
**HALF-YEAR REPORT
2018**

CALIDAGROUP



CALIDA | People

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CALIDA GROUP ON TRACK – GROWTH THROUGH STABLE EARNINGS AND CONSIDERABLE INVESTMENTS



Dr Thomas Lustenberger and Reiner Pichler

DEAR SHAREHOLDERS

The first half of 2018 was challenging for CALIDA GROUP, as expected. The CALIDA GROUP captured additional market shares despite the negative general conditions and achieved pleasing revenue growth. Operating profit remained stable despite considerable investments.

STRUCTURAL CHANGES

The persisting stagnation of the core markets (France, Germany and Switzerland) is related to a permanent change in consumer behaviour and accelerating structural change in the retail trade. In particular, revenue and footfall in the conventional bricks and mortar sales channels continue to decline. In France, the clothing trade shrunk 4 percent across all sales channels as of the end of May 2018. In Germany, sales in the bricks and mortar fashion retail segment were down by 2 percent and footfall was even down 4 percent in the first half of the year. This development also caused a further worsening of sentiment in the bricks and mortar fashion retail segment. In the past twelve months, the sector-related

Business Climate Index of the ifo (Institute for Economic Research) for the German fashion retail segment recorded a slight increase in just two months and was otherwise largely in the negative double-digit range.

At the same time, the share of online business in clothing and shoes increased steadily – albeit no longer with the momentum of recent years. The share of discounted goods in e-commerce accounted for an above-average proportion of the volume sold, which was also driven by global sales trends, such as “Black Friday” and “Cyber Monday”. This resulted in a consolidation of the market; especially smaller brand names and retailers were increasingly coming under pressure.

INVESTMENTS AS A FOUNDATION FOR SUCCESS

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

The CALIDA GROUP will continue to make substantial investments in the development of its brands to reach its defined strategic objectives and to exploit the opportunities presented by the structural changes in the market. The following are some highlights of the first half of 2018:

Merger of the two e-Shops calida.com and calida-shop.de (acquired in March 2017) and relaunch under www.calida.com in a new shop landscape. Further expansion of e-commerce competence in the Group and a sharp increase of 60.1 percent in e-commerce sales.

AUBADE's 60th anniversary taken as an opportunity to invest in brand awareness and internationalisation. Successive rollout of the newly developed store concept, also in the shop-in-shop area.

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

The strategic measures introduced so far are having an impact. The CALIDA GROUP outperformed the market. The slight weakening of the Swiss franc this year had an overall positive effect. The Japanese yen had a negative effect on the result.

The key financial indicators developed as follows in the first half of 2018:

Net sales increased from CHF 175.6 million to CHF 194.3 million, which corresponds to an increase of 10.7 percent or 3.5 percent adjusted for exchange rate effects.

At 23.0 percent, the operating profit margin was maintained at the level of the prior year despite investments in partnership models with our key accounts.

At CHF 5.5 million (prior year: CHF 5.8 million), operating profit almost matched the level of the prior year despite considerable investments in the sales organisation, e-commerce, IT and marketing; net income decreased 25.1 percent due to positive one-time effects from and valuation of foreign currency positions in the prior year, and amounted to CHF 4.4 million.

Inventories were increased with a view to raising the availability of ordered goods, facilitating a higher share of own production, managing sales floor at key accounts and expanding the firm's own retail network. As of the cut-off date, this resulted in a non-recurring negative cash flow from operating activities of CHF 1.9 million. Over the year as a whole, we expect the cash flow from operating activities to remain stable.

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 high level of expertise in this organisation bolsters and accelerates the development of the online channel as well as digitalisation within the CALIDA GROUP for the long term.

In a first step to integrate REICH ONLINE, CALIDA's own e-shop (calida.com) was merged with the

online shop run by REICH ONLINE (calida-shop.de). At the same time, the shopping experience on www.calida.com was redesigned. 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. 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.

The strategy developed in 2016 is taking effect. The first strategic levers have generated positive results. The CALIDA GROUP achieved above-average growth of 60.1 percent in e-commerce in the first semester and thus significantly outperformed the market. The share of e-commerce in total revenue increased from 7.1 percent to 10.2 percent. These figures do not include online sales of our products by our retail customers and online traders.

E-COMMERCE EXPERTISE ALSO REINFORCED IN 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 to boost the digital transformation of the CALIDA GROUP.

CALIDA

The CALIDA brand stands for quality, comfort, innovation and modernisation. 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.

