
**ANNUAL REPORT
2017**

CALIDAGROUP



CALIDA | People

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CALIDA GROUP OUTPERFORMS THE MARKET - STRONG GROWTH IN ONLINE TRADING



Dr Thomas Lustenberger and Reiner Pichler

DEAR SHAREHOLDERS,

In spite of a difficult operating environment and the more intense competition this entailed, CALIDA GROUP has outperformed the market and achieved its goals.

Forecasts for the worldwide market for underwear, outdoor clothing and outdoor furniture suggested that 2017 would see further stagnation, as well as lasting and substantial change in the retail trade driven by declining footfall. These forecasts proved correct. Stationary retail in the relevant segments of our main markets – France, Switzerland and Germany – shrank, while e-commerce once again proved to be the fastest growing sales channel. Future potential lies in an efficient interplay of stationary retail, online and wholesale channels.

During the year under review, the strategy formulated in 2016 was developed further, setting the course for the future growth of CALIDA GROUP's

brands. Implementation of strategic measures allowed CALIDA GROUP to use the challenges it faces as an opportunity for positive development. The highlights of the 2017 financial year can be summarised as follows:

E-commerce company Reich Online Services GmbH acquired and integrated, expanding the GROUP's e-commerce capabilities with the aim of significantly increasing e-commerce sales. Entry into multi-brand online retail with e-commerce underwear specialists www.onmyskin.de.

Modernisation of the CALIDA brand and double-digit growth rates in the menswear segment.

Restructuring measures at MILLET MOUNTAIN GROUP largely completed; significant and sustained improvement in profitability. Measures defined to initiate growth phase in 2018.

Diversification of LAFUMA MOBILIER's supply structure, with reduced seasonal dependence on summer business.

Clear positioning of the AUBADE brand, internationalisation of ranges and export growth.

Significantly positive performance by the OXBOW brand. Return to growth and sustainable improvement in financial results.

The business model, which is entered on a portfolio of strong, operationally autonomous brands in the apparel, sports/outdoor and furniture sectors, once again proved its worth during the year under review. Different currency and cyclical risks, and the varying seasonality of the individual segments and sales markets produce a natural risk hedge.

CONDITIONS STILL UNCERTAIN

The mood among consumers improved in 2017, but political, economic and social problems in Europe and around the world remain a source of uncertainty. Cross-border shopping continues to be a challenge for the Swiss retail trade. Swiss shoppers still spend one in every ten francs abroad. This is especially painful for the CALIDA brand, which generates 40 percent of its sales in Switzerland.

2.6%

Increase in net sales

Improved consumer sentiment did not have an impact on our market segment. The “Institut Français de la Mode” reported a 0.2 percent increase in stationary sales of apparel in France, our most important sales market, but ladies’ lingerie saw a drop of 4.5 percent. Apparel sales fell by 2.0 percent in Germany (Textilwirtschaft), and by 1.5 percent in Switzerland (Credit Suisse: Retail Outlook 2018).

ACCELERATING STRUCTURAL CHANGES

Structural change is accelerating in western core markets. Retailers continue to face massive drops in footfall, and trends such as Black Friday and Cyber Monday are changing the way consumers behave. According to a study by German research company GfK, fewer than six out of every ten fashion items are purchased at the regular price.

Apparel shops are hit hardest of all by this trend, and we can expect the number of retailers to continue falling. This will be particularly evident among specialist retailers, but department stores will also be hurt. Shopping centres will have to change, and in some cases reinvent themselves. Retail spaces once used for fashion and clothing are giving away to cafés, restaurants and entertainment venues. Traditional brand providers are currently streamlining their branch networks, although outlet centres remain popular and are continuing to expand.

Online business is still posting double-digit growth, though the rate has slowed somewhat. Providers such as Amazon and Alibaba continue to grow faster than the rest of the market. A study by Postbank suggests that one in four purchases in Germany are made online, and that 40 percent of Germans buy apparel more often online than offline. Customers are also becoming more demanding and competition is getting tougher.

STATIONARY MERGES WITH DIGITAL

Bricks-and-mortar and digital retail are increasingly merging. Offers and services that link the different sales channels are becoming the new standard. Stationary retailers are building up their digital activities in all segments, while online sellers are

130.7%

Growth in own e-commerce

18.0%

EBIT increase

14.3%

Increase of net income

31.0

Million CHF operating cash flow

62.6%

Equity ratio

strengthening their physical offerings. Online marketplaces and platforms continue to gain influence. The proportion of orders made from mobile devices is rising further, as is the proportion of cross-border orders. In this dynamic environment, it is vital to have a centralised customer relationship management system that ensures a consistent brand image across all sales channels, and that fulfils customers' expectations. Digitalisation is the driving force behind the interlinkage of online and stationary trade.

GROWTH THROUGH E-COMMERCE AND DIGITALISATION

In order to strengthen its increasingly important e-commerce business and to meet new customer requirements arising from the digitalisation of sales channels, CALIDA GROUP acquired 100 percent of successful German online retail specialist Reich Online Services GmbH, which has 75 employees, with effect from 1 March 2017. The acquisition represents an investment by CALIDA GROUP in the world's fastest growing sales channel. It strengthens the group's e-commerce capabilities and will enable even more consistent development of the CALIDA brand, in an initial phase, and then the GROUP's other brands in this attractive area of business.

Thanks to the acquisition, CALIDA GROUP more than doubled sales made through its own e-commerce operation in 2017. These sales accounted for 8.2 percent of the total, up from 3.6 percent in the prior year. This does not include online sales of our products by our wholesale clients and online sellers.

Digitalisation means more than just e-commerce, and CALIDA GROUP will continue to address the relevant challenges: developing customer and market-driven "omnichannel" strategies (especially those that combine REICH ONLINE's e-commerce expertise with CALIDA GROUP's retail skills), developing an omnichannel brand marketing strategy, and defining digital standards and standard digital processes in various parts of the organisation – development, production, logistics, sales, etc.

INNOVATIONS ARE THE BASIS FOR SUCCESS

Consumer spending on apparel/underwear and shoes has been stagnating in Europe for years. In order to grow in this environment, we need to keep developing innovations; this is a core task of our design team. Our efforts have paid off not just in terms of customers buying our products, but also in terms of the prizes we were awarded by various expert juries during the year under review. These were as follows:

In Britain, LAFUMA MOBILIER received the Daily Express Award for best outdoor living furniture.

In Germany CALIDA won the "underwear and stockings" category in a test by FOCUS MONEY it was given the "Gold" prize in particular recognition of its value for money.

MILLET MOUNTAIN GROUP received two gold awards at the ISPO international trade fair for sports equipment and sports fashion, one for the MILLET "Pierra Ment 20" rucksack, and one for the EIDER "Shaper Jacket W" ski jacket. MILLET is also the official supplier of warm clothing (from winter parkas, ski suits and ski trousers to multifunction jackets, various mid-layers and neck warmers) to the Austrian Olympic team at the Winter Games in Pyeongchang (KOR).

REICH ONLINE's multi-brand underwear shop www.onmyskin.de won the 2017 Usability Award as the best brand shop in Germany.

And last but not least, CALIDA GROUP's 2017 annual report was named in the Swiss Annual Report ratings as newcomer of the year among reports by listed companies.

GOOD FINANCIAL RESULT

The key financial figures for the 2017 financial year were as follows:

Net sales went up from CHF 370.9 million to CHF 380.6 million, an increase of 2.6 percent.

Operating profit went up 18.0 percent, from CHF 18.3 million to CHF 21.6 million. The return on sales increased from 4.9 percent to 5.7 percent. In the prior year, operating profit included one-time costs associated with ongoing restructuring at MILLET MOUNTAIN GROUP. These included the restructuring of sales activities in Hong Kong, MILLET MOUNTAIN GROUP's logistics activities in Asia, and the MILLET and EIDER brands' sales organisation in the USA, as well as the relocation and simultaneous optimisation and flexibilisation of the in-house production facility in China. These projects were completed successfully during the year under review and already had a positive effect on profitability. Owing to the acquisition of REICH ONLINE and the associated investment in its integration into the group, in the further development of e-commerce and in digitalisation, operating results were hampered by additional costs during the year under review.

Despite this, earnings before tax increased disproportionately by 19.1 percent from CHF 18.1 million to CHF 21.5 million, partly as a result of currency influences, while net income rose 14.3 percent from CHF 14.8 million to CHF 16.9 million.

Thanks to a strong focus on effective management of net working capital, operating cash flow increased to CHF 31.0 million (prior year CHF 23.6 million), while net liquidity rose to CHF 32.3 million (previous year CHF 26.2 million) despite the acquisition of REICH ONLINE.

The equity ratio rose from 61.9 percent to 62.6 percent.

Group headcount remained practically unchanged at 2,936 (previous year 2,906).

Owing to the good results, the Board of Directors is proposing to shareholders at the forthcoming Annual General Meeting that a dividend of CHF 0.80 per share out of reserves from capital contributions is paid. The proposed dividend can once again be distributed free of withholding tax and – at least for individuals with tax domicile in Switzerland – free of income tax.

CALIDA

The initiated strategy is progressing as planned and the first results have been achieved. Implementation of measures designed to modernise the brand are well on course. Collection, packaging and points of sale have made the new communications concept visible to customers since autumn. It is very pleasing that more younger consumers are visiting CALIDA stores. The men's segment was strengthened by the "Daily Functionwear" concept. The pre-collection for selected dealers and CALIDA's own stores gave the collections new momentum. Since autumn 2017, customers have been able to collect and redeem points online as part of the "Friends Forever" loyalty programme.

During the year under review, CALIDA made significant progress on improving sales floor management. By 1 October 2017, the switch was made to a consignment model with one important key account customer. The associated item buy-back had a short-term negative impact on sales and profitability. This model will be introduced with other key account customers in 2018. The aim is to deploy CALIDA's retail expertise for wholesale customers.

The strong Swiss franc, and especially the fact that its strength encourages Swiss consumers to shop abroad, continues to hamper the performance of the CALIDA brand, which generates more than 40 percent of its sales in Switzerland. Foreign purchases by Swiss consumers have recently stagnated at a high level. One in every ten francs is still being spent abroad, either online or at stationary shops. We cannot side-step this trend, especially not on the retail side, so it is particularly pleasing that our own retail network of more 130 CALIDA stores was able to build on the prior year's good position and increase like-for-like sales again in all markets by a total of 3.3 percent. This puts us well ahead of the market average. Sales through our own e-commerce operations actually more than tripled. Even excluding the acquisition of Reich Online Services GmbH, sales by our online shop and the marketplaces increased by 24.1 percent. Digitalization will continue in 2018. This will be particularly evident in the merger of the two CALIDA domains "calida.com" and "calida-shop.de" in spring, and the launch of a B2B platform designed to allow our wholesale customers to place re-orders more efficiently.

Overall, CALIDA saw 2.4 percent growth in net sales, from CHF 130.6 million to CHF 133.8 million. This includes acquisition effects from the purchase of REICH ONLINE, as well as the negative impact of repurchasing items as part of the sales floor management process. Despite higher spending on modernising the brand, operating profit contribution went up slightly from CHF 36.0 million (27.6 percent of sales) to CHF 36.2 million (27.1 percent).



2018 is a very special year for AUBADE. It brings the sixtieth anniversary of the legendary French lingerie brand that invited the world to “seduction à la française”. Lines such as “Femme Aubade”, which pays tribute to a special expertise in corsetry and retro styling, form part of the celebrations.

