excess of the allowances recognised. The maximum risk of default is the total carrying amount of the receivables and financial loans set out above. Notes 2 and 7 contain disclosures on maturities of receivables and financial assets.

LIQUIDITY RISKS

The CALIDA GROUP monitors the liquidity risk through a liquidity management system designed to ensure that sufficient highly liquid reserves are available to meet liquidity requirements at any time. This includes financing options from an appropriate amount of confirmed credit lines with various financial institutions. Rolling liquidity plans are prepared and regularly updated based on projected cash flows.

CHANGE IN NET LIQUIDITY	Cash and cash equivalents	Current financial liabilities ¹⁾	Non-current financial liabilities ¹⁾	Net liquidity
1 January 2017	40'220	-7'660	-6'338	26'222
Cash flows from operating activities and investing activities	13'113	-	-	13'113
Cash flows from financing activities	-9'508	5'006	-	-4'502
Statement of cash flows	3'605	5'006	-	8'611
Exchange differences	1'375	-657	-	718
Unrealised exchange differences from the translation of financial liabilities in foreign currency	-	-534	-222	-756
Impact of changes in exchange rates	1'375	-1'191	-222	-38
Reclassification	-	-6'560	6'560	-
Contingent consideration	-	-964	-1'045	-2'009
Fair value adjustment/amortisation of transaction costs	-	-318	-124	-442
Non-cash items	-	-7'842	5'391	-2'451
31 December 2017 - Net liquidity	45'200	-11'687	-1'169	32'344
Cash flows from operating activities and investing activities	12'677	-	-	12'677
Cash flows from financing activities	-12'902	-16'640	-	-29'542
Statement of cash flows	-225	-16'640	-	-16'865
Exchange differences	-1'362	-	-	-1'362
Unrealised exchange differences from the translation of financial liabilities in foreign currency	-	469	18	487
Impact of changes in exchange rates	-1'362	469	18	-875
Reclassification	-	-1'151	1'151	-
Fair value adjustment/amortisation of transaction costs	-	-13	-	-13
Non-cash items	-	-1'164	1'151	-13
31 December 2018 - Net liquidity	43'613	-29'022	-	14'591

¹⁾ see note 8 – financial liability without derivative financial instruments.

The last redemption payment for the acquisition loan of the syndicated loan agreement (2013–2018) of CHF 6'935 was made as scheduled as of 30 June 2018.

Syndicated loan facility

In 2018, the CALIDA GROUP renewed the loan agreement with the syndicate of banks. This again comprises a revolving credit facility of CHF 40 million to secure long-term financing and an option to increase the loan.

CHF 27'655 had been utilised as of the reporting date (2017: CHF 3'506).

The liquidity situation breaks down as follows as of the reporting date:

	2018	2017
Cash and cash equivalents	43'613	45'200
Confirmed credit lines	67'780	92'729
Credit lines used	-30'039	-11'763
Total	81'354	126'166

The table below provides a maturity analysis of cash flows from financial liabilities as of the reporting date based on the contractually agreed terms to maturity.

31 December 2018

	Carrying amount	Contractual payments	< 1 year	1 to 5 years
Financial liabilities ¹⁾	29'022	29'254	29'254	-
Trade accounts payable	34'259	34'259	34'259	-
Derivative financial instruments				
Cash inflows		-46'262	-31'005	-15'257
Cash outflows		43'700	29'462	14'238
Net	-1'489	-2'562	-1'543	-1'019
Other current liabilities ²⁾	5'204	5'204	5'204	-
Refund liabilities	2'072	2'072	2'072	-
Accrued expenses and deferred income ³⁾	9'184	9'184	9'184	-

31 December 2017 (adjusted)

	Carrying amount	Contractual payments	< 1 year	1 to 5 years
Financial liabilities ¹⁾	12'856	12'945	11'776	1'169
Trade accounts payable	22'677	22'677	22'677	-
Derivative financial instruments				
Cash inflows		-51'760	-30'711	-21'049
Cash outflows		53'918	32'161	21'757
Net	3'346	2'158	1'450	708
Other current liabilities ²⁾	4'751	4'751	4'751	-
Refund liabilities	3'164	3'164	3'164	-
Accrued expenses and deferred income ³⁾	14'325	14'325	14'325	-

¹⁾ Including contingent purchase price payments.

²⁾ Not including liabilities to government authorities and advance payments received from customers of CHF 8'376 (2017: CHF 9'539).

³⁾ Not including accrued personnel expenses and other accruals of CHF 23'365 (2017: CHF 22'525).

In the reporting period CHF 6'935 was amortised as due according to the syndicated loan facility (2013 - 2018) (2017: CHF 6'560).

INTEREST RATE RISKS

The Group's current liabilities to banks and time deposits bear interest at floating rates. The CALIDA GROUP is exposed to fluctuations in market interest rates, which can affect income and shareholders' equity. Interest-bearing liabilities with floating rates expose the Group to a cash flow risk, while changes in interest rates on fixed-rate liabilities can have a material direct impact on the income statement and shareholders' equity.

The sensitivity analysis below shows the impact of a change in interest rates on earnings before tax, assuming that all other variables remain unchanged:

Change in interest rates	Currency	2018	2017
+/- 20 basis points	EUR	+/- 16	+/- 37
+/- 15 basis points	CHF	+/- 13	+/- 16

CURRENCY RISKS

Due to the CALIDA GROUP's considerable investment in operations in France, a currency risk (translation risk) is associated with the annual financial statements of the foreign Group companies which are prepared in euro and translated into Swiss francs for the purpose of the consolidated financial statements. This translation risk does not constitute a foreign currency risk as defined by IFRS and is not taken into account in the sensitivity analysis above.

Currency risks are also incurred at transactional level in connection with sales or operating expenses incurred by Group companies in a currency that is not the functional currency of the operating entity. The currency risk is reduced significantly by offsetting operating income and expenses in euro.

As part of its risk policy, the CALIDA GROUP also has the option to conclude forward exchange contracts or option contracts in order to hedge against the risks associated with exchange rate movements in the residual foreign currency exposure or when concluding specific transactions.

To hedge goods purchased in USD, the CALIDA GROUP partially concludes forward exchange contracts and options. Usually, goods purchased for the next four collections are hedged, and the derivatives mature in the next 24 months.

In the reporting period, expenses of CHF 1'048 from hedging activities were reclassified from equity to inventory (2017: expenses of CHF 558 through other comprehensive income).

Accumulated hedge reserves of CHF 1'491 (2017: CHF -2'243) form part of retained earnings.

Cash flow hedges (forward exchange contracts)	Fair value / carrying amount		Due / Nominal value	
	Positive replacement value	Negative replacement value	< 1 year	1 to 2 years
31 December 2018	1'531	42	31'005	15'257
31 December 2017	-	3'346	30'711	21'049

A change in the USD/EUR closing rate of +/-10.0% would lead to a change of CHF -3'678/CHF +5'140 (2017: CHF -3'941/+5'751) in the derivatives, which would be recorded in other comprehensive income, assuming the hedge was fully effective.

Had the euro depreciated by 5.0% against the Swiss franc as of 31 December 2018, but all other parameters remained unchanged, earnings before taxes would have increased by CHF 980 (2017: increase of CHF 223). Vice versa, if it had appreciated by the same amount, the results would have decreased by the amount of the increase described above.

CAPITAL MANAGEMENT

Sufficient liquidity is available for ordinary business operations in the fiscal year 2019 and thereafter based on the cash inflow from operating activities and confirmed credit lines which Executive Management anticipates. The Company can also issue securities if required.

Capital management at the CALIDA GROUP focuses on safeguarding the Group's ability to continue as a going concern, generating an appropriate return for shareholders and optimising financial ratios while considering cost of capital. The CALIDA GROUP can adjust the dividend payout, return capital to shareholders or issue new shares to reach these targets. No adjustments or changes were made to the capital management objectives or policies in the reporting periods 2018 or 2017.

The CALIDA GROUP uses the equity ratio to monitor the capital structure. The equity ratio expresses shareholders' equity as a percentage of total capital. Total capital is the amount stated in the Group statement of financial position. Excluding the effects of IFRS 16, it is a long-term goal of the CALIDA GROUP to keep the self-financing ratio above 50%.

The equity ratio breaks down as follows as of the reporting dates:

	2018	2017
Shareholders' equity	186'310	195'599
Total capital	316'607	312'644
Equity ratio	58.8%	62.6%

29. SUBSEQUENT EVENTS

The 2018 consolidated financial statements were approved by the Audit & Risk Committee on 25 February 2019 and released for publication by the Board of Directors on the same day.

The consolidated financial statements are subject to approval by the Annual General Meeting scheduled for 15 April 2019.



Report of the statutory auditors to the General Meeting of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 25 February 2019

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of CALIDA Holding AG and its subsidiaries (the Group), which comprise the Group statement of financial position as at 31 December 2018 and the Group income statement, Group statement of comprehensive income, Group statement of changes in shareholders' equity and Group statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 33 to 76) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.



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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of goodwill and intangible assets with indefinite useful life

Area of focus Goodwill and intangible assets with indefinite useful life represent 24% of the balance sheet total and 40% of total equity. Intangible assets with indefinite useful life consist of brands and key money. Management performs an annual impairment test using a number of different assumptions. This process is significant to our audit as the process involves judgement and is complex. Goodwill as well as brand are tested for impairment at the level of the respective divisions which also represent operating segments. Key money is tested for impairment at the respective shop level.

Our audit response CALIDA Group uses assumptions in respect of future market expectations as well as economic conditions. We involved valuation specialists to assess the assumptions used and the methodology applied to determine the weighted average cost of capital. We compared the data used to external data available such as inflation rates or market growth rates. We further performed sensitivity calculations on CALIDA Group's valuation models.

Our audit procedures did not lead to any reservations regarding the valuation of goodwill and intangible assets with indefinite useful life.

CALIDA Group disclosed information about the impairment test in the section "estimates and assumptions" as well as in note 6 of the consolidated financial statements.