In the first half of 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 use of retail expertise for CALIDA’s wholesale customers as well and thus improve the key performance indicators for the retail sales of these customers. The repurchasing of goods associated with the conversion, however, had a non-recurring negative effect on revenue and profitability. 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 more than 40 percent of its sales in Switzerland. There was, however, a slight improvement in the situation in the first semester of 2018. 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, so it is particularly pleasing that our own retail network of 124 stores once again managed to improve on the good prior-year level with an increase of like-for-like sales in all markets of 2.5 percent in the reporting period. This puts CALIDA well ahead of the market average. Sales through our own e-commerce operations went up by more than 29 percent. Key steps leading

to this result included the successful merger of the two CALIDA domains “calida.com” and “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 8.4 percent, from CHF 56.6 million to CHF 61.4 million. Adjusted for exchange rate effects, revenue growth is 3.7 percent. The operating profit margin increased by 7.0 percent, from CHF 12.5 million to CHF 13.4 million, despite investments in IT and e-commerce as well as in cooperation activities with key accounts.



AUBADE is celebrating its anniversary in 2018. For 60 years, the brand has been synonymous with "lingerie à la française".

Investments in marketing, products and innovation are very important for AUBADE. Following the successful collaboration of the brand with French designer Christian Lacroix in 2016, there are plans for further collaboration with renowned and innovative designers intended to promote AUBADE's growth 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. In September 2017, the first flagship store with a new look was opened in Paris in the perfectly located Rue Tronche. The store's revenue development is positive.

Overall, the first half of 2018 was difficult for AUBADE. The bad weather and the numerous strikes in the public transport sector in the key market of France were reflected in the low footfall rates. The development in the more than 50 of our own retail stores is therefore not entirely satisfactory. Like-for-like sales were slightly below the level of the prior year, nevertheless the performance was considerably better than the market development with a drop of 4.2 percent. By contrast, sales through our own e-commerce operations increased 16.2 percent.

Net sales decreased slightly by 0.7 percent to EUR 26.7 million. As a result of targeted measures, the profit margin improved significantly, from EUR 6.5 million (24.2 percent of sales) to EUR 6.9 million (25.9 percent), or by 6.2 percent.



The long and snowy winter 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, however, had a negative effect on reorders. Nevertheless, revenue growth of 12.4 percent was recorded in its home market France in the first half of the year. The GSA markets also recorded positive development, with growth of 15.4 percent and western Europe with growth of 22.3 percent. By contrast, the market in Japan, which is particularly important for the MILLET brand, suffered low footfall in shop floor management. Asia-Pacific and China also stagnated compared to the prior year.

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 in the first half of the year. Net sales increased by 4.3 percent, from EUR 37.1 million to EUR 38.7 million. Adjusted for exchange rate effects, net sales actually increased by 5.9 percent. The operating profit margin of MILLET MOUNTAIN GROUP also developed favorably, with an increase of 12.6 percent, from EUR 5.6 million (15.2 percent of sales) to EUR 6.3 million (16.3 percent). This positive performance is attributable to the 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. Forging ahead with internationalisation, a new shop is established in Beijing and another in Osaka in the second semester. 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 LAFUMA backpack "le sac LAFUMA", the "Mix & Match" concept, a multi-layered jacket for all seasons as well as the commitment to sustainability for textile products, which as of this year are 100 percent PFC-free, are expected to make a significant contribution to projected growth going forward. Pre-order sales for the coming fall/winter collection 2018 give us reason to be optimistic.



As a manufacturer of outdoor furniture, LAFUMA MOBILIER is heavily dependent on weather conditions. There is unfortunately only the summer season for this consumer market. The summer started off under difficult circumstances 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 caused keener competition and high pressure on prices. LAFUMA MOBILIER weathered these challenging conditions better than its competitors thanks to its attractive product portfolio and competitive prices. In the second quarter, it largely made up for the shortfall in sales from the first quarter.

Net sales in the first half of 2018 remained slightly below the level of the prior year and amounted to EUR 30.2 million. The growth in e-shop revenue of 14.6 percent was also very gratifying. This achievement was recognised in the area of e-commerce by the French magazine Capital. The profit margin decreased due to targeted investments in new areas of business and sales, marketing and product development decreased by EUR 0.8 million to EUR 9.9 million (prior year: EUR 10.8 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 the collection is scheduled for 2019.



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

Net sales increased by 3.8 percent, from EUR 13.7 million to EUR 14.2 million. The profit margin remained stable at EUR 3.0 million (21.1 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. Positive development is expected to be driven forward through investments in more of its own stores and in several corners of managed floor space with 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. The clear positioning and internationalisation of the brand are the medium-term goals for the brand. E-commerce will play an important role in development for OXBOW as well.

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

CALIDA Holding AG expanded its shareholding in the French subsidiary LAFUMA listed in Paris. In mid-March 2018, it acquired its shareholding of 7.6 percent in LAFUMA from Jean-Pierre Millet, a longstanding anchor shareholder of LAFUMA.

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 to 87.7 percent.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

We do not expect the economic and political conditions to change significantly in the second half of the year, so market developments will remain a great challenge for the entire CALIDA team.