AUBADE had a successful 2017, and the substantial investments made in marketing, products and innovations are beginning to pay off. 2016 saw a fruitful collaboration with French designer Christian Lacroix, who created a lingerie collection exclusively for AUBADE. This has been marketed successfully all over the world and has made a very positive contribution to AUBADE’s image and sales performance. The aim of this kind of investment is to help the brand grow outside France.

Support for this came during the year under review from the successful launch of linen basics and the new “Parlez-vous Aubade?” marketing campaign. The new store concept is also having a positive effect on the brand image. The first updated store was opened in August 2017 in Paris (Rue Tronchet).

The consignment model established in 2016 with the largest retail customer led to very pleasing sales growth during the year under review. Thanks to great expertise in sales floor management, this change led to sales and earnings growth, showing that focusing on key account customers in whole-sale is the right way to go.

AUBADE can look back on a very good year overall; even the performance of its own retail operation – with more than 50 AUBADE stores – is more than satisfactory given the state of the overall market. On a like-for-like basis, sales were not quite as good during the year under review, falling by 0.9 percent. According to the “Institut Français de la Mode”, the general market for women’s lingerie in France shrank by 4.5 percent in 2017. Meanwhile, stores outside France were able to increase sales by 2.7 percent. Sales through AUBADE’s own e-commerce channel went up 17.5 percent. After a difficult first quarter, the performance improved markedly, not least because of optimisations made to the online shop over the course of the year.

Net sales increased 3.7 percent from EUR 53.5 million to EUR 55.5 million. Operating profit contribution also went up 7.6 percent from EUR 13.0 million (24.3 percent of sales) to EUR 14.0 million (25.3 percent).



MILLET MOUNTAIN GROUP

The organisation of the MILLET MOUNTAIN GROUP has stabilised, and strategic measures are having an effect. Investments in the sales organisation and in internationalisation led to significant increases in wholesale sales in the year under review in the DACH market (+46.3 percent) and in Japan (+8.3 percent), which is very important, especially for the MILLET brand. Business in China also performed within the target range, though it is still at a low level.

Further restructuring measures were needed to create a solid basis for growth, and these measures caused a 6.4 percent reduction in sales during the year under review, from EUR 102.3 million to EUR 95.7 million. This is a direct result of the restructuring of sales activities in Hong Kong, the closure of the in-house sales organisation in the United States, and the weakness of the Japanese yen. After adjusting for restructuring and currency effects, net sales fell by 0.8 percent.

MILLET MOUNTAIN GROUP's contribution to operating profit went up by 6.3 percent, from EUR 20.3 million (19.8 percent of sales) to EUR 21.5 million (22.5 percent) thanks to rigorous strategy implementation during the year under review. This positive performance was also due to a robust gross margin, and to cost optimisations resulting from the various restructuring measures taken last year.

In 2018, MILLET MOUNTAIN GROUP is continuing to invest in its sales organisation, internationalisation and brand positioning. For example, MILLET has strengthened its Japanese company by recruiting a new General Manager, and intensified its marketing activities with measures including outfitting the Austrian Olympic team. EIDER, meanwhile, entered into a partnership agreement for collection development with designer Esther Stocker. LAFUMA forged ahead with various innovations, including the new "le sac LAFUMA" rucksack, the "Mix & Match" concept and a commitment to sustainable textile products, which will be 100% PFC-free from the 2018 collections onwards.



We have adopted a clear internationalisation strategy at LAFUMA MOBILIER, and started marketing products in new segments, partly in order to reduce dependency on summer business. The Privilège line combines innovative design with high quality and comfort "made in France", giving LAFUMA MOBILIER access to distribution through furniture stores with special focus on design. We are also working to build up contract business with hotels, restaurants, cafés, hospitals and retirement homes. The launch of the 2019 collection is progressing as planned.

The signs were inauspicious at the start of the year under review. Owing to the rainy summer of 2016, retailers still had a lot of products in stock, so new orders for 2017, especially in France and Belgium, experienced double-digit falls. However, thanks to targeted e-commerce measures, ex-stock sales and the internationalisation strategy, these falls were almost completely offset by the end of the year. Wholesale growth outside France and Belgium came to 6.3 percent in the year under review.

Net sales fell slightly by 1.1 percent, from EUR 38.4 million to EUR 38.0 million. Owing to the investments, the contribution to operating profit decreased by 7.5 percent, from EUR 11.6 million (30.2 percent of sales) to EUR 10.7 million (28.2 percent).

In 2017, LAFUMA MOBILIER remained CALIDA GROUP's most profitable division in percentage terms. The considerable potential of this division, especially in international markets, prompted further investments in sales, marketing and product development during the year under review.



The stabilisation of surf and lifestyle brand OXBOW, which generates more than 90 percent of its sales in France, went well in 2017. Promising results in the first half-year were confirmed in the second. In addition to very good direct sales to customers in retail and e-commerce, wholesale follow-up orders were also pleasingly high. In addition to sales, the gross margin also increased significantly.

The division's net sales went up 6.0 percent from EUR 25.3 million to EUR 26.8 million. Contribution to operating profit went up by 14.2 percent from EUR 5.1 million (20.0 percent of sales) to EUR 5.8 million (21.5 percent).

OXBOW continues to be profitable, and with the opening of the first brand store in Paris in spring 2018, we look forward to the new year with confidence. Developing the company and positioning and internationalising the brand remain major medium-term challenges.

“The market remains challenging. But I trust in the expertise, ability and commitment of our employees, so I’m looking forward to a bright future.”

REINER PICHLER
CEO OF THE CALIDA GROUP

CHANGES ON THE BOARD OF DIRECTORS

Having reached retirement age, Marianne Tesler stepped down from the Board of Directors at the 30th Annual General Meeting on 9 May 2017. A proven expert in brands and apparel, Marianne Tesler was a Board member from 2006, and latterly served as a member of the Board’s Nomination Compensation Committee. The shareholders of CALIDA Holding AG elected Erich Kellenberger to replace her on the Nomination Compensation Committee. The AGM also elected Dr Valentin Chaperro Rueda as a new Member of the Board of Directors of CALIDA Holding AG. Valentin Chaperro is the co-founder and partner of Veraison Capital AG, which according to its own information holds a total stake of 16.2 percent in CALIDA Holding AG, making it CALIDA GROUP’s second largest shareholder.

OUTLOOK

The forecast for 2018 is that markets in our segment will continue to stagnate and that the retail sector will continue to be gripped by deep and lasting change. In addition, the internet and digitalisation are changing the behaviour of end-consumers in a way and at a speed that we have never seen before. This is resulting in more intense competition, which we will counter by investing in our brands to ensure that CALIDA GROUP continues to perform positively in 2018.

2018: FURTHER DEVELOPMENT OF CORPORATE STRATEGY AND LONG-TERM PROFITABLE GROWTH

Fundamental market change means that 2018 will be a year of transition and substantial investment for CALIDA GROUP. The Group will focus on consistent implementation of its defined corporate strategy and the measures that flow from this.

We will continue to put our customers and their needs at the centre of our activities. Our main priorities will be to promote sustainable growth of the brands, develop innovations, push ahead with targeted digitalisation measures, and continue with internationalisation.

Economic conditions in our market segments and markets will make 2018 a challenging year. We expect to see a stable development in overall sales and profitability compared to 2017.

The expertise, ability and hard work of our employees will once again be the foundation on which we build towards our ambitious objectives in 2018.

We would like to thank you, our valued shareholders, for your trust and confidence.



Dr Thomas Lustenberger
Chairman of the Board
of Directors



Reiner Pichler
Chief Executive Officer

NEW INTERNATIONAL BRANDING



“Our CALIDA styles aim to underline the customer’s personality, while providing them with superlative quality.”

REINER PICHLER
GENERAL MANAGER OF CALIDA
(AD INTERIM) AND
CEO OF THE CALIDA GROUP

Innovation, sustainability and quality form the foundation of CALIDA's success story, as reflected in the company's achievements in 2017. Examples of this include the promotion of the “Made in Green by OEKOTEX®” label and the further development of “Daily Functionwear” as a standalone line that combines daywear and nightwear. The highlight is the new “Born in Switzerland” branding, which goes hand-in-hand with the modernisation of the collection.

INTERNATIONAL APPEAL

CALIDA presented a fresh new look in its current autumn-winter collection, “From Switzerland to the World”, featuring a much more modern and international feel. CALIDA's Swiss heritage remains at the heart of its new branding. “Swissness” as a worldwide mark of quality is now enhanced by the new “Born in Switzerland” message in an internationally comprehensible yet emotionally resonant manner. When coupled with attributes such as “freedom”, “coolness” and “greatness”, it becomes charged with various aspects of the brand essence. This is also reflected in the language used in the new imagery and campaigns. Portraits of peoples' faces and detailed shots of the collections' highlights on the models create a modern, pared-down, yet sensual impression. The package design has also seen some changes. It all started with the new “Daily Functionwear” for men, which is the focus of the new Men's collection. CALIDA has opted for high-quality cardboard packaging, printed with images from the new campaign.

MODERN DESIGN

The marketing campaign gives the collections a much more modern and international look. “Sleepwear” is increasingly morphing into “loungewear”. CALIDA's take on this involves modern nightwear styles that can also be worn for daytime leisure. “Clean cuts”, palazzo trousers and “athleisure looks” are just some of the key terms relating to the Women's collection.

TOP QUALITY WITH A CLEAR CONSCIENCE

Alongside innovative design, CALIDA has maintained a high standard of quality from the very outset. Testament to this are its top-quality, multifunctional “Daily Functionwear” products. Thanks to highly effective natural fibres like TENCEL® bamboo, Seacell™ and milk protein, they optimally adapt to a variety of situations. The majority of the “Daily Functionwear” range has been awarded the “Made in Green by OEKOTEX®” label. This product label is issued in line with strict social and environmental criteria, and indicates that such textiles have been tested for harmful substances. The entire Children's collection has been certified since autumn 2016, and more products from the Men's and Women's lines are increasingly boasting the seal. CALIDA launched the label in 2016 as its first international underwear brand.

CALIDA: AN AWARD-WINNING BRAND

CALIDA had a successful year not only in terms of sustainability and quality, but also with regard to its price-performance ratio. A Germany-wide survey by Focus Money awarded CALIDA “Gold” in the “Underwear & Stockings” category. This made CALIDA one of the survey's “price-performance ratio” winners. The “2017 Prize Winners” study by “Deutschland Test” looked at the social media offerings of over 1,500 brands from 109 different industries. They were evaluated on price and quality. CALIDA scored an impressive 96.1%.



1.3

million clicks on the
“Daily Functionwear”
advert on YouTube

24.1%

organic e-commerce growth

6.7

million products
sold in 2017

AUBADE LOOKS TO A MODERN, INTERNATIONAL FUTURE



“2017 signals the brand’s revival, reasserting itself as the top brand for seductive French style lingerie.”

PHILIPPE BERNAUD
GENERAL MANAGER OF AUBADE

AUBADE is a sophisticated, elegant and daring Parisian brand. The iconic label is all about sensuality, having successfully combined flamboyance, sensuality and savoir-faire since 1958. This year, this legendary name in exclusive lingerie has its sights set firmly on the future. The desire to modernise and internationalise the AUBADE brand is finding expression in its collections, innovative boutique concept and the new “Parlez-vous Aubade?” advertising campaign.