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Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



4

**Report on other legal and regulatory requirements**

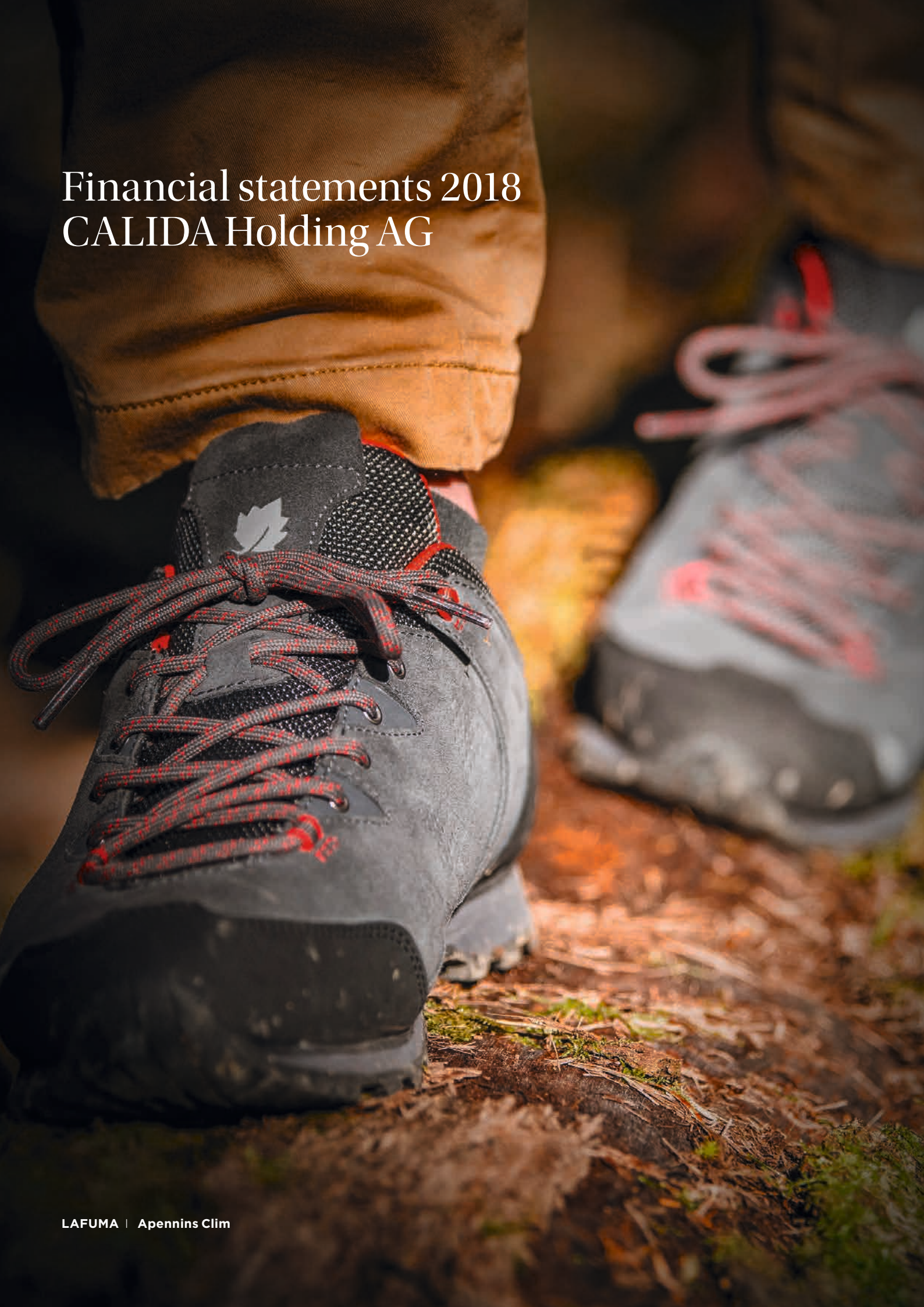
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert



Financial statements 2018 CALIDA Holding AG

Balance sheet

AS OF 31 DECEMBER

	Notes	2018	2017
Cash and cash equivalents		1'696	3'532
Other current receivables			
from third parties		117	112
from investments		14	14
Current assets		1'827	3'658
Loans to investments		5'306	6'613
Investments	1.1	201'167	176'054
Non-current assets		206'473	182'667
ASSETS		208'300	186'325
Interest-bearing current liabilities	1.2	27'886	10'516
Other current liabilities			
to third parties	1.3	1'135	1'210
to investments		6'201	10'699
Accrued liabilities and deferred income		425	346
Current liabilities		35'647	22'771
Other non-current liabilities	1.3	-	1'169
Non-current liabilities		-	1'169
Liabilities		35'647	23'940
Share capital	1.4	826	820
Capital contribution reserves	1.6	7'265	11'920
General legal reserves		500	500
Retained earnings		164'598	149'681
Treasury shares	1.7	-536	-536
Shareholders' equity		172'653	162'385
SHAREHOLDERS' EQUITY AND LIABILITIES		208'300	186'325

Income statement

1 JANUARY - 31 DECEMBER

	Notes	2018	2017
Dividend income		16'022	4'500
Reversal of impairment losses recorded on investments	1.1	1'000	1'400
Other financial income		2'180	2'431
Other operating income		25	31
Income		19'227	8'362
Administrative expenses		-2'361	-2'561
Financial expenses		-1'949	-2'202
Taxes		-	-
Expenses		-4'310	-4'763
Net income		14'917	3'599

Statement of changes in shareholders' equity

	Share capital	Capital contribution reserves	General legal reserves	Retained earnings	Treasury shares	Shareholders' equity
31 January 2016	16'993	4'631	7'500	124'542	-53	153'613
Reduction of par value	-16'226	12'981	-	-	-	-3'245
Capital increase	45	983	-	-	-	1'028
Dividend from capital contribution reserves	-	-3'244	-	-	-	-3'244
Appropriation of treasury shares for employee stock options	-	-	-	10	53	63
Acquisition of treasury shares	-	-	-	-	-531	-531
Net income	-	-	-	14'530	-	14'530
31 December 2016	812	15'351	7'500	139'082	-531	162'214
Capital increase	8	3'112	-	-	-	3'120
Dividend from capital contribution reserves	-	-6'543	-	-	-	-6'543
Release of general legal reserves	-	-	-7'000	7'000	-	-
Acquisition of treasury shares	-	-	-	-	-5	-5
Net income	-	-	-	3'599	-	3'599
1 January 2017	820	11'920	500	149'681	-536	162'385
Capital increase	6	1'937	-	-	-	1'943
Dividend from capital contribution reserves	-	-6'592	-	-	-	-6'592
Net income	-	-	-	14'917	-	14'917
31 December 2018	826	7'265	500	164'598	-536	172'653

Notes to the financial statements

The figures in the notes to the financial statements are presented in thousand Swiss francs (CHF 1'000) unless indicated otherwise (information on shares and options are presented in CHF 1).

Accounting principles

The applied accounting principles for the present financial statements are in accordance with Swiss Accounting Law (thirty-second title of the Code of Obligations).

Recognition and measurement principles

LOANS TO INVESTMENTS

Loans granted in foreign currency are measured at the rate prevailing as of the reporting date, at which unrealised losses are recognised, whereas unrealised gains are deferred (principle of imparity).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are measured at their nominal value. Maturities of less than one year are disclosed

as current liabilities, while those longer than one year are disclosed as non-current liabilities.

TREASURY SHARES

As of the time of acquisition, treasury shares are recognised as a deduction of shareholders' equity measured at initial cost. In case of a later divestiture the gain or loss is recognised in retained earnings.

NON-DISCLOSURE OF THE CASH FLOW STATEMENT AND ADDITIONAL NOTES INFORMATION

CALIDA Holding AG prepares consolidated financial statements in accordance with generally accepted accounting standards (IFRS). Therefore, and following the legal requirements, it does not present a statement of cash flows or notes with regard to interest-bearing liabilities and audit fees.

1. Notes to the financial statements

1.1 INVESTMENTS

As a parent company CALIDA Holding AG, Oberkirch holds the following investments directly:

Company ¹⁾	Registered office	Activity	Capital	Capital and voting share	
				31.12.2018	31.12.2017
CALIDA AG	Oberkirch/Sursee, Switzerland	Sales/logistics	CHF 10'000'000	100.0%	100.0%
CALIDA Austria GmbH	Vienna, Austria	Sales	EUR 100'000	100.0%	100.0%
CALIDA Belgium SPRL	Forest, Belgium	Sales	EUR 18'550	100.0%	100.0%
CALIDA Finance AG	Sursee, Switzerland	Financial services	CHF 100'000	100.0%	100.0%
CALIDA France SAS	Paris, France	Sales	EUR 16'639'200	100.0%	100.0%
CALIDA GmbH	Lörrach, Germany	Sales	EUR 102'258	100.0%	100.0%
CALIDA Handels GmbH	Lörrach, Germany	Sales	EUR 100'000	100.0%	100.0%
CALIDA Management AG	Oberkirch, Switzerland	Management services	CHF 100'000	100.0%	100.0%
CALIDA Netherlands BV	Rotterdam, the Netherlands	Sales	EUR 18'000	100.0%	100.0%
CALIDA Ungarn Produktionsgesellschaft mbH	Rajka, Hungary	Production	HUF 477'300'000	100.0%	100.0%
AUBADE SA	Oberkirch, Switzerland	Sales	CHF 500'000	100.0%	100.0%
AUBADE Denmark ApS	Hellerup, Denmark	Sales	DKK 80'000	100.0%	100.0%
AUBADE Handels GmbH	Lörrach, Germany	Sales	EUR 100'000	100.0%	100.0%

Company ¹⁾	Registered office	Activity	Currency	Capital	Capital- and voting share	
					31.12.2018	31.12.2017
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100.0%	100.0%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	87.7%	71.5%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR	25'000	100.0%	100.0%

indirectly:

AUBADE Paris SAS	Paris, France	Sales/Logistics	EUR	15'754'230	100.0%	100.0%
AUBADE Paris (UK) Ltd.	Hemel Hempstead, UK	Sales	GBP	100	100.0%	100.0%
AUBADE Paris & Cie SCS	Monte Carlo, Monaco	Sales	EUR	100'000	100.0%	100.0%
BELAUBADE SA	Forest, Belgium	Sales	EUR	362'000	100.0%	100.0%
Société de Lingerie Azur	Monastir, Tunisia	Production	TND	10'000	100.0%	100.0%
MILLET Outdoor Products (Nanjing) CO. Ltd.	Nanjing, China	Production / Sales	CNY	15'000'000	87.7%	71.5%
L.M.O. SRL.	Grassobbio, Italy	Sales	EUR	10'000	87.7%	71.5%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	87.7%	71.5%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	87.7%	71.5%
LAFUMA America Inc.	Duluth, USA	Sales	USD	24'500	87.7%	71.5%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR	113'445	87.7%	71.5%
LAFUMA GROUP GmbH²⁾	Stephanskirchen, Germany	Sales	EUR	285'000	87.7%	71.5%
LAFUMA GROUP SL	Barcelona, Spain	Sales	EUR	475'000	87.7%	71.5%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	87.7%	71.5%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY	10'000'000	87.7%	71.5%
LAFUMA MOBILIER SAS	Anneyron, France	Production/Sales	EUR	9'262'561	87.7%	71.5%
LALLEMAND SAS	Vieux d'Izenave, France	Production/Sales	EUR	925'540	87.7%	71.5%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF	100'000	87.7%	71.5%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	87.7%	71.5%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	87.7%	71.5%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	87.7%	71.5%

¹⁾ Only active companies are listed.