To address these challenges and to meet changing consumer behaviour, further considerable investments in e-commerce, internationalisation and marketing are necessary. We therefore expect stable revenue development and slightly lower earnings in the second half of the year.

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 faith you have placed in us.



Dr Thomas Lustenberger
Chairman of the Board
of Directors



Reiner Pichler
Chief Executive Officer

CALIDA GROUP at a glance

CALIDA GROUP is a global apparel group with its head office in Switzerland. Encompassing the lingerie brands CALIDA and AUBADE, as well as the mountain sports and outdoor brands MILLET, OXBOW, EIDER, and LAFUMA, it had sales of CHF 380 million in 2017 and around 3'000 employees. The CALIDA GROUP is listed on the SIX Swiss Exchange.

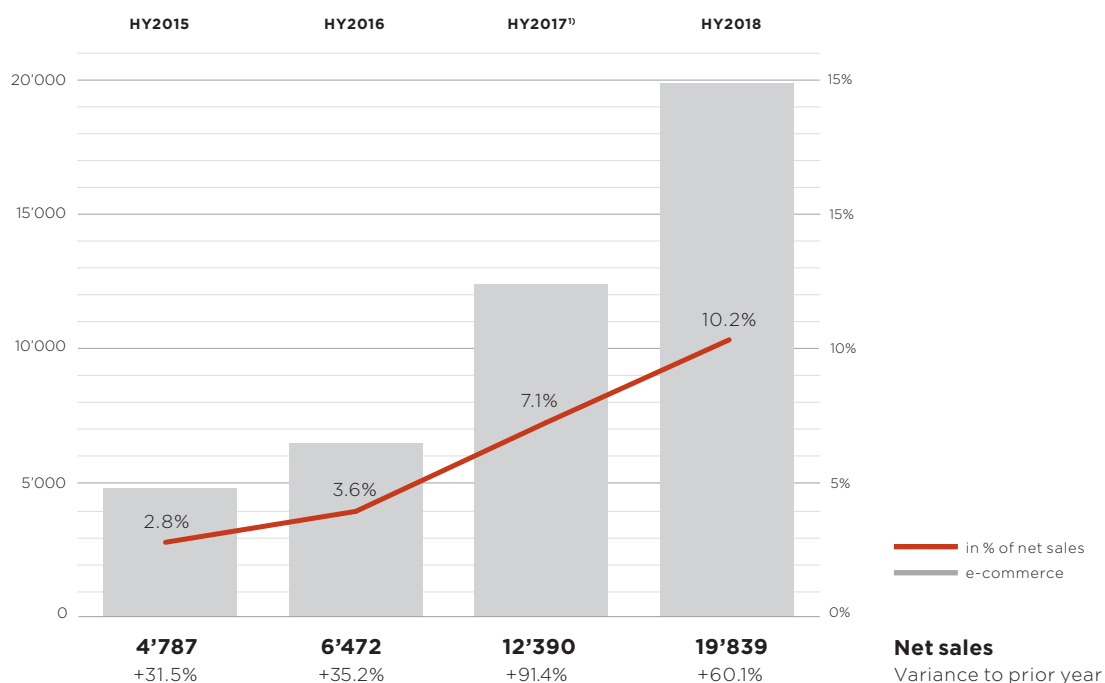
CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH THE COST OF SALES METHOD

	01.01. – 30.06.2018	01.01. – 30.06.2017	Change
Gross sales	200'849	181'466	+10.7%
Net sales	194'296	175'581	+10.7%
Gross profit	111'355	100'128	+11.2%
as a % of net sales	57.3%	57.0%	
Operating contribution	44'774	40'325	+11.0%
as a % of net sales	23.0%	23.0%	
Non-allocated operating costs	-39'323	-34'547	+13.8%
as a % of net sales	-20.2%	-19.7%	
Operating result (EBIT)	5'451	5'778	-5.7%
as a % of net sales	2.8%	3.3%	
Financial result, net	209	920	
Earnings before tax	5'660	6'698	-15.5%
as a % of net sales	2.9%	3.8%	
Income taxes	-1'211	-761	
Net income	4'449	5'937	-25.1%
as a % of net sales	2.3%	3.4%	
Earnings per registered share in CHF (basic)	0.51	0.60	
Earnings per registered share in CHF (diluted)	0.51	0.60	

in CHF 1'000

SELECTED KPIS

	30.06.2018	30.06.2017
Liquidity	31'679	40'435
Gross debt	-35'158	-21'977
Net liquidity	-3'479	18'458
Shareholders' equity (incl. non-controlling interests)	172'071	173'256
Total assets	306'657	288'723
Equity ratio	56.1%	60.0%
Headcount	3'034	2'994

DEVELOPMENT E-COMMERCE

¹⁾ Acquisition of Reich Online Services GmbH as of 1 March 2017

The activities of the Group's divisions show seasonal fluctuations.
(Further details of the seasonal sales development are given in note 1 of the notes of the consolidated half-year report on page 23.)