THE INTERNATIONAL LANGUAGE OF SEDUCTION

After more than 25 years and 183 “Leçons de Séduction”, the brand is now starting a new chapter in its history and communication. Created in the same spirit as “Leçons de Séduction”, the new campaign moves the brand on in a fitting, modern way that articulates contemporary relationships. In the adverts, words have been replaced by body language, giving them a more sensual and modern feel. “Parlez-vous Aubade?” feels like an invitation to begin a conversation where every woman can express her femininity in her own way. Posed in French, this question is both challenging and universally understood, making AUBADE the universal language of seduction and playful intimacy.

NEW BOUTIQUE CONCEPT

In line with its new campaign, the French label for seductive lingerie is launching its new boutique concept at 23 Rue Tronchet in Paris’s 8th arrondissement. The brand is Parisian, both in its heart and soul. Its Haussmann style apartment boutique says it all, offering the perfect backdrop for its new design. The space is at once elegant, refined and intimate. The chic, contemporary atmosphere exudes elegance and is underlined by the colours that make up the world of the AUBADE brand: taupe-grey evokes Parisian rooftops, powder pinks echo skin tone and the body’s seductive femininity, whilst hints of brass and brushed gold make for

perfect sensual details. Black and white remain signature elements in this new concept.

FOCUS ON FITTING ROOMS

Customers will be invited to try out this unique experience and immerse themselves in the world of AUBADE, especially when it comes to the fitting room. This welcoming, intimate space has been given special attention. With pink curtains and parquet floors, the fitting rooms are placed in the middle of the boutique for the very first time. Customers will be advised by a team of reliable experts, attentive to each woman’s wishes, needs and shape.

FROM PARIS TO THE WIDER WORLD

This new concept will first be introduced in Paris, before appearing all over France and in boutiques abroad. Over the next few years, AUBADE plans to spread its Parisian design expertise around the entire world, using the new boutique concept and advertising campaigns to share its French style, chic, top-quality materials, and the essence of Parisian lingerie and seduction, far beyond our borders. AUBADE – 1958 to 2018: 60 years of seduction, and still full of surprises.



183

“Leçons de
Séduction” issued

3.7%

sales growth in 2017

1.5

million products
sold in 2017



A COMMUNITY BUILT ON PIONEERING SPIRIT



“Our pioneering spirit spurs us on to open up new avenues towards a respectful future.”

FRÉDÉRIC DUCRUET
GENERAL MANAGER OF
MILLET MOUNTAIN GROUP

Since their beginnings, every MILLET MOUNTAIN GROUP brand has been typified by its pioneering spirit. In 1936, LAFUMA revolutionised the leisure industry by creating the first metal-frame backpacks. In 1950, MILLET made history by making the first backpack to reach a summit of 8,000m (Annapurna, 8,091 m). And when skiing became an activity open to all and the “white gold” rush began, EIDER developed the first winter sports apparel in 1962. Today more than ever, this pioneering spirit is the foundation of our community. The MILLET MOUNTAIN GROUP combines these three brands with their three complementary worlds. Together we are building a core concept that gives us our strength and uniqueness.

LONG-TERM GOALS

Our values unite and inspire all our employees. They give us a common sense of identity, instilling pride and enthusiasm. Each and every day, we renew our promise to care for the environment. Social commitment and environmental efforts revolve around long-term objectives and manifest themselves in effective measures implemented across all our activities. This also means that our pro-sustainability actions are visible and transparent.

LOW-IMPACT STRATEGY

The MILLET MOUNTAIN GROUP brands make a real contribution to the community. The pioneering spirit drives the MILLET MOUNTAIN GROUP, constantly spurring us on to open up new avenues towards a future that is more respectful of people and the environment. Our work is defined by a “low-impact” strategy: our teams operate and innovate with tangible benefits – “eco-designing” our products, controlling our supply chains, supporting our communities and managing products at the end of their life cycles.

OPERATION “RESPONSIBLE MOUNTAIN”

The ‘Mer de Glace’ is the largest glacier in France. This natural landmark has become

a tourist attraction that draws 500,000+ visitors a year, which means it requires a high degree of protection and care. Again this year, around 200 volunteers cleaned the glacier. Operation “Responsible Mountain” put Chamonix and the surrounding mountains in the headlines, without taking a toll on nature. This was the 10th edition of the ‘Mer de Glace’ clean-up, and was led by LAFUMA and its partners. The two-day initiative saw partners, media figures, influencers, LAFUMA employees and customers come together to share more than just their commitment to the campaign.

ENGAGEMENT WITH A REAL IMPACT

The campaign sought to remove rubbish from the glacier while raising public awareness. These actions have paid off, as the amount of rubbish is decreasing. The volunteers collected about two tonnes of waste, which was then disposed of correctly. In the space of 10 years, the “Mer de Glace” has been cleared of more than 28 tonnes of waste. The MILLET MOUNTAIN GROUP is committed to continuing its efforts of the past 15+ years to reduce our impact on the environment, while also positively developing the ecosystem that powers us.



73.0%

of our new waterrepellent products use PFC-free solutions



6.0%

of our annual turnover is re-invested into research and development

28

tonnes of waste have been cleared from the 'Mer de Glace' over 10 years during the clean-up campaign carried out by the MILLET MOUNTAIN GROUP team



UNIQUE DESIGN WINS THE DAY



“With the Relax, we’re not selling just a product, but a genuine experience of wellbeing.”

ARNAUD DU MESNIL
GENERAL MANAGER OF
LAFUMA MOBILIER

“The judges loved LAFUMA MOBILIER’s lightweight furniture, which they said was easy on the eye and had a clever, imaginative design.” This quote from the Daily Express celebrates LAFUMA MOBILIER’s “Futura Air Comfort” as the “Best outdoor living furniture product” at the Daily Express Home & Living Competition in London. The prize was awarded in October 2017 following a hard battle against three other nominees. The contest was good publicity for LAFUMA MOBILIER’s UK presence, and a fantastic success for the brand.

SUCCESS BUILT ON BESTSELLERS

First and foremost, this success is due to a bestseller that is the ultimate symbol of LAFUMA MOBILIER’s industry know-how. Created by LAFUMA MOBILIER in 1961, the Relax line is produced in five phases in the company’s factories in France. The manufacturing process combines automated production lines with professional expertise. Overall, 100 workers contribute to its production. Since purchasing LAFUMA MOBILIER, the CALIDA GROUP has made a number of investments, including three new machines: a paint booth in June 2016, a binding machine for high-grade metal frames in June 2017 and a forming machine in August 2017. At the same time, the factory is driven by sustainability concerns, offering recycling processes for its major materials.

REMAINING TRUE TO OUR ROOTS

Another triumph of LAFUMA MOBILIER is its unique furniture design, which is rooted in its brand DNA: pure eco-design that can do more with less. At LAFUMA MOBILIER, we believe that quality outdoor furniture should not only look good but also fulfil our customers’ comfort needs. The best example of this is the patented Relax clip system, a discreet link joining metal tubes and canvas to improve the canvas tension. With its Privilège collection, LAFUMA MOBILIER launched highly innovative items including the “Air comfort canvas”

and “Hedona in&out mattresses”, in 2011 and 2016, respectively. Canvas colours and materials are chosen to complement design trends and tell a story at the point of sale. The product itself is regularly enhanced to harmonise the plastic and metal features, as in the case of the design piece created in 2017 based on the Relax. LAFUMA MOBILIER has remained true to its roots, and that is what makes its design unique.

STRATEGY ENDORSED BY DISTINCTIVENESS

LAFUMA MOBILIER’s distinctiveness shapes its development strategy. For four years, international sales have been growing at an average rate of 7% per year. Germany is the company’s biggest export market. The UK is also developing quickly, with growth up 30% in 2017. After the departure of our former distributor in 2016 which put our UK business at risk, we managed to get our own business up and running quickly with a dedicated sales manager who has proven a key factor to our success. At LAFUMA MOBILIER, we believe that the UK will be one of the key markets for our development over the coming years.

1961

Launch of the first Relax
by LAFUMA MOBILIER

280 000

average number of Relax products
made in France every year

127°

inclination: the “position of
weightlessness” that offers
supreme comfort in a Relax



NEW POSITIONING GOES HAND-IN-HAND WITH UPSWING



“The brand asserts its French savoir-faire and confidence in its premium “1985” line.”

BRUNO DELAPORTE
GENERAL MANAGER OF OXBOW

OXBOW is confirming its renaissance. The results show that the brand is now back to being attractive, while the company has returned to profitability. Thanks to this positive situation, OXBOW is now able to look to the future with confidence and prepare for the challenges that lie ahead.

BIG INTERNATIONAL PLANS

One of these challenges is the redeployment of the brand internationally. A new sales team in Spain, a dedicated digital platform for Germany and a targeted media plan in Belgium: these are some of the many simple and concrete actions that will allow the brand to export its expertise and product culture outside of France.

GROWTH VIA E-COMMERCE

Digitisation, as mentioned above in the development strategy for Germany, is also a major factor in overall growth, both in terms of operating profit and brand awareness. A new cooperation with artists and designers whose style or reputation complements OXBOW will enable the company to enhance its e-commerce offering with limited-edition and signed products that are exclusively reserved for this particular distribution channel.

OXBOW WOMAN

Another strategic challenge for the brand is to increase its market share among female customers. Better positioning and more attractive pieces provide the OXBOW Women's line with the potential for real, immediate growth.

NEW CUSTOMER TARGET GROUPS

OXBOW's primary goal for the upcoming season will be to expand its customer target group. As such, the brand is asserting its French know-how and confident approach by way of its new, premium “1985” line, which is dedicated to active and cosmopolitan men in their thirties. In this way, OXBOW intends to expand its distribution network and reach a more top-of-the-line segment. The company has made consid-

erable efforts to create a healthy and efficient dynamic: a skilled team of designers and salespeople are working exclusively on the commercial success of the new line. Originally designed as a capsule collection consisting of twenty pieces, the line offers the modern man an ideal wardrobe of weekend leisurewear. The collection now comprises 70 pieces and enables the brand to achieve its full potential in its own stores, as well as within the framework of a “shop-in-shop” concept.

“OXBOW MAISON DE SURF”

To accompany and support this upswing, in 2018 OXBOW will open its first Parisian boutique in the heart of the Marais district (31, Rue Beaurepaire). This authentic “Maison de Surf” expresses the essence of the brand's retail concept and provides an ideal setting for its premium line, which is the label's great hope for the future.

A long, narrow wooden surfboard with a teal border. The top half is made of light-colored wood with a vertical grain. The bottom half is white with a teal floral design. The brand name 'OXBOW' is printed in the center of the wood section.

20.4%
organic e-commerce growth

700
new pieces per year,
distributed across
two collections

6.0%
growth in 2017

GROWING THROUGH CHALLENGES



“As business goes digital, the focus must continue to be on the customer.”

KARIN STÄBLER
GENERAL MANAGER OF
REICH ONLINE SERVICES

Alois Reich, a textiles company, was founded in Rosenheim in 1890. Karin Stäbler took over her mother-in-law's company in 1986. Over the years, the company's strong point has become women's lingerie. The company's enthusiasm for beautiful undergarments and passion for giving its customers the best possible service has now been joined by a keen interest in digital commerce. In 1998, Reich made its first online appearance with a webshop for the Swiss lingerie brand CALIDA. Reich Online Services GmbH has seen unstoppable growth ever since. In addition to the CALIDA shop, the company also runs the multi-brand shop www.onmyskin.de and other single-brand shops.