In the reporting period, impairment losses on an investment of CHF 1'000 were reversed (2017: CHF 1'400).

1.2 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities of CHF 27'886 result from the syndicated loan agreement renegotiated in 2018. The loans are denominated in Swiss francs and euro and the changes in comparison to the prior year relate to the partial financing of the acquisition of shares in LAFUMA SA, the scheduled amortisation in accordance with the contract and the foreign currency valuation.

1.3 OTHER LIABILITIES

The deferred purchase price payment for the acquisition of Reich Online Services GmbH that was contingent upon the operating targets being achieved amounts to CHF 1'126 (2017: CHF 2'340). This amount is due as of 1 January 2019 and was paid out in full on 3 January 2019.

1.4 SHARE CAPITAL

The share capital of CHF 826 (2017: CHF 820) consists of 8'255'951 (2017: 8'202'779) registered shares outstanding with a par value of CHF 0.10 (2017: CHF 0.10). As of the reporting date, 53'672 registered shares (2017: 80'499 registered shares) had not been entered in the commercial register.

1.5 CONDITIONAL CAPITAL

The General Meeting held on 13 May 2014 authorised an increase of the existing conditional capital. The increase will take place under exclusion of shareholders' subscription rights by issuing a maximum of 300'000 registered shares to be fully paid up at a par value of CHF 0.10 (until 21 April 2016: CHF 2.10) each.

In the reporting period, a conditional capital increase of CHF 6 (2017: CHF 8) or 53'672 registered shares (2017: 80'499 registered shares) was carried out. A premium of CHF 1'937 (2017: CHF 3'112) from the capital increase was added to the capital contribution reserves.

The available conditional capital as of 31 December 2018 amounts to CHF 10 (2017: CHF 16). This equates to 104'049 registered shares (2017: 157'721 registered shares) with a par value of CHF 0.10 (2017: CHF 0.10) each.

1.6 CAPITAL CONTRIBUTION RESERVES

The capital contribution reserves consist of additional paid-up capital from past capital increases, reduced by past dividend distributions. From a taxation point

of view, the distribution from capital contribution reserves is treated like a repayment of share capital. The Swiss Federal Tax Administration (FTA) has acknowledged the disclosed capital contribution reserves in accordance with Art. 5 para. 1 VStG [“Bundesgesetz über die Verrechnungssteuer”: Swiss Federal Law on Withholding Tax].

1.7 TREASURY SHARES

As of the reporting date 31 December 2018, the Company holds 15'160 treasury shares. In the reporting year, there were no transactions with treasury shares.

2. Further information

2.1 FULL TIME EQUIVALENTS

CALIDA Holding AG does not have any employees (prior year: 0).

2.2 SIGNIFICANT SHAREHOLDERS

The following shareholders reported that they held more than 5% (directly and/or indirectly) of the share capital of CALIDA Holding AG recorded in the commercial register as of the reporting date.

	2018	2017
Shareholder group of Kellenberger family members	34.3%	34.6%
Veraison Capital AG	16.1%	16.2%
Vontobel Fonds Services AG	8.7%	8.8%
Swisscanto Fondsleitung AG ¹⁾	5.0%	5.0%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 5 November 2016.

2.3 PLEDGED ASSETS

As of 31 December 2018, there are no assets pledged as collateral. The syndicated loan agreement concluded in 2018 does not provide for any such collateral. (2017: shares in LAFUMA SA of CHF 58'362 in connection with the syndicated loan agreement).

2.4 CONTINGENT LIABILITIES

Guarantee obligations in favour of third parties of up to CHF 40'000 (2017: CHF 66'389) have been issued for Group companies in connection with bank financing as of 31 December 2018. Claims of CHF 0 (2017: CHF 0) had been made as of the reporting date 31 December 2018. As of 31 December 2018, the Company had also issued a rent guarantee in favour of a third party for one AUBADE store (2017: one AUBADE store).

2.5 INTERESTS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Number as of 31 December	Registered shares 2018	Employee options 2018	Total 2018	Registered shares 2017	Employee options 2017	Total 2017
Thomas Lustenberger (Chairman)	74'680	-	74'680	74'680	-	74'680
Share of voting rights	0.9%		0.9%	0.9%		0.9%
Marco Gadola (Vice Chairman)	-	-	-	-	-	-
Valentin Chaperro Rueda (Member)	-	-	-	-	-	-
Nathalie Gaveau¹⁾	-	-	-	n/a	n/a	n/a
Beat Grüning (Member)	39'174	-	39'174	39'174	-	39'174
Share of voting rights	0.5%		0.5%	0.5%		0.5%
Hans-Kristian Hoejsgaard (Member)	-	-	-	-	-	-
Erich Kellenberger (Member)²⁾	2'809'845	-	2'809'845	2'807'845	-	2'807'845
Share of voting rights	34.3%		34.3%	34.6%		34.6%
Stefan Portmann (Member)	6'400	-	6'400	6'400	-	6'400
Share of voting rights	0.1%		0.1%	0.1%		0.1%
Jean-Paul Rigauddau (Member)³⁾	n/a	n/a	n/a	2'630	-	2'630
Share of voting rights				0.0%		0.0%
Reiner Pichler (CEO)	4'600	-	4'600	2'700	-	2'700
Share of voting rights	0.1%		0.1%	0.0%		0.0%
Daniel Gemperle (COO)	-	30'701	30'701	-	20'701	20'701
(Potential) share of voting rights		0.4%	0.4%		0.3%	0.3%

Number as of 31 December	Registered shares 2018	Employee options 2018	Total 2018	Registered shares 2017	Employee options 2017	Total 2017
Sacha Gerber (CFO) ⁴⁾	1'000	-	1'000	n/a	n/a	n/a
share of voting rights	0.0%		0.0%			
Manuela Ottiger (CHRO)	- 18'000	18'000		- 13'000	13'000	
(Potential) share of voting rights	0.2%	0.2%		0.2%	0.2%	
Thomas Stöcklin (CFO)	n/a	n/a	n/a	7'188	23'300	30'488
(Potential) share of voting rights				0.1%	0.3%	0.4%

¹⁾ from 18 May 2018.

²⁾ shareholder group of Kellenberger family members.

³⁾ until 18 May 2018.

⁴⁾ from 1 September 2018.

⁵⁾ until 31 May 2018.

2.6 EMPLOYEE STOCK OPTIONS GRANTED IN THE REPORTING PERIOD

Call options on registered shares of CALIDA Holding AG are granted as part of the performance-related variable compensation for members of Executive Management (apart from the CEO). Each option is associated with the right to call one share. The exercise price of the options granted in 2018 is CHF 36.30 (2017: CHF 33.80). The options were valued using a binomial model and the definitive acquisition of the options depends upon the vesting conditions being met (e.g., ongoing employment).

	Number of options 2018	Fair value 2018	Number of options 2017	Fair value 2017
Employee stock options granted to the members of Executive Management ¹⁾	17'000	109	27'000	266

¹⁾ The options were granted on 1 April 2018 to members of the Executive Management still in the employ of the Company at that time.

2.7 SUBSEQUENT EVENTS

The consolidated financial statements were released for publication by the Board of Directors on 25 February 2019. The financial statements are subject to approval by the Annual General Meeting scheduled for 15 April 2019.

The employee stock options granted are recognised through profit or loss in the company that is the contractual employer of the respective member of Executive Management.

Proposal of the Board of Directors for the appropriation of retained earnings and capital contribution reserves

Retained earnings	2018	2017
Balance carried forward from prior year	149'681	146'082
Net income	14'917	3'599
Retained earnings as of 31 December/balance to be carried to new account	164'598	149'681

Capital contribution reserves	2018	2017
Balance carried forward from prior year	5'328	8'808
Allocation to capital contribution reserves	1'937	3'112
Capital contribution reserves at the disposal of the Annual General Meeting	7'265	11'920
Dividend from capital contribution reserves	-6'605	-6'592
Balance carried forward to new accounts of the capital contribution reserves	660	5'328

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 15 April 2019 to issue a dividend for fiscal year 2018 of CHF 0.80 per registered share from the capital contribution reserves.

All shares outstanding as of 31 December 2018 are eligible for the dividend. The exact amount of the dividend may change slightly due to potential new shares issued to employees from conditional capital. Treas-

ury shares held on the date of the dividend payment are not eligible for dividends; as a result, the total dividend amount payable depends on the number of treasury shares held on the distribution date. The dividend can be distributed without withholding tax. Natural persons living in Switzerland are not liable for income tax on the dividend. Assuming the Annual General Meeting approves the dividend, payment will be made on 23 April 2019.



Report of the statutory auditor to the General Meeting of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 25 February 2018

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of CALIDA Holding AG, which comprise the balance sheet, income statement, statement of changes in shareholders' equity and notes (pages 83 to 89), for the year ended 31 December 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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. For each matter below, our description of how our audit addressed the matter is provided in that context.



2

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments in subsidiaries

Area of focus CALIDA Holding AG holds investments in subsidiaries that represent 97% of the total assets on standalone level. Total investments are material to the entity and may be subject to changes in value. Accordingly, management performs regular impairment considerations and calculations to determine the value of each single investment.

Our audit response Our audit work for the valuation of the investments consisted of assessing management's valuation assessment as well as performing our own calculations to assess the value of each investment.

Our audit procedures did not lead to any reservations regarding the valuation of investments in subsidiaries.

The various investments are disclosed in note 1.1 of the separate financial statements of CALIDA Holding AG.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert



Remuneration report 2018

CALIDA Holding AG

The figures in the remuneration report are presented in thousand Swiss francs (CHF 1'000) unless indicated otherwise (information on shares are presented in CHF 1).