Consolidated interim financial statements 2018

CALIDA GROUP



Group statement of financial position

(condensed)

	30.06.2018	31.12.2017 (restated)	30.06.2017 (restated)
Cash and cash equivalents	31'679	45'200	40'435
Trade accounts receivable	37'276	43'730	32'905
Inventories	96'061	85'700	78'914
Other current assets	24'857	20'479	22'444
Current assets	189'873	195'109	174'698
Property, plant and equipment	20'641	21'591	20'161
Intangible assets	83'979	85'024	79'412
Other non-current assets	12'164	10'920	14'452
Non-current assets	116'784	117'535	114'025
ASSETS	306'657	312'644	288'723
Current financial liabilities	36'164	13'628	20'049
Trade accounts payable	21'040	22'677	18'130
Current provisions	4'744	3'060	2'809
Other current liabilities	53'808	56'749	48'908
Current liabilities	115'756	96'114	89'896
Non-current financial liabilities	146	2'574	1'928
Non-current provisions	3'888	4'132	4'268
Other non-current liabilities	14'796	14'265	19'375
Non-current liabilities	18'830	20'971	25'571
Liabilities	134'586	117'085	115'467
Equity held by shareholders of CALIDA Holding AG	161'140	170'369	149'731
Non-controlling interests	10'931	25'190	23'525
Shareholders' equity	172'071	195'559	173'256
SHAREHOLDERS' EQUITY AND LIABILITIES	306'657	312'644	288'723

For the restatement of the amounts in the reference periods, please refer to the explanations on "Accounting, consolidation and measurement principles" and "Scope of consolidation".

Group income statement and statement of comprehensive income

(condensed)

GROUP INCOME STATEMENT

	01.01. – 30.06.2018	01.01. – 30.06.2017	01.01. – 31.12.2017
Net sales	194'296	175'581	380'634
Operating income	196'248	176'885	383'308
Operating expenses	-190'797	-171'107	-361'709
Operating result	5'451	5'778	21'599
Financial result, net	209	920	-102
Earnings before tax	5'660	6'698	21'497
Income tax	-1'211	-761	-4'626
Net income	4'449	5'937	16'871
attributable to:			
Shareholders of CALIDA Holding AG	4'164	4'858	15'332
Non-controlling interests	285	1'079	1'539
Earnings per registered share in CHF (basic)	0.51	0.60	1.88
Earnings per registered share in CHF (diluted)	0.51	0.60	1.88

STATEMENT OF COMPREHENSIVE INCOME

	01.01. – 30.06.2018	01.01. – 30.06.2017	01.01. – 31.12.2017
Net income	4'449	5'937	16'871
Items that might be reclassified to profit or loss, after tax			
Exchange rate differences recognised in other comprehensive income	-2'879	1'945	12'393
Hedge accounting	-	-4'956	-6'436
Items that cannot be reclassified to profit or loss, after tax			
Remeasurements of the net defined benefit liability (asset)	614	187	2'068
Remeasurements of cash flow hedges	3'354	-	-
Other comprehensive income	1'089	-2'824	8'025
Total comprehensive income	5'538	3'113	24'896
attributable to:			
Shareholders of CALIDA Holding AG	4'710	2'860	22'978
Non-controlling interests	828	253	1'918

Group statement of changes in shareholders' equity

	Share capital	Treasury shares	Capital reserves	Retained earnings	Exchange differences	Reserves	Equity held by the shareholders of CALIDA Holding AG	Non-controlling interests	Shareholders' equity
1 January 2017	812	-531	13'355	169'955	-33'286	150'024	150'305	23'272	173'577
<i>Net income</i>	-	-	-	4'858	-	4'858	4'858	1'079	5'937
<i>Other comprehensive income</i>	-	-	-	-3'451	1'453	-1'998	-1'998	-826	-2'824
Total comprehensive income	-	-	-	1'407	1'453	2'860	2'860	253	3'113
Dividend from capital contribution reserve	-	-	-6'543	-	-	-6'543	-6'543	-	-6'543
Capital increase	8	-	2'506	-	-	2'506	2'514	-	2'514
Share-based payments	-	-	600	-	-	600	600	-	600
Acquisition of treasury shares	-	-5	-	-	-	-	-5	-	-5
30 June 2017	820	-536	9'918	171'362	-31'833	149'447	149'731	23'525	173'256
1 January 2018	820	-536	10'438	182'633	-22'986	170'085	170'369	25'190	195'559
<i>Net income</i>	-	-	-	4'164	-	4'164	4'164	285	4'449
<i>Other comprehensive income</i>	-	-	-	3'586	-3'040	546	546	543	1'089
Total comprehensive income	-	-	-	7'750	-3'040	4'710	4'710	828	5'538
Dividend from capital contribution reserve	-	-	-6'592	-	-	-6'592	-6'592	-	-6'592
Capital increase	5	-	1'711	-	-	1'711	1'716	-	1'716
Acquisition of non-controlling interests	-	-	-	-9'088	-	-9'088	-9'088	-15'024	-24'112
Share-based payments	-	-	540	-	-	540	540	-	540
Hedging gains and losses transferred to the cost of inventories	-	-	-	-515	-	-515	-515	-63	-578
30 June 2018	825	-536	6'097	180'780	-26'026	160'851	161'140	10'931	172'071