A MODERN E-COMMERCE BUSINESS

With a firm belief in “personable, honest business” that encompasses performance, commitment and expertise, the company has evolved into a modern e-commerce business. It now ranks among the leading online lingerie outlets. Around 100 employees work to ensure prompt dispatch, sales of high-quality goods, proficient customer service and online marketing. Since 2016, the e-commerce side of the business has operated from Stephanskirchen, where it enjoys a logistics area of 3,000m² and enough storage space for half a million items.

COMMITMENT PAYS OFF

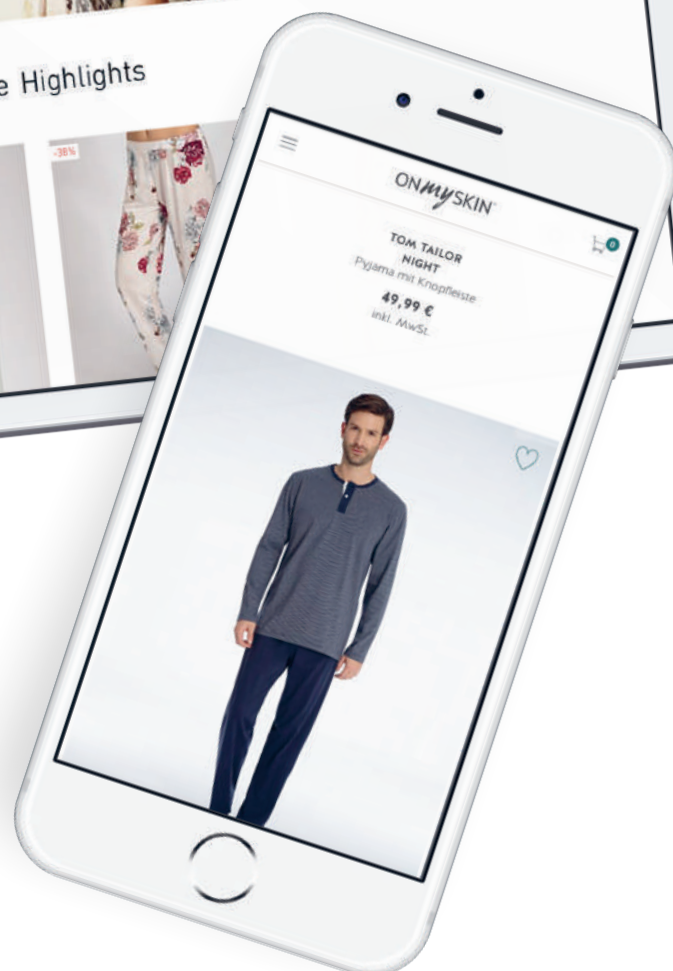
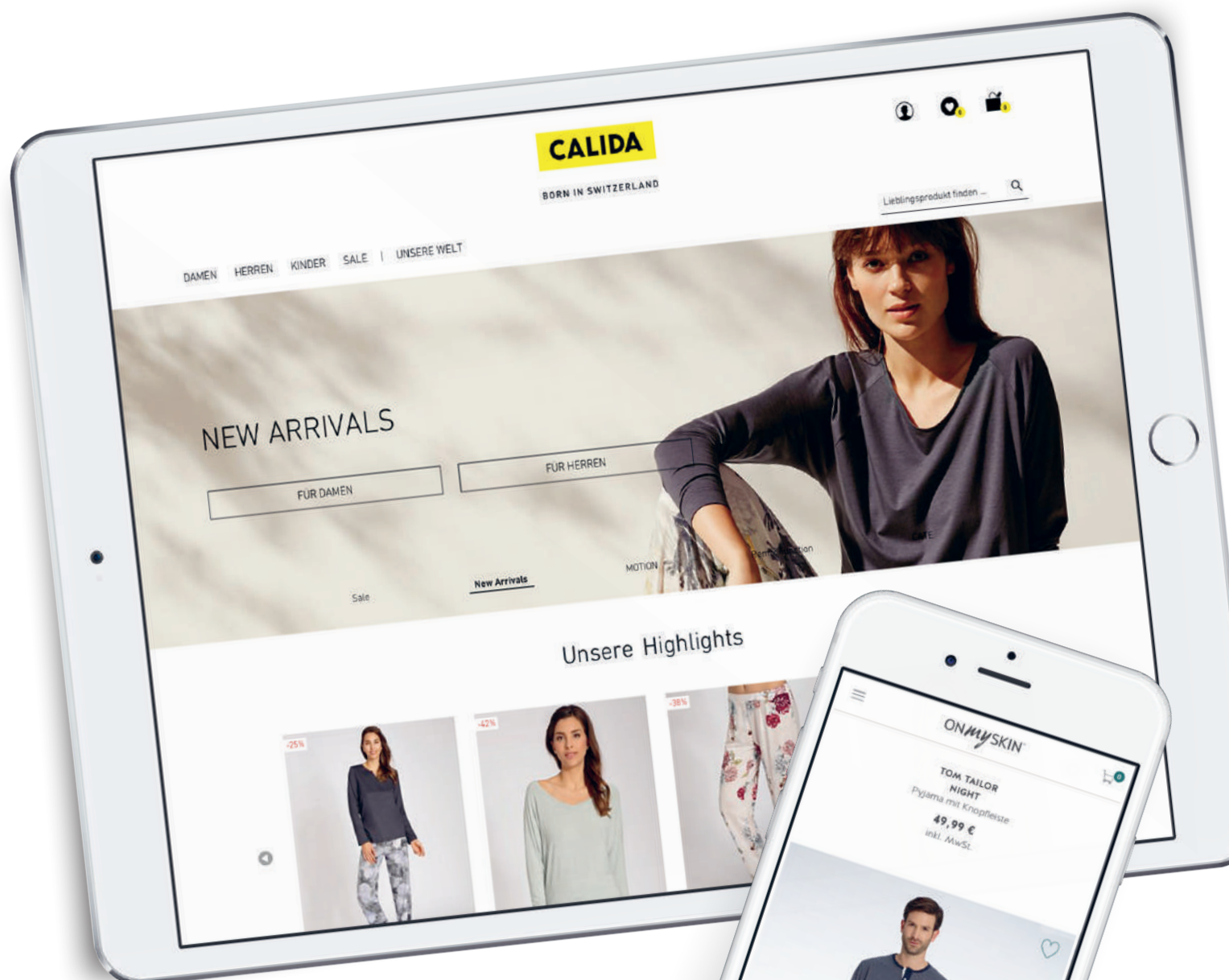
Its constant drive for innovation and commitment to continued success make Reich Online Services GmbH an especially robust medium-sized business. In 2016, the Bavarian State Ministry for Economic Affairs, Media, Energy and Technology included the company in its “Bavaria's Best 50” list. A year later, following its relaunch, the multi-brand shop www.onmyskin.de won a “Shop Usability Award” for the best brand shop. The shop offers customers over 70 top lingerie brands. The “Usability Shop Awards” jury was won over by the modern design, new functionalities and user-friendliness on all devices.

STARTING A NEW CHAPTER

Since March 2017, the CALIDA Group has also been drawing upon the ecommerce expertise of REICH ONLINE. This acquisition has seen the Group reinforce its presence in the key growth area of e-commerce. REICH ONLINE is set to successfully develop and expand the e-commerce sales channels of all CALIDA GROUP brands. The professional expertise of REICH ONLINE in purchasing and procurement, content management, online marketing, call centres, media design and logistics provides optimum conditions for meeting the rigorous demands of rapidly-growing online retail.

INTERNATIONAL PRESENCE AND OTHER DISTRIBUTION CHANNELS

During the upcoming year, the company will primarily be focussed on cultivating its international presence, despite the fact that its goods are already shipped all around the world. The shops will benefit from websites translated into several different languages. REICH ONLINE thus faces the challenge of evolving into an international digital business. In addition, the company sees itself as responsible for promoting the brand shops of the CALIDA GROUP, and for ensuring the further development of the multi-brand shop www.onmyskin.de. REICH ONLINE is to invest its full energy and expertise in these objectives, providing all CALIDA GROUP customers an uncomplicated, emotionally fulfilling online shopping experience.



4.5
million website
visitors

49
million page
views

25 000
customer telephone
enquiries answered

RISE UP THE JOURNEY CONTINUES

“ Together we’re on the right track and have successfully taken the first step. But we’re not yet at the finish line! „

REINER PICHLER
CEO OF THE CALIDA GROUP

Managers from all divisions of the CALIDA GROUP met in Chamonix to continue working on corporate strategy. They analysed the changing behaviour of customers and the resulting impact on the markets.

CEO Reiner Pichler made it clear what these changes mean for the companies of the Group, and which areas are currently a priority. These areas were explored in detail during cross-divisional workshops, where some initial decisions were made. The corporate strategy was also analysed. It was revealed that the Group’s strategical measures have already begun to pay off.

Keynotespeaker Dominik Neidhart, a member of the Alinghi team, was impressive as he showed how success and failure depend on the performance and reliability of every single member of the team, drawing parallels with business. The CALIDA GROUP’s employees, who number approx. 3,000 in total, contribute to the ongoing success of the Group through their personal commitment.







CALIDA GROUP at a glance

SELECTED KPIS

(in CHF million except headcount)

	2017	2016	2015	2014	2013
Gross sales	391.7	381.6	368.5	423.9	211.0
as a % of prior-year figure	102.6%	103.6%	86.9%	200.9%	103.9%
Net sales	380.6	370.9	359.0	412.4	206.4
as a % of prior-year figure	102.6%	103.3%	87.1%	199.8%	103.8%
Operating result (EBIT) before exceptional items	21.6	22.3	21.5	27.2	23.4
as a % of net sales	5.7%	6.0%	6.0%	6.6%	11.3%
Operating result (EBIT)	21.6	18.3	21.5	27.2	21.0
as a % of net sales	5.7%	4.9%	6.0%	6.6%	10.2%
Net income	16.9	14.8	17.0	23.6	10.6
as a % of net sales	4.4%	4.0%	4.7%	5.7%	5.1%
Liquidity	45.2	40.2	56.4	63.2	75.2
Current financial liabilities	-11.7	-7.7	-11.0	-10.7	-23.3
Non-current financial liabilities	-1.2	-6.3	-13.0	-21.3	-17.2
Gross debt	-12.9	-14.0	-24.0	-32.0	-40.5
Net liquidity	32.3	26.2	32.4	31.2	34.7
Operating cash flow	31.0	23.6	18.3	19.5	19.7
as a % of net sales	8.2%	6.4%	5.1%	4.7%	9.5%
Free cash flow	6.6	8.4	1.5	-5.2	-16.7
as a % of net sales	1.7%	2.3%	0.4%	-1.3%	-8.1%
Investments in group companies and associates and non-controlling interests	8.6	14.5	-	7.0	21.2
Investments in fixed assets	6.5	6.6	7.3	8.8	4.6
Investments in intangible assets	3.2	2.9	3.1	3.1	1.5
Depreciation/amortisation/impairment	9.0	10.8	10.6	13.4	8.0
Shareholders' equity (including non-controlling interests)	195.6	173.6	179.3	181.8	166.8 ¹⁾
Total assets	312.6	280.6	302.7	337.8	338.9
Equity ratio	62.6%	61.9%	59.3%	53.8%	49.2%
Return on equity	8.6%	8.5%	9.4%	13.6%	7.0%
Headcount as of 31 December	2'936	2'906	2'953	3'007	3'116

¹⁾Non-controlling interests adjusted to reflect their 40.1% shareholding in LAFUMA following completion of the mandatory takeover bid in January 2014.