Introduction

The CALIDA Holding AG's remuneration report describes the remuneration system applied and provides detailed information on the remuneration of members of the Board of Directors (BoD) and Executive Management for fiscal years 2018 and 2017. This report meets the requirements set out in point 5 of the Annex to the SIX Swiss Exchange's Directive on Information relating to Corporate Governance (DCG) dated 1 September 2014 as well as the requirements of articles 13 to 16 of the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), which entered into force on 1 January 2014.

1. Principles

The value and success of the CALIDA GROUP relies on the quality and dedication of its employees. The remuneration policy is designed to recruit, motivate and retain qualified individuals for the Group. Performance-based and share-based components of remuneration are included with the aim of encouraging individuals to think and act in the interests of the shareholders.

The remuneration system is based on the following principles:

Remuneration should be fair and in line with the market

Remuneration should be linked to the Company's success

The remuneration system should align the Group's long-term strategy with employee interests

Remuneration should be transparent

2. Remuneration regulations

The Nomination & Compensation Committee (NCC) supports the Board of Directors in fulfilling its duties with regard to defining compensation and designing option and participation plans.

APPROVAL PROCESS

Decision on:	CEO	NCC	BoD	AGM
Remuneration of Executive Management members (not including the CEO)	Proposal	Request	Decision	
Remuneration of the CEO		Request	Decision	
Remuneration of the BoD and its committees		Request	Decision	
Maximum total remuneration for Board of Directors and Executive Management	Proposal	Request		Binding vote
Remuneration report	Proposal	Approval		Consultative vote

The NCC consisted of Hans-Kristian Hoejsgaard as Chairman and Beat Grüning and Erich Kellenberger as members during the reporting period. They were re-elected at the Annual General Meeting on 18 May 2018. NCC meetings generally take place prior to meetings of the Board of Directors so that proposals can be defined and approved by the full Board.

As a whole, the NCC and Board of Directors have solid knowledge and comprehensive insights into the textiles and clothing industry as well as the retail (non-food) sector. As a result, they are well placed to evaluate the Company's market position and value. Overall, the rewards package is geared towards responsibility, productivity in the scope of each function and individual performance.

3. Remuneration system

3.1 DEFINITION OF THE REMUNERATION FOR THE BOARD OF DIRECTORS

The members of the Board of Directors generally receive fixed compensation that does not include any project-related components. The exact composition depends on the function and whether the individual serves on any committees of the Board of Directors:

Chairman	134
Vice Chairman	62
Member	52
Chairman of a Committee	35
Committee Member	25

Some or all members of the Board of Directors may be awarded variable compensation in the form of options on or registered shares in CALIDA Holding AG. During the reporting periods, no options were allocated to the Board of Directors.

The Company is entitled to reimburse members of the Board of Directors for out-of-pocket expenses in the form of actual or lump sum expense payments in accordance with tax provisions. This does not count as remuneration.

No loans or credits have been granted to current or former members of the Board of Directors.

3.2 DEFINITION OF THE REMUNERATION FOR EXECUTIVE MANAGEMENT

The determination of the remuneration of the members of Executive Management is based on criteria such as function, level of responsibility and experience, on the one hand, and on comparison of remuneration of members of Executive Management in comparable organisations, that are either publicly available or members of the NCC and the Board of Directors are aware of through their experience in similar organisations. Organisations are deemed comparable if they are similar to the CALIDA GROUP in terms of industry, structure, size, geographical operations, profitability, market capitalisation and complexity. Generally, no external advisors are consulted with regard to the definition of remuneration.

The remuneration system for Executive Management is aligned with the Group strategy and linked to relevant KPIs as well as the share price. This allows a transparent definition of Executive Management's remuneration.

The members of Executive Management receive fixed and variable remuneration that is either disbursed in cash, in the form of registered shares of CALIDA Holding AG, or through employee stock options on registered shares of CALIDA Holding AG.

The Board of Directors as a whole has discretionary powers to define the amount based on a recommendation by the NCC, subject to approval by the shareholders. The Company's compensation policy is performance-based and in line with the market.

The Company is entitled to reimburse members of Executive Management for out-of-pocket expenses in the form of actual or lump sum expense payments permitted in accordance with tax provisions. This does not count as remuneration.

The articles of incorporation of CALIDA Holding AG provide for the possibility of a non-compete clause of up to two years for departing members of Executive Management. There were no such contractual clauses in force as of 31 December 2018.

No loans or credits have been granted to current or former members of Executive Management.

Externally contracted member of Executive Management

The CHRO function is engaged based on a service agreement and receives monthly compensation for her activities based on a market-compliant daily rate. The agreement also provides for a variable performance-related component based on the same system applicable for other members of Executive Management. Her fees are disclosed in the line item "Fixed salary (net)".

3.3 RELATED PARTIES

No remuneration is paid to related parties, nor are loans or credits granted.

3.4 ELEMENTS OF REMUNERATION

Fixed remuneration for the Board of Directors and Executive Management

The components of fixed remuneration are disbursed in cash.

Variable remuneration

Short-term, variable remuneration of Executive Management

In the reporting period, targets for sales and operating earnings – defined by the Board of Directors during the budgeting process – served as the basis for measuring short-term variable components. The sales targets are weighted at 20% and the operating earnings targets at 80%.

The variable components based on short-term targets are capped at CHF 800 (gross) for the CEO, with a minimum value of CHF 0 in accordance with the range set for the earnings targets (if target is achieved: CHF 400). The variable components for other members of Executive Management are capped at 60% of the fixed component, with a minimum value of 0% (if target is achieved: 40%).

The achievement of the 2018 operating targets led to a variable remuneration of the CEO of 178% and an average variable remuneration of the other members of Executive Management of 56%.

Short-term, variable remuneration is paid out in cash after the end of the fiscal year.

Long-term, variable remuneration of Executive Management (not including the CEO)

On request of the NCC and with the exception of the CEO, employee stock options on registered shares of CALIDA Holding AG may be allocated to Executive Management. Criteria for allocation include function, level of responsibility and performance.

The options granted vest in three years and lapse within two years of the vesting period. Options are exercisable as long as members of Executive Management remain in service of the CALIDA GROUP.

Options granted can be converted immediately in the event of a change of control.

The amount of the remuneration corresponds to the value of the participation certificates or rights on the date of allocation; conditions precedent and conditions subsequent do not affect the date of allocation.

The Board of Directors defines allocation conditions, exercise conditions and exercise periods, as well as any vesting periods, forfeiture rules or conditions

leading to unconditional and/or early legal claims to acquire the allocated participation certificates.

Long-term, variable remuneration of the CEO (Long-term incentive Plan)

A long-term incentive plan is tied to the long-term development of the share price in order to compensate accordingly.

In accordance with a resolution of the Annual General Meeting on 9 May 2017, the long-term incentive plan was converted into a share-based plan:

According to this plan, the CEO receives a bonus of CHF 240 for each CHF 2.50 increase in the share price of CALIDA Holding AG once the next relevant threshold is exceeded (share price of CHF 38.50). The bonus payment is no longer paid out in cash but in the form of restricted registered shares of CALIDA Holding AG once the next relevant threshold is exceeded. Thresholds that had already been exceeded (as of a share price of CHF 36.00) are settled according to the previously applicable phantom stock plan.

According to the plan, a first payment of CHF 120 becomes due when the share price of CALIDA Holding AG sustainably exceeds relevant thresholds. The share price exceeds the threshold sustainably if within a period of 180 consecutive days the threshold is exceeded on 90 days, which do not have to be consecutive. The next relevant threshold is at a share price of CHF 38.50; the subsequent thresholds, at each further increase of CHF 2.50 in the share price. A second payment of CHF 120 becomes due when the share price is still above the respective threshold two years after the date on which it was sustainably exceeded. Should the share price at that time be below the respective threshold, the bonus can still be achieved if the share price sustainably exceeds this threshold again.

The bonus is only due once each time a threshold is exceeded on a sustainable basis, i.e., no second payment is made if the share price slips below the threshold before rising again.

The relevant number of registered shares is calculated based on the volume-weighted average share price of CALIDA shares during the 30 trading days preceding the date that the first payment of the relevant bonus becomes due. The respective number of registered shares can be accessed only once the waiting period of two years after the relevant bonus (bonus component) becomes due has expired.

4. Disclosure of remuneration of the Board of Directors and Executive Management

(Current and former members)

The Annual General Meeting held on 9 May 2017 approved the following maximum total amounts for fiscal year 2018:

	CHF
Remuneration for the Board of Directors	900
Fixed and short-term variable remuneration for Executive Management	3'250
Long-term variable remuneration for Executive Management	1'000

2018	Fixed remuneration		Variable remuneration		Contributions in kind	Pension expenses ⁵⁾	Total
	Cash (gross)	Short-term	Long-term				
		Cash (gross)	Options ⁴⁾				
			Cash (LTI)				
Thomas Lustenberger (Chairman)	169	-	-	-	-	10	179
Marco Gadola (Vice Chairman)	97	-	-	-	-	8	105
Valentin Chaperro Rueda	68	-	-	-	-	5	73
Nathalie Gaveau ¹⁾	33	-	-	-	-	-	33
Beat Grüning	102	-	-	-	-	8	110
Hans-Kristian Hoejsgaard	87	-	-	-	-	-	87
Erich Kellenberger	77	-	-	-	-	4	81
Stephan Portmann	77	-	-	-	-	-	77
Jean-Paul Rigauddau ²⁾	39	-	-	-	-	3	42
Total Board of Directors	749	-	-	-	-	38	787
Total Executive Management	1'396	1'072	109	-	21	429	3'027
Thereof: CEO Reiner Pichler	664	712	-	-	10	268	1'654
Number of current and former members of Executive Management ³⁾	5						

¹⁾ Since election by the Annual General Meeting on 18 May 2018.

²⁾ Until the Annual General Meeting on 18 May 2018.

³⁾ In fiscal year 2018, remuneration was paid out to four current members and one former member (exited the Group in 2018).

⁴⁾ 17'000 call options on registered shares in CALIDA Holding AG with a par value of CHF 0.10 each; 1 option is equivalent to 1 subscription right for a registered share at an exercise price of CHF 36.30; the definitive options purchased depend on vesting conditions being met, e.g., continued employment, measurement using binomial model.