Group statement of cash flows

(condensed)

	01.01. – 30.06.2018	01.01. – 30.06.2017 (restated)	01.01. – 31.12.2017
Net income	4'449	5'937	16'871
Depreciation, amortisation and impairments	4'907	4'314	9'014
Other adjustments for non-cash items	1'882	-140	6'622
Increase (-) / decrease (+) in net working capital	-9'173	6'145	3'767
Increase (+) / decrease (-) in provisions	-1'844	-2'071	-2'747
Income taxes paid	-2'074	-1'374	-2'502
Cash flow from operating activities (A)	-1'853	12'811	31'025
Acquisition of a group company	-	-8'620	-8'620
Investments in property, plant and equipment / intangible assets	-4'245	-4'132	-9'701
Sale of property, plant and equipment / intangible assets	30	38	80
Increase (-) / decrease (+) in financial assets / interest received	-155	428	329
Cash flow from investing activities (B)	-4'370	-12'286	-17'912
Increase (+) / decrease (-) in financial liabilities / interest paid	22'249	3'304	-5'474
Dividend from capital contribution reserve (C)	-6'590	-6'543	-6'543
Options exercised from share-based payment plans	1'716	2'514	2'514
Acquisition of non-controlling interests	-24'112	-	-
Acquisition of treasury shares	-	-5	-5
Cash flow from financing activities	-6'737	-730	-9'508
Impact of exchange rate fluctuations on cash and cash equivalents	-561	420	1'375
Change in cash and cash equivalents	-13'521	215	4'980
Cash and cash equivalents at the beginning of the period	45'200	40'220	40'220
Cash and cash equivalents at the end of the period	31'679	40'435	45'200
Free cash flow (A + B + C)	-12'813	-6'018	6'570

For the restatement of the amounts in the reference period, please refer to the explanations on "Scope of consolidation".





Notes to the consolidated interim financial statements

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

Basis of Preparation

GENERAL

The consolidated interim financial statements comprise the unaudited consolidated results of CALIDA Holding AG and its directly or indirectly controlled subsidiaries ("CALIDA GROUP") for the period from 1 January to 30 June 2018 ("interim period"). The report is prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual report 2017 as it provides an update of the information reported therein.

ACCOUNTING, CONSOLIDATION AND MEASUREMENT PRINCIPLES

The accounting policies applied in the consolidated interim financial statements are consistent with the consolidation and measurement principles disclosed in the consolidated financial statements 2017, except for the amendments discussed below.

The following new and amended International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) are applicable from 1 January 2018. The individual changes have no material impact on the interim financial statements of the CALIDA GROUP.

IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹⁾
Annual improvement process	Collective standard with amendments to various IFRS standards with the primary goal of eliminating inconsistencies and clarifying terminology ¹⁾

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

IFRS 9 - FINANCIAL INSTRUMENTS

Effective 1 January 2018, IFRS 9 addresses the classification and measurement of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting. For the transition CALIDA GROUP applies the "modified retrospective approach".

Classification and measurement

At 1 January 2018, CALIDA GROUP had no financial assets classified as "available for sale", "held to maturity" or "fair value through OCI". The statement of financial position items measured either at "fair value through profit and loss" or "at amortised cost" continue to meet the criteria for these categories. Hence there will be no change to the classification or measurements.

Impairment of financial assets

With introduction of IFRS 9 the "expected loss model" replaces the "incurred credit loss model" as applied under IAS 39 to evaluate credit risks.

Trade accounts receivable qualify as a financial asset of CALIDA GROUP for which the "expected credit loss model" is to be applied.

Trade accounts receivable of CALIDA GROUP refer mainly to wholesale clients (B2B). Sales to consumers either in a retail store or online (B2C) are not in scope as payment is in cash or by card as of transfer of the goods.

The credit risk of wholesale receivables is evaluated based on solvency checks, long-term business relationships and case-by-case assessments. In addition, the history of credit losses serves as basis to estimate expected credit losses.

The introduction of IFRS 9 has no significant impact to allowances.

Hedge accounting

Based on IFRS 9, hedge accounting might be applicable for more hedge relationships as the standard introduces a more principle-based approach. The new model aligns the accounting treatment with the financial risk management.

The financial risk management of the Group, the hedge documentation as well as the resulting valuation and presentation are in line with IFRS 9.