KEY SHARE FIGURES

		2017	2016	2015	2014	2013
Number of registered shares with a par value of CHF 0.10 each ¹⁾		8'202'279	8'121'780	8'091'848	8'053'437	7'995'380
less treasury shares as at 31 December		-15'160	-15'000	-2'200	-2'200	-2'200
Shares with dividend rights as at 31 December		8'187'119	8'106'780	8'089'648	8'051'237	7'993'180
Outstanding options		254'501	275'400	213'532	153'943	144'000
Nominal capital (in CHF)		820'228	812'178	16'992'881	16'912'218	16'790'298
Key figures per registered share (average number; in CHF)						
Gross sales		47.99	47.08	45.61	52.85	26.89
Net sales		46.63	45.76	44.44	51.41	26.33
Operating result (EBIT) before exceptional items	basic	2.75	2.75	2.67	3.39	2.93
	diluted	2.75	2.75	2.66	3.38	2.92
Operating result (EBIT)	basic	2.65	2.26	2.67	3.39	2.63
	diluted	2.64	2.26	2.66	3.38	2.63
Net income	basic	1.88	1.72	1.97	2.74	1.36
	diluted	1.88	1.72	1.97	2.74	1.36
Equity (book value per share)		20.87	18.54	18.25	18.41	17.46
Dividend per registered share ²⁾		0.80	0.80	0.80	0.80	0.80
Stock market prices in CHF	Highest	41.40	36.95	42.50	39.15	29.95
	Lowest	33.20	27.00	31.20	28.40	22.30
	Year-end	38.00	34.80	32.10	36.85	28.15
Market capitalisation in CHF million	Highest	339.3	300.1	343.1	315.2	238.0
	Lowest	272.3	218.5	252.5	227.1	178.3
	Year-end	311.7	282.6	259.7	296.8	225.0
Price/earning ratio		20.2	20.2	16.3	13.4	21.6
Price/book value ratio		1.8	1.9	1.8	1.6	1.4
Price/sales ratio		0.8	0.7	0.7	0.7	1.0
Dividend yield	Highest	1.9%	2.2%	1.9%	2.0%	2.7%
	Lowest	2.4%	3.0%	2.6%	2.8%	3.6%
	Year-end	2.1%	2.3%	2.5%	2.2%	2.8%
Dividend payout ratio		42.6%	46.5%	41.5%	29.2%	58.8%

¹⁾ Par value reduction from CHF 2.10 to CHF 0.10 as per 30 June 2016.

²⁾ 2017: Proposal of the Board of Directors to the General Meeting (consisting of dividend and repayment of par value).

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH COST OF SALES METHOD

	2017	2016	Change
Gross sales	391'699	381'558	+2.7%
Net sales	380'634	370'877	+2.6%
Gross profit	217'604	212'115	+2.6%
as a % of net sales	57.2%	57.2%	
Operating contribution	94'837	91'493	+3.7%
as a % of net sales	24.9%	24.7%	
Non-allocated operating costs	-73'238	-73'185	-0.1%
as a % of net sales	-19.2%	-19.7%	
Operating result (EBIT)	21'599	18'308	+18.0%
as a % of net sales	5.7%	4.9%	
Financial result, net	-102	-252	
Earnings before tax	21'497	18'056	+19.1%
as a % of net sales	5.6%	4.9%	
Income taxes	-4'626	-3'298	
Net income	16'871	14'758	+14.3%
as a % of net sales	4.4%	4.0%	

Consolidated financial statements 2017

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	2017	2016
Cash and cash equivalents	1	45'200	40'220
Trade accounts receivable	2	43'730	41'268
Other current receivables	3	9'148	8'053
Current financial assets	7	10	2'645
Inventories	4	87'344	78'064
Current tax assets		6'037	6'628
Prepaid expenses and accrued income		3'640	3'362
Current assets		195'109	180'240
Property, plant and equipment	5	21'591	19'777
Intangible assets	6	85'024	67'312
Non-current financial assets	7	5'354	5'707
Other non-current assets	19	210	285
Deferred tax assets	13	5'356	7'216
Non-current assets		117'535	100'297
ASSETS		312'644	280'537
Current financial liabilities	8	13'628	7'660
Trade accounts payable	9	22'677	18'825
Other current liabilities	10	17'454	13'535
Current tax liabilities		2'445	821
Current provisions	12	3'060	4'292
Accrued expenses and deferred income	11	36'850	33'382
Current liabilities		96'114	78'515
Non-current financial liabilities	8	2'574	6'338
Other non-current liabilities	19	7'352	8'989
Non-current provisions	12	4'132	4'966
Deferred tax liabilities	13	6'913	8'152
Non-current liabilities		20'971	28'445
Liabilities		117'085	106'960
Share capital		820	812
Treasury shares		-536	-531
Reserves		170'085	150'024
Equity held by the shareholders of CALIDA Holding AG		170'369	150'305
Non-controlling interests	15	25'190	23'272
Shareholders' equity	14	195'559	173'577
SHAREHOLDERS' EQUITY AND LIABILITIES		312'644	280'537

Group income statement

1 JANUARY - 31 DECEMBER

	Notes	2017	2016
Net sales	18	380'634	370'877
Gain on disposal of non-current assets		33	70
Other operating income		2'641	3'675
Operating income		383'308	374'622
Cost of goods sold and third-party services		-137'038	-133'904
Personnel expenses	19	-120'380	-114'067
Other operating expenses	21	-95'252	-97'161
Amortisation and impairment	22	-9'014	-10'805
Loss on disposal of non-current assets		-25	-377
Operating expenses		-361'709	-356'314
Operating result		21'599	18'308
Financial income	23	207	88
Financial expenses	23	-900	-863
Exchange differences	23	591	523
Financial result, net		-102	-252
Earnings before tax		21'497	18'056
Income taxes	13	-4'626	-3'298
Net income		16'871	14'758
attributable to:			
shareholders of CALIDA Holding AG		15'332	13'932
non-controlling interests		1'539	826
Earnings per registered share in CHF	24	1.88	1.72
Diluted earnings per registered share in CHF	24	1.88	1.72

Group Statement of comprehensive income

1 JANUARY – 31 DECEMBER

	2017	2016
Net income	16'871	14'758
Items that might be reclassified to profit and loss, after tax		
Exchange differences recognised in other comprehensive income	12'393	-2'221
Hedge accounting	-6'436	1'133
Items that cannot be reclassified to profit and loss, after tax		
Remeasurements of the defined benefit plans	2'068	476
Total other comprehensive income	8'025	-612
Total comprehensive income	24'896	14'146
attributable to:		
shareholders of CALIDA Holding AG	22'978	12'873
non-controlling interests	1'918	1'273

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 2016	16'993	-53	2'100	159'354	-30'944	130'510	147'450	31'898	179'348
Net income	-	-	-	13'932	-	13'932	13'932	826	14'758
Other comprehensive income	-	-	-	1'283	-2'342	-1'059	-1'059	447	-612
Total comprehensive income	-	-	-	15'215	-2'342	12'873	12'873	1'273	14'146
Reduction of par value	-16'226	-	12'981	-	-	12'981	-3'245	-	-3'245
Dividend from capital contribution reserves	-	-	-3'244	-	-	-3'244	-3'244	-	-3'244
Acquisition of non-controlling interests	-	-	-	-4'614	-	-4'614	-4'614	-9'899	-14'513
Capital increase ¹⁾	45	-	779	-	-	779	824	-	824
Share-based payments ²⁾	-	-	718	-	-	718	718	-	718
Tax effect of share-based payments ³⁾	-	-	11	-	-	11	11	-	11
Transactions with treasury shares	-	-478	10	-	-	10	-468	-	-468
31 December 2016	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

¹⁾ see note 14

²⁾ see note 20

³⁾ see note 13

Reserves include legal reserves of CHF 5'810 (2016: CHF 5'756) which cannot be distributed to shareholders.

Group statement of cash flows

1 JANUARY – 31 DECEMBER

	Notes	2017	2016
Net income		16'871	14'758
Adjustments for non-cash items			
- Income taxes	13	4'626	3'298
- Depreciation, amortisation and impairment	22	9'014	10'805
- Share-based payments	20	1'145	718
- Adjustment to defined benefit cost		757	767
- (Profit)/loss on disposal of non-current assets		-8	307
- Financial result, net	23	102	252
Change in net working capital and provisions			
- Working capital adjustments		3'767	-1'305
- Change in provisions		-2'747	-1'684
Taxes paid		-2'502	-4'354
Cash flow from operating activities (A)		31'025	23'562
Interest received		99	35
Acquisition of a Group company		-8'620	-
Investments in property, plant and equipment	5	-6'532	-6'636
Investments in intangible assets	6	-3'169	-2'899
Sale of non-current assets		80	625
Loans granted		-245	-215
Repayment of loans granted		475	420
Cash flow from investing activities (B)		-17'912	-8'670
Interest paid		-468	-422
Proceeds from borrowings from banks		9'730	-
Repayment of borrowings from banks		-14'736	-10'063
Dividend from capital contribution reserves (C)	14	-6'543	-3'244
Pro rata payout of the par value reduction (C)	14	-	-3'245
Options exercised from share-based payment plan		2'514	887
Acquisition of non-controlling interests		-	-14'513
Acquisition of treasury shares	14	-5	-531
Cash flows from financing activities		-9'508	-31'131
Impact of exchange rate fluctuations on cash and cash equivalents		1'375	91
Change in cash and cash equivalents		4'980	-16'148
Cash and cash equivalents at the beginning of the year		40'220	56'368
Cash and cash equivalents at the end of the year	1	45'200	40'220
Free cash flow (A + B + C)		6'570	8'403



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).

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 2'900 employees in total.

Accounting policies

GENERAL

These consolidated financial statements of the CALIDA GROUP were prepared in accordance with the International Financial Reporting Standards (IFRS). The historical cost principle is applied, except for derivative financial instruments 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 2017 onwards:

IAS 7

Disclosure Initiative:
The more extensive disclosures are included in note 28 in the table Change in net liquidity.

The IASB has published new and amended standards and interpretations. The following changes are potentially relevant and applicable for reporting periods from 2018 onwards:

Standard	Description	Effective date	Adoption planned in fiscal year
Annual improvements	Omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording.		2018 ¹⁾
IFRS 15	Revenue from Contracts with Customers	1 January 2018	2018
IFRS 9	Financial Instruments	1 January 2018	2018 ¹⁾
IFRS 16	Leases	1 January 2019	2019

¹⁾ No material impact is expected on the financial position or performance of the CALIDA GROUP.

ADOPTION OF 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 still takes place at a point in time – and not over a period of time – the application of the new IFRS 15 standard will not have a significant impact on the net income of the Group.

The application of the new Standard IFRS 15 will involve the gross disclosure of expected customer returns in the financial statements. If IFRS 15 had been applied for the fiscal year 2017, net sales and cost of goods sold and third-party services would have been reported CHF 151 lower each.

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

ADOPTION OF IFRS 16 – LEASES

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.