⁵⁾ Includes employer contributions to social security and pension contributions (BVG) for members of Executive Management.

in CHF 1'000

2017	Fixed remuneration	Variable remuneration		Contributions in kind	Pension expenses ⁶⁾	Total	
		Short-term	Long-term				
	Cash (gross)	Cash (gross)	Options ⁴⁾	Cash (LTI) ⁵⁾			
Thomas Lustenberger (Chairman)	169	-	-	-	-	10	179
Marco Gadola (Vice Chairman)	97	-	-	-	-	8	105
Valentin Chaperro Rueda ¹⁾	34	-	-	-	-	3	37
Beat Grüning	102	-	-	-	-	8	110
Hans-Kristian Hoejsgaard	87	-	-	-	-	7	94
Erich Kellenberger	68	-	-	-	-	3	71
Stephan Portmann	77	-	-	-	-	2	79
Jean-Paul Rigau deau	77	-	-	-	-	6	83
Marianne Tesler ²⁾	29	-	-	-	-	1	30
Total Board of Directors	740	-	-	-	-	48	788
Total Executive Management ³⁾	1'464	1'206	266	200	55	490	3'681
Thereof: CEO Reiner Pichler	640	800	-	200	40	290	1'970
Number of current and former members of Executive Management	6						

¹⁾ Since new election by the Annual General Meeting on 9 May 2017.²⁾ Until the Annual General Meeting on 9 May 2017.³⁾ Reduction in size of Executive Management from six to four members following the adjustment of the organisation as of 1 March 2017.⁴⁾ 27'000 call options on registered shares in CALIDA Holding AG with a par value of CHF 0.10 each; 1 option is equivalent to 1 subscription right for a registered share at an exercise price of CHF 33.80; the definitive options purchased depend on vesting conditions being met, e.g. continued employment, measurement using binomial model.⁵⁾ These payments stem from the phantom stock plan, which the General Meeting on 21 April 2016 approved. The plan entitles the CEO to CHF 200 for each CHF 2.50 increase in the share price. According to the plan, a first payment of CHF 100 becomes due when the share price of CALIDA Holding AG sustainably exceeds a certain threshold. A second payment of CHF 100 becomes due when the share price is still above the threshold two years after the date as of which it was sustainably exceeded. Should the share price at that time be below the threshold, the bonus can still be achieved if the share price sustainably exceeds the threshold again. The payments from the long-term incentive plan are made in cash.⁶⁾ Includes employer contributions to social security and pension contributions (BVG) for members of Executive Management.

Report of the statutory auditor on the remuneration report of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 25 February 2019

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of CALIDA Holding AG for the year ended 31 December 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 98 to 99 of the remuneration report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2018 of CALIDA Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert



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Corporate Governance Report 2018

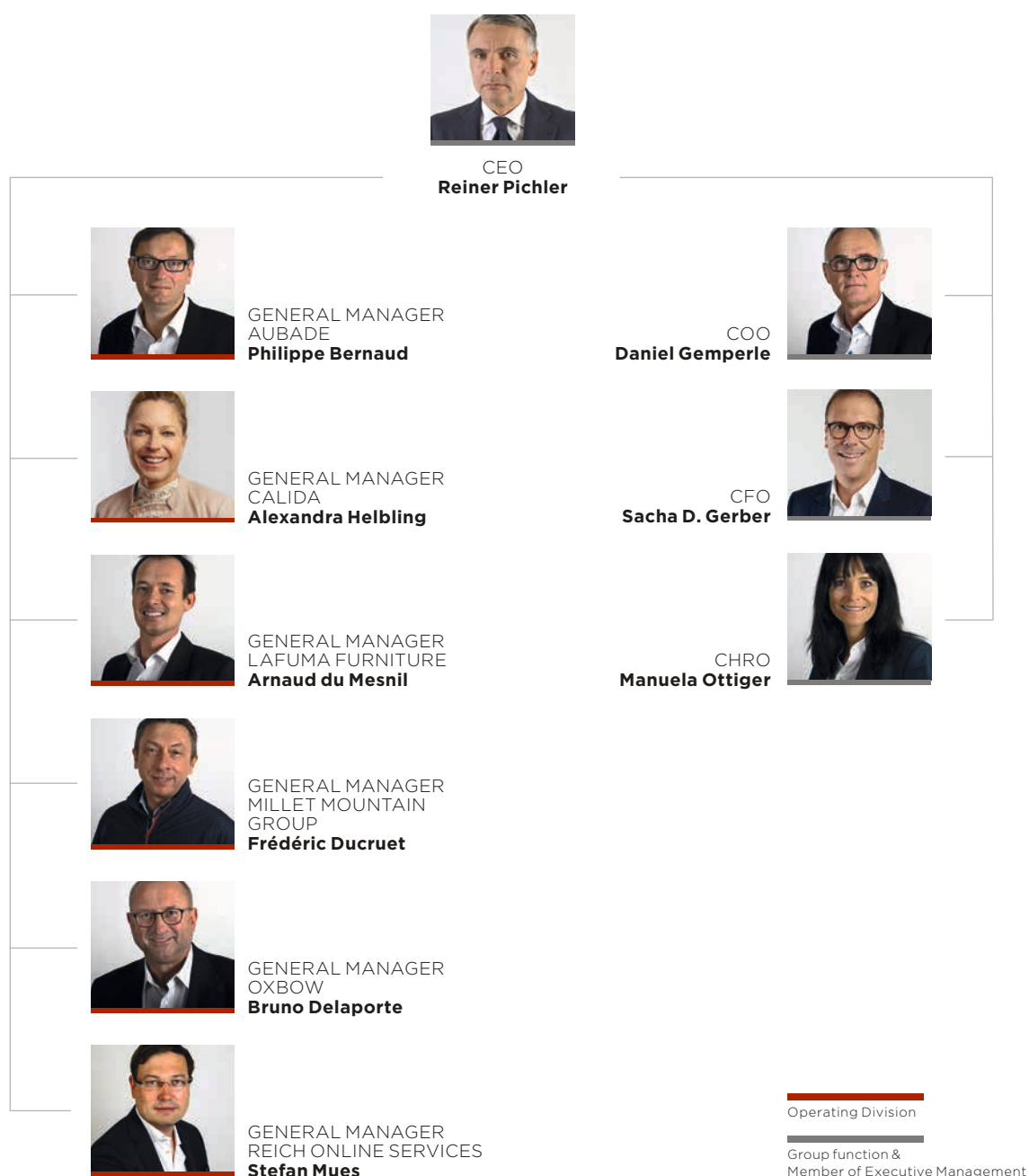
CALIDA GROUP

1. Group structure and shareholders

1.1 GROUP STRUCTURE

1.1.1 Overview of the group's operating structure

The chart below shows the Group's operating structure as of year-end:



1.1.2 Listed companies in the consolidated group

The registered shares of CALIDA Holding AG ("the Company"), with registered offices in Oberkirch (Switzerland), are traded on the international reporting standard of the SIX Swiss Exchange (ISIN CH0126639464, ticker symbol CALN). Market capitalisation came to approx. CHF 250.6 million as of the reporting date 31 December 2018.

The registered shares of LAFUMA SA, with registered offices in Annecy-le-Vieux (France), are traded on the Euronext (ISIN FR0000035263, ticker symbol LAF). Market capitalisation came to approx. EUR 160.7 million as of the reporting date 31 December 2018.

1.1.3 Unlisted companies in the consolidated group

The annual report provides details of unlisted companies in the consolidated group in the section "Scope of consolidation" on page 48f. in the "Consolidated financial statements 2018 CALIDA GROUP".

1.2 SIGNIFICANT SHAREHOLDERS

The following shareholders reported that they held more than 3% (directly and/or indirectly) of the share capital of CALIDA Holding AG recorded in the commercial register as of 31 December 2018.

Shareholder group of Kellenberger family members	34.3%
Veraison Capital AG	16.1%
Vontobel Fonds Services AG	8.7%
Swisscanto Fondsleitung AG ¹⁾	5.0%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 5 November 2016.

The Company makes disclosures about significant shareholders if it receives disclosure notifications in the reporting period pursuant to article 20 Sesta [Bundesgesetzes über die Börsen und den Effektenhandel (BEHG): Swiss Federal Act on Stock Exchange and Securities Trading (Stock Exchange Act, Sesta)]. Parties subject to the notification requirement have to disclose shareholdings when their voting rights in CALIDA Holding AG reach, exceed or fall below the thresholds of 3, 5, 10, 15, 20, 25, 33 1/3, 50 or 66 2/3 percent.

All disclosure notifications of shareholdings in CALIDA Holding AG are available on the disclosure office's electronic publication platform at: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=-CALIDA>.

Shareholdings of the members of the Board of Directors and Executive Management are presented in detail within the relevant section on page 88f. of the notes to the financial statements 2018 of CALIDA Holding AG, which form part of this annual report. The Company is not aware of any further significant shareholders in the meaning of article 20 Sesta.

1.3 CROSS-SHAREHOLDINGS

There are no cross-shareholdings.

2. Capital structure

2.1 CAPITAL AS OF 31 DECEMBER 2018

The ordinary share capital of the Company amounts to approx. CHF 826k, divided into 8'255'951 registered shares with a par value of CHF 0.10 each. The ordinary share capital entered in the commercial register was approx. CHF 820k as of 31 December 2018, corresponding to 8'202'279 registered shares.

The available conditional capital amounts to approx. CHF 10k. This equates to 104'049 registered shares with a par value of CHF 0.10 each.

2.2 AUTHORISED AND CONDITIONAL CAPITAL IN PARTICULAR

There is no authorised capital.

The conditional capital is used for participation plans for employees and members of the Board of Directors of the Company or of Group companies. A subscription right for shareholders is excluded. Options for registered shares of CALIDA Holding AG are issued in accordance with a plan prepared by the Board of Directors. The exercise price of option rights issued can be set below the stock exchange price prevailing on the issue date.

2.3 CHANGES IN CAPITAL

The statement of changes in shareholders' equity in the financial statements 2018 of CALIDA Holding AG, which form part of this annual report, contains details of the changes in capital for the last three reporting periods in the respective section on page 84.

2.4 SHARES AND PARTICIPATION CERTIFICATES

The number of shares and their par value are shown in section 2.1 above. The Company only has one share class, meaning that the ratio of par value to voting power remains constant. Each registered share has a par value of CHF 0.10 and gives the shareholder unrestricted entitlement to the dividend. The capital is fully paid up.

The Company has not issued any participation certificates.

2.5 DIVIDEND-RIGHT CERTIFICATES

The Company has not issued any dividend-right certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

2.6.1 Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and rules for granting exceptions

The articles of incorporation do not provide for any limitations on transferability of registered shares.