As of 1 January 2018 the CALIDA GROUP only had forward contracts that had been concluded without a premium.

Fair value adjustments for cash flow hedges continue to be recognised in other comprehensive income. As from 1 January 2018 and if a hedged forecast transaction results in the recognition of a non-financial asset or liability (e.g. inventory purchase), gains and losses are removed directly from equity and included in the initial cost or carrying amount of the hedged item.

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. This may take place at a point in time or over a period of time. As the sale of goods in the CALIDA GROUP takes place at a point in time – and not over a period of time – the application of the new IFRS 15 standard does not have a significant impact on the earnings of the Group.

The application of the new Standard IFRS 15 will involve the gross disclosure of expected customer returns in the financial statements.

Restatements

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

In the statement of financial position, the restatement consists of a reclassification from inventories to other current assets, due to the separate presentation of right of return assets, of CHF 936 (01.01.2017), CHF 913 (30.06.2017) and CHF 1'644 (31.12.2017), respectively.

The impact of IFRS 15 on net sales, operating expenses and the relative gross margin are not significant.

ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated interim 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.

FOREIGN CURRENCY TRANSLATION

The following exchange rates are used for the translation into Swiss francs (CHF) for the CALIDA GROUP's major currencies:

Exchange rate at closing date	Unit	30.06.2018	30.06.2017	31.12.2017	Exchange rate at closing date	Unit	01.01.– 30.06.2018	01.01.– 30.06.2017	01.01.– 31.12.2017
EUR	1	1.1554	1.0933	1.1688	EUR	1	1.1697	1.0764	1.1101
USD	1	0.9979	0.9568	0.9790	USD	1	0.9664	0.9940	0.9842
HUF	100	0.3514	0.3531	0.3769	HUF	100	0.3726	0.3478	0.3590
GBP	1	1.3067	1.2436	1.3156	GBP	1	1.3300	1.2517	1.2674
TND	1	0.3808	0.3938	0.3967	TND	1	0.3936	0.4226	0.4086
JPY	100	0.9041	0.8499	0.8674	JPY	100	0.8890	0.8849	0.8778
HKD	1	0.1272	0.1226	0.1253	HKD	1	0.1233	0.1279	0.1263
CNY	1	0.1506	0.1411	0.1498	CNY	1	0.1518	0.1446	0.1456

SCOPE OF CONSOLIDATION**Acquisition of Reich Online Services GmbH**

With effect from 1 March 2017 the CALIDA GROUP acquired 100 percent of German e-commerce specialist Reich Online Services GmbH. In line with CALIDA GROUP's strategy, the acquisition strengthens its capabilities in e-commerce, a key growth area.

The purchase price allocation is final since 1 March 2018. The fair value adjustments presented in the consolidated financial statements 2017 were recognised in the second half of the year 2017. Therefore, the reference periods as per 30.06.2017 have been restated.

The respective amounts in the statement of financial position and the cash flow statement have been restated.



Notes to the consolidated interim financial statements

1. SEASONAL EFFECTS

The activities of the Group's divisions show seasonal fluctuations.

Experience has shown sales in the CALIDA division to be significantly higher in the second half of the year, whereas the operating expenses remain relatively stable. In the first six months, inventories are increased, which burdens liquidity and also lowers the segment's operating profit contribution by not yet realised contribution margins.

There are no major seasonal fluctuations in sales between the first and second half of the year in the AUBADE and OXBOW divisions. The operating expenses are relatively stable over the year.

The brands MILLET and EIDER of the MILLET MOUNTAIN GROUP recognise significantly higher sales with corresponding operating contribution in the second half of the year as they are strongly oriented towards the winter.

These seasonal fluctuations at CALIDA and the MILLET MOUNTAIN GROUP are partially offset by the activities of the LAFUMA MOBILIER with its garden furniture, which realises the majority of sales in the first half of the year.

2. NET SALES FROM CONTRACTS WITH CUSTOMERS

The disaggregated net sales from contracts with customers are as follows:

Divisions	30.06.2018	30.06.2017
CALIDA	61'364	56'632
AUBADE	31'215	28'891
MILLET MOUNTAIN GROUP	45'296	39'959
LAFUMA MOBILIER	35'299	32'941
OXBOW	16'619	14'729
Other activities	4'503	2'429
Total	194'296	175'581

Sales channels	30.06.2018	30.06.2017
e-commerce	19'839	12'390
Stationary sales channels	174'457	163'191
Total	194'296	175'581

The Group recognised impairment losses on trade accounts receivable arising from contracts with customers, included under operating expenses in the income statement, amounting to CHF 267 and CHF 160 for the six months ended 30 June 2018 and 2017, respectively.

3. 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 each 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 cost of sales method – the operating profit contribution of each segment after deduction of costs 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 operating reporting is based on International Financial Reporting Standards (IFRS).