Due to the retail network, in particular for the CALIDA, AUBADE and OXBOW divisions, the CALIDA GROUP expects this to have a significant impact on the structure of assets and liabilities on the statement of financial position. Moreover, rental expenses (as part of other operating expenses) will be replaced by the amortisation of right of use assets and interest expenses. The standard will not have a significant impact on the net income of the Group.

It is expected that the adoption of this standard will increase the amounts of assets and liabilities by the discounted value disclosed in note 25 “lease obligations”, taking the prolongation option into consideration. The transition method to be used has yet to be evaluated.

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of CALIDA Holding AG and its subsidiaries as of 31 December 2017, 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 fair value on the acquisition date. 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, profits and balances 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	2017	2016
EUR	1	1.1688	1.0718
USD	1	0.9790	1.0252
HUF	100	0.3769	0.3500
GBP	1	1.3156	1.2551
TND	1	0.3967	0.4383
JPY	100	0.8674	0.8800
HKD	1	0.1253	0.1322
CNY	1	0.1498	0.1474

Average exchange
rates for the year

	Unit	2017	2016
EUR	1	1.1101	1.0898
USD	1	0.9842	0.9845
HUF	100	0.3590	0.3500
GBP	1	1.2674	1.3301
TND	1	0.4086	0.4579
JPY	100	0.8778	0.9100
HKD	1	0.1263	0.1268
CNY	1	0.1456	0.1482

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**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 AND OTHER CURRENT RECEIVABLES

Trade accounts receivable and other current receivables are measured at the original invoice amount less any necessary allowances. Besides specific valuation allowances for known risks to the receivables, general allowances are recognised based on past experience and on the receivables' ageing structure.

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.

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. It 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. Gains or losses on the disposal of property, plant and equipment are disclosed separately in the income statement.

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 ASSETS

Financial assets are designated to the following two categories:

Financial assets held for trading and derivative financial instruments.

Loans and receivables.

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 reclassified to cost of goods sold when the hedged transaction affects profit or loss. 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.

Loans and receivables

Loans and receivables are non-derivative assets with determinable payments that are not quoted in an active market. They are shown as current assets if they are due within twelve months after the reporting date. Otherwise they count as non-current assets.

After initial recognition, loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial assets are tested for impairment as of each

reporting date. An impairment loss is recorded if there is objective evidence of impairment. Examples include insolvency, default or other significant financial difficulty of the issuer or borrower. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

FINANCIAL LIABILITIES

Financial liabilities are designated to the following two categories:

Financial liabilities held for trading and derivative financial instruments.

Other financial liabilities.

Derivative financial instruments

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

Other financial liabilities

Other financial liabilities comprise loans and borrowings. 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.

TRADE ACCOUNTS PAYABLE

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

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 AND REVENUE RECOGNITION

Net sales comprise all invoiced sales to third parties after deduction of any value-added tax, volume discounts or other reductions. Revenue is recognised when the risk and rewards are substantially transferred to the customer, the sales price can be estimated reliably and payment is probable (e.g. handover of merchandise in the shop or upon delivery).

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 statements 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 26'219 (2016: CHF 24'305) were recorded as of 31 December 2017. Inventories were recognised at a net carrying amount of CHF 87'344 (2016: CHF 78'064) as of 31 December 2017. 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.

TRADEMARKS/GOODWILL

In order to assess whether an impairment exists, estimates and assumptions are needed on the expected future cash flows of the cash-generating units, which the trademarks and goodwill have been allocated to (business plans for the coming five years). The actual cash flows may differ from the discounted future cash flows based on these estimates. Trademarks and goodwill are carried at CHF 54'794 (2016: CHF 41'553).

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 20'421 (2016: CHF 18'834).

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 2017 came to CHF 210 (2016: CHF 285) and the defined benefit liability to CHF 7'352 (2016: CHF 8'989).

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 7'192 as of 31 December 2017 (2016: CHF 9'258).

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 losses carried forward lapse and can therefore be offset against tax losses carried forward. 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 7'117 are recognised on tax losses carried forward as of 31 December 2017 (2016: CHF 9'664).

Scope of consolidation

SCOPE OF CONSOLIDATION AS OF 31 DECEMBER 2017

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%
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%

Company ¹⁾	Registered office	Activity	Share capital In local currency	Capital share/ voting rights in %
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	71.5%
MILLET Outdoor Products (Nanjing) CO. Ltd.	Nanjing, China	Production/sales	CNY 15'000'000	71.5%
L.M.O. SRL. ²⁾	Grassobbio, Italy	Sales	EUR 10'000	71.5%
L.W.A. SA	Wavre, Belgium	Sales	EUR 66'931	71.5%
LAFROM Tunisie	Sousse, Tunisia	Production	TND 100'000	71.5%
LAFUMA GROUP GmbH ²⁾	Stephanskirchen, Germany	Sales	EUR 285'000	71.5%
LAFUMA GROUP SL	Barcelona, Spain	Sales	EUR 475'000	71.5%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF 51'350'000	71.5%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY 10'000'000	71.5%
LAFUMA MOBILIER SAS	Anneyron, France	Production/sales	EUR 9'262'561	71.5%
LALLEMAND SAS	Vieux d'Izenave, France	Production/sales	EUR 925'540	71.5%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR 113'445	71.5%
LAFUMA America Inc. ²⁾	Duluth, USA	Sales	USD 24'500	71.5%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF 100'000	71.5%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, France	Sales	EUR 3'921'068	71.5%
OXBOW SAS	Mérignac, France	Sales	EUR 50'000	71.5%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR 373'570	71.5%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR 25'000	100.0%

¹⁾ Only active companies are listed.

²⁾ Change of registered offices

The liquidation process for SOLAUBADE SURL, Spain, LAFUMA Hong Kong Ltd, Hong Kong, and LAFROM HK Ltd, Hong Kong, began in 2017.

ACQUISITION OF REICH ONLINE SERVICES GMBH

As of 1 March 2017, the CALIDA GROUP acquired 100% in Reich Online Services GmbH, a German specialist in e-commerce. With this acquisition, the

CALIDA GROUP reinforces its expertise in the growing e-commerce segment in line with its strategy.

The purchase price allocation is still provisional as of 31 December 2017. The provisional 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 ¹⁾
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

¹⁾ Compared to the provisional purchase price allocation in the half-year report 2017, the following fair value adjustments have been made:
 – Inventories: CHF -752
 – Other non-current assets: CHF 223

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 within one year or within two years. The CALIDA GROUP expects that the further planned targets will also be achieved and therefore recognised the liabilities in full. As of 31 December 2017, contingent purchase price payments are calculated at CHF 2'340 (see note 8).

Reich Online Services GmbH will initially support the CALIDA division in e-commerce sales and subse-

quently pass on the expertise acquired in e-commerce to the other divisions. For this reason, the goodwill has been allocated to the CALIDA CGU.

Since the acquisition, Reich Online Services GmbH has contributed an additional CHF 9'617 to consolidated net sales and reduced consolidated net income by CHF 81. If the acquisition had taken place on 1 January 2017, the consolidated net sales of the CALIDA GROUP would have been CHF 2'663 higher and the net income would have increased by CHF 334.

Transaction costs of CHF 281 in connection with the merger are recorded in other operating expenses and included in the cash flow from operating activities.



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. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand and bank balances	45'200	40'220
Total	45'200	40'220

The effective interest rate for bank balances and current bank deposits was between 0.0% and 0.2% (2016: 0.0% and 0.1%).

2. TRADE ACCOUNTS RECEIVABLE

	2017	2016
Trade accounts receivable from third parties	49'416	46'932
Trade accounts receivable from related parties	13	32
Allowances	-5'699	-5'696
Total, net	43'730	41'268

The receivables are carried at fair value. No interest is charged for the first 80 to 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.

The ageing analysis is as follows:

	2017	2016
Not past due	33'661	32'259
Past due by 1–60 days	7'599	7'281
Past due by 61–120 days	1'217	587
Past due by more than 120 days	1'253	1'141
Total, net	43'730	41'268

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

Bad debt allowances:

	2017	2016
Balance as of 1 January	-5'696	-5'712
Additions	-1'016	-2'426
Utilisation	1'028	2'397
Reversal	397	13
Exchange differences	-412	32
Balance as of 31 December	-5'699	-5'696

in CHF 1'000

Currencies of relevance for trade accounts receivable:

	2017	2016
CHF	1'601	1'507
EUR	34'742	33'323
JPY	2'249	2'169
USD	1'964	2'514
CNY	1'362	128
GBP	871	111
HKD	-	710
Other	941	806
Total, net	43'730	41'268

3. OTHER CURRENT RECEIVABLES

	2017	2016
Receivables from government authorities	5'439	4'603
Receivables from pension funds	47	25
Prepayments to suppliers	1'880	997
Other receivables	1'782	2'428
Total	9'148	8'053

4. INVENTORIES

	2017	2016
Raw materials	9'423	8'405
Semi-finished goods	9'681	8'959
Finished goods	68'240	60'700
Total, net	87'344	78'064

Inventories include allowances of CHF 26'219 (2016: CHF 24'305) for outmoded and unsaleable goods.

5. PROPERTY, PLANT AND EQUIPMENT

Historical cost

	Land and buildings	Machinery	Fixtures and fittings	IT equipment	Furniture and store fittings	Vehicles	Assets under construction	Total
1 January 2016	49'646	12'652	14'613	4'180	34'135	879	391	116'496
Additions	839	1'660	99	1'070	2'244	173	551	6'636
Disposals	-887	-783	-	-62	-1'741	-134	-	-3'607
Reclassification	66	-	-	-	339	-	-405	-
Exchange differences	65	-193	-55	-52	-327	-18	-5	-585
31 December 2016	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

Accumulated depreciation and impairment

1 January 2016	40'204	8'737	14'013	3'263	27'031	518	-	93'766
Depreciation and impairment	2'611	1'262	130	747	3'840	133	-	8'723
Disposals	-369	-644	-	-62	-1'637	-120	-	-2'832
Exchange differences	47	-147	-34	-45	-301	-14	-	-494
31 December 2016	42'493	9'208	14'109	3'903	28'933	517	-	99'163
Depreciation and impairment	796	1'071	444	643	3'443	142	-	6'539
Disposals	-1'216	-367	-366	-43	-3'404	-155	-	-5'551
Reclassifications 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
Net carrying amount as of 31 December 2017	5'287	5'259	3'547	963	5'649	493	393	21'591
Net carrying amount as of 31 December 2016	7'236	4'128	548	1'233	5'717	383	532	19'777

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.

Property, plant and equipment of CHF 2'312 (2016: CHF 2'394) has been pledged (see note 26).

6. INTANGIBLE ASSETS

Historical cost

	Goodwill	Brands, licences and patents	Customer lists	Software	Key money	Other intangible assets	Total
1 January 2016	37'134	36'053	4'444	8'926	24'560	1'802	112'919
Additions	-	3	-	1'386	25	1'485	2'899
Disposals	-	-10	-	-104	-989	-75	-1'178
Reclassification	-	-	-	36	-	-36	-
Exchange differences	-373	-363	-44	-106	-219	16	-1'089
31 December 2016	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

Accumulated amortisation and impairment

1 January 2016	19'365	11'811	4'206	6'587	3'231	401	45'601
Amortisation	-	45	80	1'401	386	11	1'923
Impairment	-	-	-	-	159	-	159
Disposals	-	-10	-	-80	-857	-75	-1'022
Exchange differences	-197	-124	-43	-74	-15	31	-422
31 December 2016	19'168	11'722	4'243	7'834	2'904	368	46'239
Amortisation	-	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
Net carrying amount as of 31 December 2017	28'845	26'097	558	4'725	22'528	2'271	85'024
Net carrying amount as of 31 December 2016	17'593	23'961	157	2'304	20'473	2'824	67'312

GOODWILL

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

	2017	2016
CALIDA	9'660	-
MILLET MOUNTAIN GROUP	11'597	10'635
LAFUMA MOBILIER	7'588	6'958
Total	28'845	17'593

Reich Online Services GmbH will initially support the CALIDA Division in e-commerce sales and subsequently pass on the expertise acquired in e-commerce to the other divisions. For this reason, the goodwill has been allocated to the CALIDA CGU.