2.6.2 Reasons for granting exceptions in the reporting period

The articles of incorporation do not provide for any limitations on transferability of registered shares.

2.6.3 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions

The Company does not accept any nominee registrations.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

There are no statutory privileges or limitations on transferability.

2.7 CONVERTIBLE BONDS AND OPTIONS

The Company has not issued any convertible bonds.

For details of employee stock options, please refer to the section on share-based payments on page 67f in the consolidated financial statements 2018 of the CALIDA GROUP, which form part of this annual report.

3. Board of Directors

3.1 MEMBERS OF THE BOARD OF DIRECTORS (BOD)

a) Name, nationality, education and professional background

DR THOMAS LUSTENBERGER

Chairman of the Board of Directors

Nationality	Swiss
Year of birth	1951
Joined the BoD	16 June 2000
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Strategic Committee, Chairman
Education	University of Berne (Dr. iur.), Harvard Law School (LL.M.)
Professional background	Consultant of the law firm Meyerlustenberger Lachenal, Zurich (Partner: 1987–2015)
Other activities and vested interests	Board member of various unlisted companies

MARCO GADOLA

Vice Chairman of the Board of Directors

Nationality	Swiss/French
Year of birth	1963
Joined the BoD	7 April 2011
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Audit & Risk Committee, Chairman
Education	University of Basel (lic. rer. pol; MBA), London School of Economics (Accelerated Management Development Programme)
Professional background	Since March 2013 CEO and member of Executive Management of the Straumann Group; July 2012–February 2013 CEO Asia Pacific of the Panalpina Group; 2008–June 2012 CFO and member of Executive Management of the Panalpina Group; 2005–2008 CFO/Chief Operations Officer and member of Executive Management of the Straumann Group; 2001–2005 Group CFO and member of Executive Management of the HERO Group; 1992–2001 various positions in the Hilti Group, including in the USA, Spain and Germany
Other activities and vested interests	Board member and Chairman of the Audit Committee of MCH Group (Messe Schweiz), Basel; Board member of the Swiss-American Chamber of Commerce

DR VALENTIN CHAPERO RUEDA

Nationality	Swiss/Spanish
Year of birth	1956
Joined the BoD	9 May 2017
Term of office	until the Annual General Meeting for fiscal year 2018
Education	Heidelberg University (Ph.D. in Physics)
Professional background	Co-founder and Partner of Veraison Capital AG; 2002–2011 CEO and Board member Sonova Holding AG; 1989–2002 various management functions at Siemens Group
Other activities and vested interests	Board member Ascom Holding AG; Board member TRI Dental Implants AG; Chairman of the Board of Directors of VALAMERO Holding AG

NATHALIE GAVEAU

Nationality	French
Year of birth	1975
Joined the BoD	18 May 2018
Term of office	until the Annual General Meeting for fiscal year 2018
Education	HEC School of Management (Ecole des Hautes Etudes Commerciales), Paris
Professional background	Since 2010 Shopcade (part of the Lagardère Active Media Group), France, UK and USA, Founder & CEO; 2007-2010 Tequila, Hong Kong/London, Interactive Business Director; 2003-2007 Club Med, Singapore & Hong Kong, Asia Pacific E-Business & CRM Manager; 2000-2003 Priceminister, Paris, Co-founder & Managing Director
Other activities and vested interests	Member of the HEC Foundation for education and research; Independent Non-executive Director of Coca-Cola European Partners (CCEP) and member of the Corporate Social Responsibility Committee

BEAT GRÜRING

Nationality	Swiss
Year of birth	1961
Joined the BoD	4 May 2005
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Nomination & Compensation Committee, member; Strategic Committee, member
Education	Higher Business and Management College, Berne (Business Economist FH)
Professional background	Co-owner and CEO of the Tally Weijl Group, Basel, since 1984
Other activities and vested interests	–

HANS-KRISTIAN HOEJSGAARD

Nationality	Danish
Year of birth	1958
Joined the BoD	13 May 2014
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Nomination & Compensation Committee, Chairman
Education	Southern Denmark Business School (HD business graduate); Harvard Business School (Executive Education); INSEAD (Executive Education); The Wharton School of Business, University of Pennsylvania (Executive Education)
Professional background	CEO ad interim MCH Group AG, Basel, CEO mentor at Mentore Consulting LLP, London; 2011-2017 Oettinger Davidoff AG, Basel, CEO, member of the Board of Directors 2014-2017; 2008-2009 Timex Group B.V., New York, CEO and Chairman of the Board of Directors of Timex India; 2003-2007 Georg Jensen A/S, Copenhagen, CEO; 1998-2002 Lancaster Group (Coty), Paris, CEO; 1993-1998 Guerlain (LVMH) Hong Kong, Regional Managing Director, Asia Pacific; 1986-1993 Seagram International, Italy, Hong Kong, Thailand
Other activities and vested interests	–

ERICH KELLENBERGER

Nationality	Swiss
Year of birth	1948
Joined the BoD	22 September 1986
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Nomination & Compensation Committee, member
Education	Leicester Polytechnic (Textil Ing.)
Professional background	Various operational functions in the CALIDA GROUP from 1970–2001
Other activities and vested interests	Chairman of the Board of Directors of Blue Lemon AG, Lucerne and Board member of further unlisted companies

STEFAN PORTMANN

Nationality	Swiss
Year of birth	1967
Joined the BoD	21 April 2016
Term of office	until the Annual General Meeting for fiscal year 2018
Committee	Strategic Committee, member
Education	University of Wales (Master in Science of Marketing), University of Maryland (EMBA)
Professional background	2004–2014 Executive Management Schild AG, Lucerne; 1992–2004 Executive Management/ various management positions Herren Globus/Globus, Zurich and Spreitenbach
Other activities and vested interests	Board of Directors of Luzerner Kantonalbank AG, Board of Directors of Stöckli Swiss Sports AG, Wolhusen; Trust Board of Pro Juventute, Zurich; Co-owner and Board of Directors of Flaschenpost Services AG, Zurich; also on the Board of Directors of further unlisted companies

b) Operational management tasks for the issuer or one of the issuer's subsidiaries

None of the members of the Board of Directors has operational management duties within the Group.

c) Executive Management representation and significant business relationships

None of the members of the Board of Directors have been represented within Executive Management of CALIDA Holding AG or any of its subsidiaries for the last four years.

The CALIDA GROUP draws on the legal advisory services of several law firms, including Meyerlustenberger Lachenal, Zurich, in which Dr. Thomas Lustenberger, Chairman of the Board of Directors of CALIDA Holding AG, was a partner. As of 31 December 2015, he resigned from the partnership and has not obtained any earnings from the law firm since then. Meyerlustenberger Lachenal invoiced the CALIDA GROUP for fees totaling CHF 101k in the reporting period.

The shareholder group of the Kellenberger family members, which holds 34.3% of the share capital entered in the commercial register, is represented by Erich Kellenberger on the Board of Directors of CALIDA Holding AG. CALIDA AG generated revenue of CHF 238'000 with Blue Lemon AG, which is controlled by Erich Kellenberger. The transactions were conducted at arm's length.

There are no other significant business relationships between the CALIDA GROUP and the non-executive members of the Board of Directors.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

The other activities and vested interests of individual members of the Board of Directors are set out in section 3.1 a) above.

3.3 RULES IN THE ARTICLES OF INCORPORATION ON THE NUMBER OF PERMITTED ACTIVITIES PURSUANT TO ARTICLE 12 PARA. 1 POINT 1 ORDINANCE AGAINST EXCESSIVE COMPENSATION AT LISTED JOINT-STOCK COMPANIES (OAEC)

The members of the Board of Directors are limited in the number of additional activities they may assume in the supreme management or administrative bodies of other legal entities required to be registered in the commercial register or a comparable foreign register unless these companies control or are controlled by the Company. The limits are as follows:

5 mandates for listed companies, with multiple mandates for different companies within the same group counting as a single mandate; and

10 paid mandates for other legal entities, with multiple mandates for different companies within the same group counting as a single mandate; and

10 non-paid mandates (expenses do not count as "paid"), with multiple mandates for different companies within the same group counting as a single mandate.

Not in scope of these limitations are mandates assumed by a member of the Board of Directors on behalf of the Company (e.g. for joint-ventures or pension funds of this legal entity or for entities in which this legal entity holds a material (non-consolidated) interest).

3.4 ELECTION AND TERM OF OFFICE

3.4.1 Principles of the election procedure

The members of the Board of Directors are elected for a term of one year. The members of the Board of Directors are elected individually. Re-election is permissible without restrictions. However, the term-of-office of a member of the Board of Directors ends at the Annual General Meeting for the reporting period in which the member reaches the age of 70.

3.4.2 Initial election and remaining term of office

Section 3.1 a) above shows the date of first election to office and the remaining term of office for the individual members of the Board of Directors.

3.5 INTERNAL ORGANISATIONAL STRUCTURE

3.5.1 Allocation of tasks within the Board of Directors

Details regarding the individual members of the Board of Directors and their functions are shown in section 3.1 a). The Board of Directors is self-constituting, subject to mandatory competences of the General Meeting. It appoints a Vice Chairman and a secretary, who does not have to be a member of the Board. The term of office for the responsibilities allocated during constitution is usually identical to the term of office as a member of the Board of Directors. However, the Board has the right to terminate the assignment to a field of responsibility before expiry of this term where there is a valid reason, subject to mandatory competences of the General Meeting.

3.5.2 Members list, tasks and area of responsibility for each committee of the Board of Directors

Membership of the various committees of the Board of Directors is shown in section 3.1 a) above.

The Board of Directors can at any time make use of standing or ad-hoc committees for the purpose of preparing individual resolutions and fulfilling certain control functions, or for other specific tasks. These committees are not authorised to pass resolutions. The Nomination & Compensation Committee is elected by the General Meeting for a term until the conclusion of the following ordinary General Meeting. The members of the other committees, in particular the Audit & Risk Committee and the Strategic Committee, are determined by the Board of Directors. As a rule, between two and four members of the Board of Directors sit on each committee. The Chairman of the Board of Directors should not, if possible, serve in the Audit & Risk Committee. However, he can attend the committee meetings with the permission of its chairman, provided he is not personally affected by one of the agenda items. The Board of Directors elects the committee members on the recommendations of the Nomination & Compensation Committee, except the members of the Nomination & Compensation Committee who are elected by the General Meeting. Re-election is permissible. The Board of Directors also elects the chairman of the committee.