01.01.-30.06.2018	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	61'364	31'215	45'296	35'299	16'619	4'503	194'296
Operating profit contribution	13'428	8'089	7'418	11'619	3'501	719	44'774
Non-allocated operating costs							-39'323
Operating result							5'451
Financial result, net							209
Earnings before tax							5'660
Amortisation and depreciation	-1'934	-656	-1'642	-428	-81	-166	-4'907
thereof impairment	-	-	-	-	-	-	-
Investments	1'749	254	1'455	513	183	91	4'245

in CHF 1'000

01.01.-30.06.2017	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	56'632	28'891	39'959	32'941	14'729	2'429	175'581
Operating profit contribution	12'302	6'957	6'063	11'581	3'317	105	40'325
Non-allocated operating costs							-34'547
Operating result							5'778
Financial result, net							920
Earnings before tax							6'698
Amortisation and depreciation	-1'872	-699	-1'133	-362	-100	-148	-4'314
thereof impairment	-	-	-	-	-	-	-
Investments	1'948	662	1'038	407	26	51	4'132

4. EARNINGS PER REGISTERED SHARE

	01.01. – 30.06.2018	01.01. – 30.06.2017
Net income, attributable to the shareholders of CALIDA Holding AG	4'164	4'858
Number of shares as of the reporting date	8'255'951	8'202'279
Less weighted average of capital increase	-45'789	-61'704
Average number of shares outstanding	8'210'162	8'140'575
Earnings per registered share in CHF (basic)	0.51	0.60
Earnings per registered share in CHF (diluted)	0.51	0.60

The dilutive effects were calculated based on the average number of outstanding call options and the average share price. The outstanding options 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 shares included in the calculation was 1'074 (01.01. – 30.06.2017: 7'568).



5. FINANCIAL MANAGEMENT

30 June 2018

	Carrying amount	Contractual payments	less than 1 year	1 – 5 years
Financial liabilities (current and non-current)	34'002	34'002	34'002	–
Trade accounts payable	21'040	21'040	21'040	–
Other current liabilities ¹⁾	21'949	21'949	21'949	–
Total – at amortised cost	76'991			
Derivative financial instruments ²⁾				
Cash inflows		-60'403	-36'952	-23'451
Cash outflows		59'322	37'179	22'143
Net (level 2)	529	-1'081	227	-1'308
Contingent purchase price payments (level 3)	1'155	1'155	1'155	–
Total – at fair value through profit and loss	1'684			
Total	78'675			

30 June 2017

	Carrying amount	Contractual payments	less than 1 year	1 – 5 years
Financial liabilities (current and non-current)	18'033	18'084	18'084	–
Trade accounts payable	18'130	18'130	18'130	–
Other current liabilities ¹⁾	20'394	20'394	20'394	–
Total – at amortised cost	56'557			
Derivative financial instruments ²⁾				
Cash inflows		-66'488	-35'516	-30'972
Cash outflows		67'210	36'190	31'020
Net (level 2)	1'843	722	674	48
Contingent purchase price payments (level 3)	2'009	2'186	1'093	1'093
Total – at fair value through profit and loss	3'852			
Total	60'409			

¹⁾ Not including liabilities to government authorities as well as accrued personnel expenses and other accruals and deferred income of CHF 31'859 (2017: CHF 28'514).

²⁾ Of the carrying amount CHF 257 is allocated to other current assets (31.12.2017: CHF 0), CHF 367 to other non-current assets (31.12.2017: CHF 0), CHF 1'006 to current financial liabilities (31.12.2017: CHF 1'941) and CHF 146 to other non-current liabilities (31.12.2017: CHF 1'405).

In the interim period 2018 CHF 6'935 were amortised as due according to the current agreement for the syndicated loan facility (01.01. – 30.06.2017: CHF 6'560).

The existing syndicated loan agreement terminates as of 31 December 2018. The respective financial liabilities are presented as short term. The CALIDA GROUP is negotiating with credit institutions for follow-up financing.

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). Due to having floating interest rates, the carrying amounts of the financial liabilities to banks approximate their market value.

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, this consists entirely of interest rate and currency effects. Based on estimates by management, the targets leading to full payment of the agreed amount will be achieved (level 3 of the fair value measurement hierarchy).

As of 31 January 2018 a contractual portion has been paid in full (CHF 1'160).