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 5.5% to 9.4% (2016: 6.7% to 7.8%) and a pre-tax discount rate of 8.5% to 13.3% (2016: 14.1% to 14.5%) 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 1.5% (2016: 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 9.9 million, 2016: CHF 9.1 million), LAFUMA MOBILIER (CHF 8.7 million, 2016: CHF 8.0 million) and AUBADE (CHF 3.7 million; 2016: CHF 3.4 million). The average growth rates for the planning periods are 3.5% to 9.4% (2016: 4.4% to 7.8%). The growth rate for the periods beyond that is estimated at 1.5% (2016: 1.5%). The pre-tax discount rates are 10.7% to 13.3% (2016: 11.9% to 14.5%).

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 20'421 (2016: CHF 18'834). 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 1.5% (2016: 1.5%) after the planning period. A pre-tax discount rate of 10.7% to 15.5% (2016: 11.9% to 16.8%) is applied.

7. FINANCIAL ASSETS

	2017	2016
Derivative financial instruments	-	2'636
Sundry other financial assets	10	9
Current financial assets	10	2'645
Derivative financial instruments	-	587
Sundry other financial assets	5'354	5'120
Non-current financial assets	5'354	5'707
Total non-current financial assets	5'364	8'352

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 – increased in the reporting period from CHF 26.2 million to CHF 32.3 million. Financial liabilities break down as follows:

	2017	2016
Current financial liabilities to banks	10'516	7'660
Contingent consideration	1'171	-
Derivative financial instruments	1'941	-
Current financial liabilities	13'628	7'660
Non-current financial liabilities to banks	-	6'338
Contingent consideration	1'169	-
Derivative financial instruments	1'405	-
Non-current financial liabilities	2'574	6'338
Total financial liabilities	16'202	13'998

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 2017	Thereof utilised 2017	Credit volume 2016	Thereof utilised 2016
Acquisition loan	EUR	LIBOR + margin ¹⁾	2013–2018	7'010	7'010	12'862	12'862
Revolving credit facility	EUR/CHF	LIBOR + margin ¹⁾	2013–2018	65'376	3'506	63'436	-
Total syndicated loan				72'386	10'516	76'298	12'862

¹⁾ Depending on leverage

The acquisition loan within the syndicated loan facility was used to finance the acquisition of the LAFUMA GROUP. The revolving credit facility safeguards the CALIDA GROUP's long-term financing and CHF 3'506 had been utilised as of the reporting date (2016: CHF 0).

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 of the current and the prior year.

9. TRADE ACCOUNTS PAYABLE

	2017	2016
Trade accounts payable	22'677	18'825
Total	22'677	18'825

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

	2017	2016
CHF	1'488	3'627
EUR	13'984	11'783
USD	4'006	875
JPY	1'345	803
Other	1'854	1'737
Total	22'677	18'825

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

10. OTHER CURRENT LIABILITIES

	2017	2016
Liabilities to government authorities	8'825	6'588
Advance payments received from customers	714	868
Liabilities to commercial agents	402	378
Other liabilities	7'513	5'701
Total	17'454	13'535

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

11. ACCRUED EXPENSES AND DEFERRED INCOME

	2017	2016
Invoices not yet received	14'325	11'911
Accrued personnel expenses	13'679	12'344
Other accrued expenses and deferred income	8'846	9'127
Total	36'850	33'382

12. CURRENT AND NON-CURRENT PROVISIONS

	Transfer fees	Restructuring	Personnel provisions	Litigation	Other provisions	Total
1 January 2016	1'099	1'684	2'087	2'042	4'055	10'967
Additions	81	1'450	1'097	356	1'279	4'263
Utilisation	-	-1'172	-653	-947	-961	-3'733
Reversal	-12	-399	-1'042	-320	-439	-2'212
Exchange differences	-5	25	-4	-5	-38	-27
31 December 2016	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
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
Current provisions 2016	388	1'327	610	1'126	841	4'292
Non-current provisions 2016	775	261	902	-	3'028	4'966
Total provisions 2016	1'163	1'588	1'512	1'126	3'869	9'258

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 Hong Kong and the USA, 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 Hong Kong and the USA, in particular, 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.

In the previous year, an out of court settlement was reached with regard to consultancy agreement. The amount, which had been provided for in full, was settled during the previous year.

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	
	2017	2016	2017	2016
Receivables	229	436	-9'196	-9'461
Inventories	2'521	3'091	-1'024	-1'497
Property, plant and equipment	2'755	1'520	-2'171	-2'029
Intangible assets	2	62	-6'472	-5'600
Other assets	1'591	753	-719	-1'889
Provisions	1'035	2'889	-45	-951
Defined benefit obligation	1'326	1'473	-59	-3
Other liabilities	2'841	1'411	-1'288	-805
Tax losses carried forward ¹⁾	7'117	9'664	-	-
Total deferred tax assets/(liabilities)	19'417	21'299	-20'974	-22'235
Netting	-14'061	-14'083	14'061	14'083
Total deferred tax assets/(liabilities), as disclosed	5'356	7'216	-6'913	-8'152

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

UNRECOGNISED TAX LOSSES CARRIED FORWARD

Unrecognised tax losses carried forward lapse	2017	2016
in 1 year	1'190	1'112
in 2 to 5 years	4'435	5'422
in more than 5 years	4'677	4'560
do not lapse ¹⁾	72'827	63'478
Total unrecognised tax losses carried forward	83'129	74'572

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

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.

	2017	2016
Tax expense recorded in the income statement		
Current income taxes	-4'743	-4'705
Deferred income taxes	117	1'407
Total tax expense recorded in the income statement	-4'626	-3'298
Tax effect recorded in other comprehensive income		
Deferred income taxes from hedging	50	12
Deferred income taxes from remeasurement of defined benefit plans	-303	-46
Total tax effect recorded in other comprehensive income	-253	-34
Tax effect recorded directly in equity		
Current income taxes from share-based payments	24	18
Deferred income taxes from share-based payments	-49	-7
Total tax effect recorded directly in equity	-25	11

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 (2017: 22.3%; 2016: 26.2%) 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).

	2017	in %	2016	in %
Earnings before taxes	21'497		18'056	
Tax expense based on expected tax rate	-4'787	22.3	-4'725	26.2
Effect of changes in the tax rates	797		551	
Non-deductible expenses and/or non-taxable income	1'700		-509	
Unrecognised tax losses in the current period	-435		-2'064	
Utilisation of unrecognised tax loss carryforwards	276		280	
Changes in recognised tax loss carryforwards	-837		4'335	
Other effects ¹⁾	-1'338		-1'166	
Actual tax expense recorded in the income statement	-4'626	21.5	-3'298	18.3

¹⁾ Includes CHF -940 (2016: CHF -867) 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:

	2017	2016
8'202'279 registered shares with a par value of CHF 0.10 each (2016: 8'121'780 registered shares with a par value of CHF 0.10 each), issued and fully paid up	820	812

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 9 May 2017 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 6'543 was paid out after 16 May 2017. Taking into account the additional paid-up capital received from capital increases of CHF 3'112 during the reporting period, this resulted in a reduction of the capital contribution reserve of CHF 3'431.

This leaves capital contribution reserves of CHF 11'920 in CALIDA Holding AG.

CONDITIONAL CAPITAL

In the reporting period, a conditional capital increase of CHF 8 (2016: CHF 45) or 80'499 registered shares (2016: 29'932 registered shares) was carried out. The average issue price was CHF 31.53 per share (2016: CHF 28.09). The premium, representing the excess over par value after deduction of transaction costs, was allocated to the capital reserves (2017: CHF 2'506; 2016: CHF 778).

The available conditional capital as of 31 December 2017 amounts to CHF 16 (2016: CHF 24). This equates to 157'721 registered shares (2016: 238'220 registered shares) with a par value of CHF 0.10 (2016: CHF 0.10) each.

TREASURY SHARES

As of the reporting date 31 December 2017, the Company holds 15'160 treasury shares. It acquired 160 of these shares during the reporting period at an average acquisition price of CHF 28.63 per share.

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.

The following table provides a breakdown:

	2017	2016
Non-controlling interests ¹⁾	28.5%	28.5%
Share of net income	1'539	826
Share of the shareholders' equity	25'190	23'272

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:

Statement of financial position

	2017	2016
Assets	170'041	153'560
Liabilities	60'272	52'512
Net assets	109'769	101'048

	2017	2016
Income statement		
Net sales	178'219	182'098
Net income	6'026	1'498
Statement of cash flows		
Cash flow from operating activities	13'666	6'077
Change in cash and cash equivalents	7'722	1'460

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:

	2017	2016
Shareholder group of Kellenberger family members	34.6%	34.7%
Veraison Capital AG	16.2%	16.3%
Vontobel Fonds Services AG ¹⁾	8.8%	9.0%
Shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG	6.7%	6.8%
Swisscanto Fondsleitung AG ²⁾	5.0%	5.0%

¹⁾ Includes 540'732 registered shares of the shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ In accordance with reporting to SIX Swiss Exchange as of 5 November 2016.

17. DIVIDEND DISTRIBUTION

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 18 May 2018 to issue a dividend for the reporting period of CHF 0.80 per registered share from the capital contribution reserve (2016: CHF 0.80).

18. 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 cost of sales 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).

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
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

2016	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	130'618	58'308	111'437	41'834	27'540	1'139	370'877
Operating profit contribution	35'997	14'158	22'068	12'623	5'503	1'144	91'493
Non-allocated operating costs							-73'185
Operating result							18'308
Financial result, net							-252
Earnings before tax							18'056
Amortisation and depreciation	-3'739	-1'706	-3'961	-925	-363	-111	-10'805
thereof impairment	-	-	-	-	-159	-	-159
Investments	4'048	794	2'970	1'388	335	-	9'535

GEOGRAPHICAL REPORTING

Net sales	2017	2016
France	149'359	149'422
Germany	80'766	69'142
Switzerland	62'735	62'423
Other Europe	60'249	56'018
Asia	20'382	25'107
USA	4'886	6'182
Other markets	2'257	2'583
Total	380'634	370'877

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2017	2016
France	78'074	70'276
Germany	13'370	1'809
Switzerland	9'812	10'115
Hungary	3'127	2'704
Other markets	2'232	2'185
Total	106'615	87'089

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

19. PENSION PLANS AND PERSONNEL EXPENSES

Personnel expenses of the CALIDA GROUP break down as follows:

	2017	2016
Wages and salaries	-87'795	-83'984
Social security expenses	-21'167	-19'585
Expenses for defined benefit plans	-1'800	-1'869
Expenses for defined contribution plans	-1'184	-1'070
Share-based payments	-1'145	-718
Other personnel expenses	-7'289	-6'841
Total	-120'380	-114'067

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. The policy is limited to a fixed term, with the first possible ordinary termination date for both parties at the end of 2019.