In accordance with the organisational regulations issued by the Board of Directors, the Audit & Risk Committee has the following main duties:

Examine the design of the accounting system (applicable accounting and reporting regulations, internal and external financial reporting, liquidity and financing management, assessment of valuation and financing principles) with regard to suitability, reliability and effectiveness and, if required, submit change proposals together with the CFO and in coordination with the CEO for the attention of the Board of Directors;

Examine the annual financial statements and other financial information included in published financial statements of the Group;

Monitor and assess risks to the organisation and review risk management practices and the effectiveness and efficiency of the internal control system (ICS);

Periodically review the insurance coverage available to the group (including D&O insurance);

Supervise business activities to monitor compliance with resolutions of the Board of Directors, internal regulations and guidelines, directives, and the relevant legal provisions, including, but not limited to, stock exchange legislation (compliance);

Review the performance, independence and fees paid to the external auditors and make a recommendation to the Board of Directors and ultimately the General Meeting regarding election;

Discuss the audit reports in detail; discuss all significant findings and recommendations of the external auditors with Executive Management and the external auditors;

Monitor implementation of the external auditors' recommendations;

Monitor the performance of and fees paid for consulting engagements with related parties;

Perform any other tasks delegated by the Board of Directors.

In accordance with the organisational regulations issued by the Board of Directors, the Nomination & Compensation Committee has the following main duties:

Manage the selection process and formulate proposals regarding new members of the Board of Directors;

Manage the selection process and formulate proposals regarding the CEO;

Examine the selection process for members of Executive Management (including interviews at the final selection stage) as well as the significant terms of their employment contracts;

Submit proposals regarding the compensation of the Board of Directors and its committees;

Examine, negotiate and submit proposals regarding the compensation paid to the CEO;

Examine and submit proposals (together with the CEO) regarding compensation to the members of Executive Management and note secondary activities of members of Executive Management;

Examine, recommend and monitor implementation of option and participation plans for members of the Board, the CEO, Executive Management and other employees;

Plan succession at top management level;

Perform any other tasks in the area of nomination and compensation delegated by the Board of Directors.

Within the scope and in accordance with the organisational regulations the Board of Directors has installed a strategic committee. This committee supports and accompanies Executive Management in pursuing the adopted strategy.

3.5.3 Working methods of the Board of Directors and its committees

Ordinary Board meetings are held at least four times each year. One of the meetings is a strategy meeting and a longer session is scheduled accordingly. The

meetings usually last for between half a day and one and a half days. The Board of Directors also meets as often as necessary beyond the scope of ordinary meetings. Extraordinary meetings are held at the request of the Chairman or one of the members of the Board of Directors. They are scheduled to enable a majority of Board members to participate. When organising meetings, members who are not able to attend in person can request to participate in the discussions and resolutions by telephone, if necessary. In the reporting period, five ordinary meetings (one as a telephone conference) and one extraordinary telephone conference were held.

The Board of Directors is quorate when at least half of its members are present at the meeting, with the exception of resolutions in connection with capital increases, for which the quorum requirement does not apply.

Resolutions may also be passed by means of video or telephone conference or electronic media unless a member requests a meeting to discuss the matter. Such requests should be expressed as early as possible.

Resolutions can also be passed by circulation, i.e., by letter, fax, e-mail or comparable means, unless a member requests verbal discussion in a video or telephone conference or at a meeting. The Chairman of the Board of Directors is responsible for managing the process for resolutions passed by circulation. Approval of all Board members, especially those who are absent, is required to pass resolutions on agenda matters which were not formally announced in advance.

Members of the Board of Directors and Executive Management are required to leave the meeting whenever matters are discussed or decisions made which involve their own interests or those of related parties. They should arrange their business affairs to avoid conflicts of interest to the extent possible. The Board of Directors determines whether a conflict of interest exists. The relevant member of Executive Management or the Board of Directors may not take part in discussions or decisions relating to the affected agenda item and must leave the meeting but is permitted to make a personal statement before the discussion begins.

The Audit & Risk Committee meets as often as business requires but at least twice a year. The committee meets at least once each year with representatives of the external auditors. No members of Executive Management are permitted to attend such meetings. The CFO usually participates in the meetings with the ex-

ception of the aforementioned meeting. The committee can request the attendance of other members of the Board of Directors, the CEO, individual members of Executive Management or other specialists. The decision is made by the Chairman of the committee. Three meetings took place in the reporting period and in two of them the representatives of the external auditors were present.

The Nomination & Compensation Committee meets as often as business requires. The Chairman can invite members of Executive Management or third parties to the meetings. One meeting took place in the reporting period.

The Strategic Committee meets as often as business requires. The Chairman can invite members of Executive Management or third parties to the meetings. Five meetings took place in the reporting period.

The Chairman also assumes special tasks as the contact person for the CEO and Executive Management. Ten meetings were held in the reporting period in connection with such tasks.

The meetings of the Board of Directors and its committees usually take place at the Company's registered offices or at the registered offices of its subsidiaries but can occasionally also take place at other locations. The members of Executive Management participate in meetings of the Board of Directors and its committees if required.

3.6 DEFINITIONS OF AREAS OF RESPONSIBILITY

The main duties of the Board of Directors consist of defining and periodically reviewing the corporate strategy, business policies and organisation of the group; monitoring operational business and risk management; as well as periodically evaluating its own performance, that of the CEO, and together with him, that of the members of Executive Management. Operational business management is delegated to the CEO to the extent permitted by law and based on the organisational regulations issued by the Board of Directors. Operational business management encompasses all management duties which are not reserved for the Board of Directors by law, the articles of incorporation, the organisational regulations and, if applicable, specific Board resolutions and includes the general management of the entire Group, including, but not

limited to, the subsidiaries. The non-transferable duties in the meaning of article 716a CO remain the domain of the Board of Directors as a whole.

The CEO is the Chairman of Executive Management, which also includes a CFO and other executives required for general management across divisions (currently in particular the COO and CHRO). The CEO is responsible for the organisation (including representation arrangements), management and supervision of Executive Management as well as for all subordinated entities within the Group. For this purpose, he draws up an organisational chart and appropriate management regulations (including the regulation of authorities within Executive Management and lower levels of hierarchy), both of which are to be approved by the Board of Directors.

3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS EXECUTIVE MANAGEMENT

The Board of Directors has various information and control instruments vis-à-vis Executive Management. Besides the duty of the CEO to provide information in accordance with the provisions of the organisational regulations, the various committees (see section 3.5.2) also have defined tasks and reporting duties. Another instrument are the comments and findings of the statutory auditor in the course of the audit engagement. The CALIDA GROUP does not have its own internal audit function.

The organisational regulations approved by the Board of Directors require the CEO to provide information as follows:

The CEO must inform the Board of Directors of the significant events in operational business management, the implementation of resolutions passed by the Board and any other factors of significance for the Board of Directors and its decision making;

In particular, the CEO and, in his absence, his deputy or the responsible member of Executive Management, must immediately inform the Board of Directors of any events which significantly influence or could influence the business;

The CEO is responsible for ensuring that the following information is provided to the Board of Directors in a timely manner, i.e. immediately once it is available: consolidated half-year and annual financial statements and reports; consolidated monthly financial

statements, including KPIs; interim reports on the business for every meeting of the Board of Directors; information on the development of the business and the market for each meeting of the Board of Directors; information tailored to the relevant level with regard to the ICS and risk management system – as needed but at least half yearly; if necessary, additional information requested by the Board of Directors.

The Board of Directors carries out an annual assessment of the risk management system. Executive Management prepares a risk portfolio containing the risks of relevance for the entire CALIDA GROUP. The identified risks are categorised by area, i.e. environment, sales, distribution, design and development, procurement, administration, finance, organisation and IT, and assessed for the likelihood of occurrence and impact. A risk tracking sheet is prepared each year. The Audit & Risk Committee monitors the risk assessment on behalf of the Board of Directors and reviews risk management practices. The Board of Directors also comments from a strategic perspective. More detailed information about financial risk management is provided in the financial statements 2018 of the CALIDA GROUP in the “Financial risk management” section on page 71ff.

The organisational regulations also contain provisions entitling every member of the Board of Directors to request information on matters involving the Company from other members and from Executive Management at meetings of the Board of Directors. Beyond the scope of the meetings, every member of the Board is entitled to request information from the CEO and the CFO regarding the course of business and significant transactions.

4. Executive Management

4.1 MEMBERS OF EXECUTIVE MANAGEMENT (EM)

Name, nationality, education and professional background

REINER PICHLER

Chief Executive Officer (CEO)

Nationality	Swiss/German
Year of birth	1962
Joined EM	1 April 2016
Education	Master Tradesman Munich, Germany (trained retail salesman)
Professional background	2013–2015 CEO s.Oliver Group / D; 1994–2013 CEO Holy Fashion Group / CH; 1992–1994 Managing Director Sales DACH at the Gruppo Finanziario Tessile / I; 1985–1992 Key Account Manager and afterwards Head of Sales Hugo Boss / D
Other activities and vested interests	Président et Directeur Général of LAFUMA SA, Annecy-le-Vieux, France; Chairman of the Board of Directors of Viu Ventures AG, Zurich; Member of the Advisory Board of Hess Natur-Textilien GmbH, Butzbach, Germany

DANIEL GEMPERLE

Chief Operations Officer (COO)

Nationality	Swiss
Year of birth	1959
Joined EM	1 August 2011
Education	University of Applied Sciences, Clothing & Technology, Mönchengladbach, Germany (Ing. FH)
Professional background	1999–2011 member of Executive Management of CALIDA AG and responsible for: production, logistics, procurement and technical development and strategic IT; 2005–2011 additionally responsible for integration projects for AUBADE; 1988–1999 member of Executive Management (operations division) and the Board of Directors of a Swiss clothing company; 1984–1988 responsible for operations at a Swiss clothing group (retail and production)
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux, France; Member of the Board of Directors of LU Couture AG, Lucerne

SACHA D. GERBER**Chief Financial Officer (CFO)**

Nationality	Swiss
Year of birth	1975
Joined EM	1 September 2018
Education	Bern University of Applied Sciences (Business Economist FH), Swiss certified accounting and controlling expert, University of St. Gallen (International Executive MBA HSG - degree 2019)
Professional background	2010–2018 member of management at Hero AG, Lenzburg; 2010–2012 CFO, 2013–2016 CFO/COO; 2016–2018 CFO/COO & Head of the Foodservice Business Unit; 2002–2010 finance functions in various group entities of the SWATCH GROUP; since 2007 as CFO (member of management)
Other activities and vested interests	–

MANUELA OTTIGER**Chief Human Resources Officer (CHRO)**

Nationality	Swiss
Year of birth	1971
Joined EM	28 March 2014
Education	SIB Schweizerisches Institut für Betriebsökonomie (certified HR Manager)
Professional background	Since 2012 owner and CEO of Ottiger Consulting; 2003–2011 Head of HR and member of Executive Management of the CALIDA AG; 1994–2003 Head of HR at a Swiss media group
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux, France; Member of the Board of the foundation “Lebensraum Gebirge”

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

These details are provided in section 4.1.