CHANGE IN NET LIQUIDITY

	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Net liquidity
1 January 2018	45'200	-11'687	-1'169	32'344
Cash flow from operating and investing activities	-6'223	-	-	-6'223
Cash flow from financing activities	-6'737	-22'264	-	-29'001
Cash flow	-12'960	-22'264	-	-35'224
Exchange rate differences	-561	56	-	-505
Unrealised exchange rate differences from the conversion of financial liabilities in foreign currencies	-	-93	18	-75
Impact of exchange rate differences	-561	-37	18	-580
Reclassifications	-	-1'151	1'151	-
Compounding / amortisation of transaction cost	-	-19	-	-19
Non-cash positions	-	-1'170	1'151	-19
30 June 2018 - net liquidity	31'679	-35'158	-	-3'479
Derivative financial instruments (liabilities)	-	-1'006	-146	
30 June 2018 - Total	31'679	-36'164	-146	

6. SHAREHOLDERS' EQUITY - GROUP

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 18 May 2018 approved 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 consideration premiums of CHF 1'968 from capital increases, the capital contribution reserve of CALIDA Holding AG amounts to CHF 7'296.

CONDITIONAL CAPITAL

In the interim period 2018, a conditional capital increase of CHF 5 (01.01. – 30.06.2017: CHF 8) or 53'672 registered shares (01.01. – 30.06.2017: 80'499 registered shares) was carried out at an average issue price of CHF 32.06 per share (01.01. – 30.06.2017: CHF 31.53). The premium, representing the excess over par value after deduction of issuance and transaction costs, was allocated to the capital reserves (01.01. – 30.06.2018: CHF 1'711; 01.01. – 30.06.2017: CHF 2'506).

Conditional capital of CHF 10 (31.12.2017: CHF 16) was available as of 30 June 2018, equivalent to 104'049 registered shares (31.12.2017: 157'721 registered shares) with a par value of CHF 0.10 each.

ACQUISITION OF NON-CONTROLLING INTERESTS

As of 9 March 2018 CALIDA Holding AG acquired the stakes in LAFUMA SA held by Jean-Pierre Millet. The purchase price was agreed at EUR 17.99 per share and summed up to CHF 11'503. Consequently, the share of CALIDA Holding AG in LAFUMA SA increased by 7.6% to 79.2%.

As of 14 June 2018 CALIDA Holding AG acquired the stakes in LAFUMA SA held by CDC Entreprises Elan PME. The purchase price was agreed at EUR 17.99 per share and summed up to CHF 12'609. Consequently, the share of CALIDA Holding AG in LAFUMA SA increased by 8.5% to 87.7%.

7. SUBSEQUENT EVENTS

The consolidated interim financial statements were approved by the Audit & Risk Committee on 23 July 2018 and released for publication by the Board of Directors the same day.

There were no further events between 30 June 2018 and the date on which these consolidated interim financial statements were released for publication by the Board of Directors which would have required disclosure here or an adjustment to the figures in these consolidated interim financial statements.

This half-year report may include statements which are based on current assumptions and forecasts made by the Management of CALIDA Holding AG. Various known and unknown risks, uncertainties and other factors can lead to a situation in which the actual results, the financial position, the development or the performance of the company deviate significantly from the estimations given here. CALIDA Holding AG does not assume any obligation to carry such future-orientated statements further and to adapt them to future events or developments.

The half-year report of CALIDA Holding AG is published in German and English. In the case of any differing interpretations, the German text is valid.

Organisation and key dates

BOARD OF DIRECTORS

Dr. Thomas Lustenberger, (*1951, CH)
Chairman, Member since 2000 ¹⁾

Marco Gadola, (*1963, CH/FR)
Vice Chairman, Member since 2011 ²⁾

Dr. Valentin Chaperro Rueda, (*1956, CH/ES)
Member since 2017 ²⁾

Nathalie Gaveau, (*1975, FR)
Member since 18.05.2018

Beat Grüning, (*1961, CH)
Member since 2005 ^{1) 3)}

Hans-Kristian Hoejsgaard, (*1958, DK)
Member since 2014 ³⁾

Erich Kellenberger, (*1948, CH)
Member since 1986 ³⁾

Stefan Portmann, (*1967, CH)
Member since 2016 ¹⁾

¹⁾ Strategic Committee

²⁾ Audit & Risk Committee

³⁾ Nomination & Compensation Committee

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. With the exception of the disclosed mandates, they especially hold no official roles or political offices. The members of the Board of Directors are appointed individually for one-year tenure which lasts until the following Annual General Meeting.

STATUTORY AUDITOR

Ernst & Young AG, Zurich

KEY DATES

Results financial year 2018
March 2019

Annual General Meeting 2019
15 April 2019

Half-year report 2019
End of July / beginning of August 2019

EXECUTIVE MANAGEMENT

Reiner Pichler Chief Executive Officer (CEO)
(*1962, CH/DE) since 2016

Daniel Gemperle Chief Operations Officer (COO)
(*1959, CH) since 2011

Sacha D. Gerber Chief Financial Officer (CFO)
(*1975, CH) as of September 2018

Manuela Ottiger Chief Human Resources
(*1971, CH) Officer (CHRO), since 2014

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 half-year report dated 30 June 2018. The electronic versions of the half-year report is available on our website (see below) from 25 July 2018.

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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