4.3 RULES IN THE ARTICLES OF INCORPORATION ON THE NUMBER OF PERMITTED ACTIVITIES PURSUANT TO ARTICLE 12 PARA. 1 POINT 1 OaEC

The members of Executive Management are limited in the number of additional activities they may assume in the supreme management or administrative bodies of other legal entities required to be registered in the commercial register or a comparable foreign register unless these companies control or are controlled by the Company. The limits are as follows:

1 mandate for listed companies, with multiple mandates for different companies within the same group counting as a single mandate; and

1 paid mandate for other legal entities, with multiple mandates for different companies within the same group counting as a single mandate; and

2 non-paid mandates (expenses do not count as "paid"), with multiple mandates for different companies within the same group counting as a single mandate.

Not in scope of these limitations are mandates assumed by a member of Executive Management on behalf of the Company (e.g. for joint-ventures or pension funds of this legal entity or for entities in which this legal entity holds a material (non-consolidated) interest).

Mandates or employment offers beyond the CALIDA GROUP are subject to the prior authorisation of the Board of Directors.

4.4 MANAGEMENT CONTRACTS

In 2014, Manuela Ottiger was appointed CHRO. A contractual agreement to this end was entered into with Ottiger Consulting GmbH, Eich, a company controlled by Manuela Ottiger. The contract provides for Manuela Ottiger to personally fulfil the function as member of Executive Management and therefore does not constitute a management contract.

5. Compensation, shareholdings and loans

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMMES

For details of the content and method of determining the compensation and shareholding programmes, please refer to the 2018 remuneration report of CALIDA Holding AG (pages 95 to 99).

5.2 DISCLOSURES FROM ISSUERS SUBJECT TO THE OaEC

5.2.1 Rules in the articles of incorporation on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as the additional amount for payments to members of Executive Management appointed after the vote on pay at the General Meeting

For details of the principles governing performance-related pay and the allocation of participation certificates, convertible rights and options, please refer to the 2018 remuneration report of CALIDA Holding AG (pages 95 to 99).

An additional amount in accordance with article 19 OaEC is available for members of Executive Management who are appointed after the maximum total remuneration is approved. For a new CEO or CFO, the additional amount may not exceed by more than 30% the maximum total remuneration approved by the General Meeting for the former CEO/CFO for the relevant fiscal year. For any other members of Executive Management, the additional amount may not exceed by more than 30% the average total remuneration of the other members of Executive Management for the relevant fiscal year. The average total remuneration of an Executive Management member is the maximum amount approved for the members of Executive Management less the amount relating to the CEO and the CFO, divided by the number of Executive Management members (not including the CEO and CFO) on the date the amount was approved by the General Meeting.

5.2.2 Rules in the articles of incorporation on loans, credit facilities and post-employment benefits for members of the Board of Directors and Executive Management

No loans, credit facilities and post-employment benefits are granted to the members of the Board of Directors or Executive Management.

5.2.3 Rules in the articles of incorporation on the vote on pay at the General Meeting

The General Meeting approves total remuneration of the members of the Board of Directors and Executive Management annually, generally at the Annual General Meeting, for the fiscal year following the General Meeting. The vote of the General Meeting is binding.

The Board of Directors may submit proposals for approval by the General Meeting regarding the maximum total amounts, individual remuneration components for other periods or other matters. The Board can also present the remuneration report for the preceding fiscal year for a non-binding vote by the General Meeting.

If the General Meeting rejects the maximum total remuneration for Executive Management and/or the Board of Directors, the Board of Directors can submit amended proposals for approval by that same meeting or subsequent ordinary or extraordinary General Meetings. The amended proposals can relate to a maximum total amount or several maximum partial amounts, taking into account all relevant factors.

6. Shareholders' participation

6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

6.1.1 Rules in the articles of incorporation on restrictions to voting rights, along with an indication of group clauses and rules on granting exceptions, as well as exceptions actually granted during the year under review

The Company's articles of incorporation do not provide for any restrictions on voting rights. They contain provisions allowing a shareholder to be represented by another shareholder with a written power of attorney. The above is subject to legal representation.

6.1.2 Not applicable

6.1.3 Reasons for granting exceptions in the year under review

There are no restrictions on voting rights.

6.1.4 Procedure and conditions for abolishing voting rights restrictions laid down in the articles of incorporation

There are no restrictions on voting rights.

6.1.5 Rules in the articles of incorporation on participation in the General Meeting

The Company's articles of incorporation do not contain any regulations which deviate from the legal stipulations.

6.1.6 Information on any rules which might be laid down in the articles of incorporation on the issue of instructions to the independent proxy

The Annual General Meeting elects an independent proxy, which can be a natural or a legal entity or a partnership. The term ends at the end of the next Annual General Meeting. Re-election is possible.

The General Meeting can dismiss the independent proxy effective as of the end of the General Meeting. If the Company does not have an independent proxy, the Board of Directors appoints one for the next General Meeting.

The independent proxy must follow the voting instructions issued. If no explicit or concluding instructions are received, the independent proxy abstains from voting.

The Board of Directors can determine the requirements relating to representations and instructions. It can also define the criteria for valid instruction of the independent proxy. Furthermore, it can waive the requirement for a qualified electronic signature for electronic representations.

The Board of Directors ensures that the shareholders have the possibility to instruct the independent proxy on each of the proposals presented at the time of the convocation. It also ensures that shareholders have the possibility to issue general instructions (i) on new proposals added to the agenda (including those on

rejected remuneration proposals in accordance with article 15 para. 3 of the articles of incorporation and (ii) on proposals relating to unannounced agenda items (proposal to convene an Extraordinary General Meeting or conduct a special audit).

6.2 STATUTORY QUORUMS

The Company's articles of incorporation do not contain any regulations which deviate from the legal stipulations. The General Meeting passes resolutions and carries out elections with the absolute majority of share votes represented, unless defined otherwise by law or the articles of incorporation. In the second round of election, the relative majority decides. In the event of a tie, the Chairman has the casting vote except for elections, where the result is decided by drawing lots.

6.3 CONVOCAION OF THE GENERAL MEETING OF SHAREHOLDERS

The Company's articles of incorporation do not contain any regulations which deviate from the legal stipulations. Shareholders recorded in the share register are invited in writing and by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the meeting.

6.4 INCLUSION OF ITEMS ON THE AGENDA

Shareholders representing shares with a par value of forty seven thousand Swiss francs or 10% of the share capital can request to add a matter to the agenda for discussion. Agenda items with proposals to the General Meeting must be submitted to the Company in writing, for the attention of the Board of Directors, at least 45 days before the date of the General Meeting.

6.5 ENTRIES IN THE SHARE REGISTER

The Company only considers shareholders as such if they are entered in the share register. Shareholders are entitled to vote at the General Meeting provided they are recorded in the share register 30 days before the date of the General Meeting. No changes are made to the share register in the 30 days leading up to or on the date of the General Meeting.

7. Changes of control

7.1 DUTY TO MAKE AN OFFER

There are no regulations in the articles of incorporation regarding opting out or opting up (article 22 SETA).

7.2 CLAUSES ON CHANGES OF CONTROL

Options granted to the Board of Directors, Executive Management or employees can be converted immediately in the event of a change of control.

8. Auditing body

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

8.1.1 Date of assumption of the existing auditing mandate

Ernst & Young AG, Zurich, was first appointed as the Company's statutory auditors for one fiscal year at the General Meeting for fiscal year 2006 (2 May 2007). The statutory auditors were re-elected for another year at the General Meeting for fiscal year 2017.

8.1.2 Date on which the lead auditor responsible for the existing auditing mandate took up office

The auditor in charge of the audit engagement took office as engagement partner at the General Meeting for fiscal year 2013 (13 May 2014). The auditor in charge is rotated every seven years in accordance with the maximum term allowed. The current term will expire at the General Meeting for fiscal year 2019, as the auditor already carried out audit work (not as the auditor in charge) for fiscal year 2013.

8.2 AUDIT FEES

Audit fees of approx. CHF 617k (allocated to the appropriate period) were payable to the statutory auditors Ernst & Young AG for the audit of the separate and consolidated financial statements 2018. The non-recurring audit related fees amount to CHF 27k.

8.3 ADDITIONAL FEES

Additional fees of CHF 34k were payable to Ernst & Young AG for advisory services.

8.4 INFORMATIONAL INSTRUMENTS PERTAINING TO THE EXTERNAL AUDIT

The Audit & Risk Committee carries out an annual review of the performance, fees and independence of the statutory auditors. It recommends which statutory auditors should be proposed by the Board of Directors to the General Meeting. The Audit & Risk Committee assesses the work and the fees of the statutory auditors based on the comprehensive reports and audit reports prepared by the auditors, as well as verbal discussions.

The Audit & Risk Committee meets at least once each year with representatives of the external auditors. No members of Executive Management are permitted to attend such meetings. The Audit & Risk Committee held two meetings with representatives of the statutory auditors over the course of the reporting period.

9. Information policy

CALIDA Holding AG updates its stakeholders on the business development in annual and half-year reports. Shareholders recorded in the Company's share register can request a copy of the condensed annual report dated 31 December 2018. Requested reports are sent out with the invitation to the Annual General Meeting. An electronic version is available on our website (see below) from 1 March 2019. Shareholders can request a copy of the half-year report in summer 2019.

Annual reports, half-year reports, ad hoc news, press releases, key dates, etc. can all be found online in the "Investors" section of www.calidagroup.com. Interested parties can also sign up to receive ad hoc news electronically. Printed documents and brochures can be ordered online at www.calidagroup.com, by e-mail from investor.relations@calida.com, or from CALIDA Holding AG, Investor Relations, P.O. Box, 6210 Sursee, +41 41 925 42 42. The Company announces price-sensitive facts in accordance with regulations of the SIX Swiss Exchange.



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