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:

	2017	2016
Breakdown of the net defined benefit liability		
Present value of the DBO	-55'006	-55'862
Fair value of plan assets	47'864	47'158
Net defined benefit asset/(liability)	-7'142	-8'704
of which recorded in other non-current assets	210	285
of which recorded in other non-current liabilities	-7'352	-8'989
The net defined benefit liability developed as follows:		
Balance as of 1 January	-8'704	-8'445
Cost of defined benefit plans, through profit or loss	-1'857	-1'946
Remeasurements, in other comprehensive income	2'371	522
Employer contributions	1'084	1'125
Plan settlements	114	-
Exchange rate differences	-150	40
Balance as of 31 December	-7'142	-8'704

PRESENT VALUE OF THE DBO

	2017	2016
Balance as of 1 January	55'862	54'457
Service cost	1'800	1'869
Interest expense	342	433
Employee contributions	1'086	1'064
Benefit payments	-3'259	-3'018
Plan settlements	-114	-
Actuarial (gains)/losses	-936	1'105
Exchange differences	225	-48
Balance as of 31 December	55'006	55'862
of which relating to Switzerland:		
Present value of the DBO	52'283	53'394
Active employees	80%	75%
Retirees	20%	25%
Average duration in years	17.6	17.9

FAIR VALUE OF PLAN ASSETS

	2017	2016
Balance as of 1 January	47'158	46'012
Interest income at discount rate	285	356
Employer contributions	1'084	1'125
Employee contributions	1'086	1'064
Benefit payments	-3'259	-3'018
Return on plan assets (excluding the interest income discount rate)	1'435	1'627
Exchange differences	75	-8
Balance as of 31 December	47'864	47'158

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

	2017	2016
Service cost in personnel expenses	-1'800	-1'869
Net interest in financial expenses	-57	-77
Total	-1'857	-1'946

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

	2017	2016
Remeasurement of the net defined benefit liability		
- Changes in financial assumptions	1'031	1'224
- Changes in demographic assumptions	-81	-1'407
- Experience adjustments	-14	-922
Return on plan assets (excluding the interest income discount rate)	1'435	1'627
Total remeasurements of the defined benefit plans recorded in other comprehensive income, before taxes	2'371	522

The following weighted actuarial assumptions were applied in determining the defined benefit obligation (DBO):

	2017	2016
Discount rate	0.7%	0.6%
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, 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 7.9%/9.1% (2016: decrease of 7.6%/increase of 8.8%) in the DBO. A decrease/increase of 0.5% in the salary increase would lead to an increase/decrease of 0.4%/0.5% (2016: increase of 0.4%/decrease of 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:

	2017	2016
Shares	11.7%	11.8%
Bonds	12.9%	13.9%
Real estate	6.0%	6.0%
Receivables from an insurance company (collective foundation)	69.4%	68.3%
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 1'194 for fiscal year 2018.

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.

According to the plan, a first payment of CHF 120 becomes due when the share price of CALIDA Holding AG sustainably exceeds relevant thresholds. 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.

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.

The expected residual claims of CHF 226 from the phantom stock plan are recognised in provisions. The CALIDA GROUP recorded personnel expenses of CHF 410 in connection with the LTI in 2017 (2016: CHF 0). The plan adjustments result in additional costs of CHF 47 in the reporting period.

The fair value of the LTI was determined on the grant date using a simulation algorithm, taking into account the terms and conditions of the plan. The table below shows the most important measurement parameters:

Maximum contractual term	30.09.27
Expected lifetime	30.07.22
Share price in CHF	38.50
Risk-free interest rate in %, p.a.	-0.3%
Expected volatility in %, p.a.	30.4%
Expected dividend in CHF	0.80

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 2017

Number of options outstanding	Term	Exercise price in CHF	Settlement date
13'400	01.04.2014 – 31.03.2019	30.75	vested
24'000	01.04.2014 – 31.03.2020	30.75	01.04.18
14'501	01.04.2015 – 31.03.2020	36.65	vested
10'200	01.04.2015 – 31.03.2020	36.65	01.04.18
44'000	01.04.2015 – 31.03.2021	36.65	01.04.19
4'600	01.04.2016 – 31.03.2021	33.40	vested
11'200	01.04.2016 – 31.03.2021	33.40	01.04.18
11'600	01.04.2016 – 31.03.2021	33.40	01.04.19
40'000	01.04.2016 – 31.03.2022	33.40	01.04.20
81'000	01.04.2017 – 31.03.2022	33.80	01.04.20
254'501	Total		

The CALIDA GROUP recorded personnel expenses of CHF 735 in connection with stock option plans in 2017 (2016: CHF 718).

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

	Number of options 2017	Ø Exercise price CHF 2017	Number of options 2016	Ø Exercise price CHF 2016
Outstanding as at 1 January	275'400	33.40	213'532	32.60
Granted in the reporting period	101'000	33.80	94'000	33.40
Exercised in the reporting period ¹⁾	-80'499	31.53	-32'132	28.09
Forfeited in the reporting period	-41'400	34.22	-	-
Outstanding as of 31 December	254'501	34.02	275'400	33.40
Vested as of 31 December	32'501	33.76	48'500	32.09

¹⁾ The weighted average share price on the exercise date of options was CHF 38.89 (2016: 34.56).

The exercise price of options outstanding as of the end of the reporting period was between CHF 30.75 and CHF 36.65 (2016: CHF 26.65 and CHF 36.65), while the average term to maturity was 3.43 years (2016: 3.62 years). Options granted in the reporting period had an average weighted fair value of CHF 9.85 (2016: CHF 8.88).

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:

	2017	2016
Share price in CHF	39.40	34.65
Exercise price in CHF	33.80	33.40
Expected volatility in %	30.4%	33.3%

	2017	2016
Expected lifetime in years	4.00	4.14
Risk-free interest rate in %	-0.4%	0.0%
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

	2017	2016
Sales and marketing expenses	-27'230	-26'140
Rental expenses	-22'592	-24'355
General administrative expenses	-19'433	-18'848
Other expenses	-25'997	-27'818
Total	-95'252	-97'161

22. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Notes	2017	2016
Depreciation of property, plant and equipment	5	-6'539	-8'723
Amortisation of intangible assets	6	-2'475	-1'923
Impairment of intangible assets	6	-	-159
Total		-9'014	-10'805

23. FINANCIAL RESULT, NET

	2017	2016
Interest income from financial assets	112	88
Other financial income	95	-
Total financial income	207	88
Net interest on defined benefit plans	-57	-77
Interest expense from financial liabilities	-356	-585
Bank fees and other financial expenses	-156	-201
Fair value adjustment of contingent purchase price payments	-331	-
Total financial expenses	-900	-863
Net gains on exchange differences	591	523
Total exchange differences	591	523
Total	-102	-252

24. EARNINGS PER REGISTERED SHARE

	2017	2016
Net income attributable to shareholders of CALIDA Holding AG	15'332	13'932
Number of shares as of the reporting date	8'202'279	8'121'780
Less weighted average included in capital increase	-40'222	-16'548
Average number of shares outstanding	8'162'057	8'105'232
Earnings per registered share in CHF	1.88	1.72
Diluted earnings per registered share in CHF	1.88	1.72

The dilutive effects were calculated based on the average number of outstanding call options 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 8'698 (2016: 5'262).

25. LEASE OBLIGATIONS

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

	2017	2016
in up to 1 year	18'521	17'803
2 to 5 years	43'888	43'792
more than 5 years	12'781	13'926
Total	75'190	75'521

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

26. PLEDGED ASSETS

	2017	2016
Pledged land and buildings at carrying amounts	2'312	2'394
Liens on property	27'000	27'000
Current financial liabilities to banks secured by real estate	10'516	6'375
Non-current financial liabilities to banks secured by real estate	–	6'338
Pledged bank balances	4'279	4'202

In connection with the new syndicated loan facility, the Group pledged real estate of CALIDA AG with a carrying amount of CHF 2'312 (2016: CHF 2'394) and shares in LAFUMA SA.

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

	2017	2016
Short-term benefits	3'839	4'705
Long-term benefits	-363	-72
Post-employment benefits	364	457
Share-based payments	626	426
Total	4'466	5'516

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 473) 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 2013 to 2017 (2016: 2012 to 2016) 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 154 (2016: CHF 239) in the reporting period. Of this, CHF 29 (2016: CHF 0) was outstanding as of 31 December 2017.

SIGNIFICANT SHAREHOLDERS

The reported receivables from related parties of CHF 13 (2016: CHF 32) as of 31 December 2017 relate to a company controlled by a significant shareholder; sales of CHF 308 (2016: CHF 336) were generated with this company in the reporting period.

The outstanding amounts are unsecured and will be 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:

	2017	2016
Cash and cash equivalents	45'200	40'220
Trade accounts receivable	43'730	41'268
Loans (current and non-current)	5'364	5'129
Other financial assets ¹⁾	1'782	2'428
Total - at amortised cost	96'076	89'045
At fair value through profit and loss (derivative financial instruments - level 2)	-	3'223
Total	96'076	92'268

¹⁾ Component of other current receivables (note 3)

Financial liabilities are allocated to the following categories:

	2017	2016
Financial liabilities (current and non-current)	10'516	13'998
Trade accounts payable	22'677	18'825
Other current liabilities ¹⁾	8'629	6'947
Accrued expenses and deferred income ²⁾	14'325	11'911
Total - at amortised cost	56'147	51'681
Derivative financial instruments (level 2)	3'346	-
Contingent purchase price payments (level 3)	2'340	-
Total - financial liabilities at fair value through profit loss	5'686	-
Total	61'833	51'681

¹⁾ Not including liabilities to government authorities of CHF 8'825 (2016: CHF 6'588)

²⁾ Not including accrued personnel expenses and other accruals of CHF 22'525 (2016: CHF 21'471)

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 comprises entirely 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).

In accordance with the agreement, the portion classified as current was paid out in full as of 31 January 2018.

CREDIT RISKS

Current bank balances and time deposits 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 2017 (2016: 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	Non-current financial liabilities	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
Change in derivative financial instruments (liabilities)	-	-1'941	-1'405	
31 December 2017 - Total	45'200	-13'628	-2'574	

The last redemption payment on the current agreement for the syndicated loan of EUR 6'000 is due as of 30 June 2018 and has been reclassified from the non-current financial liabilities to the current financial liabilities.

Syndicated loan facility

The acquisition loan within the syndicated loan facility was used to finance the mandatory takeover bid and subsequent second capital increase at LAFUMA GROUP, which was paid up in mid-February 2014. The revolving credit facility safeguards the CALIDA GROUP's long-term financing and CHF 3'506 had been utilised as of the reporting date (2016: CHF 0).

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

	2017	2016
Cash and cash equivalents	45'200	40'220
Confirmed credit lines	92'729	93'126
Credit lines used	-11'763	-14'991
Total	126'166	118'355

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 2017

	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⁾	8'629	8'629	8'629	-
Accrued expenses and deferred income ³⁾	14'325	14'325	14'325	-

31 December 2016

	Carrying amount	Contractual payments	< 1 year	1 to 5 years
Financial liabilities	13'998	14'275	7'812	6'463
Trade accounts payable	18'825	18'825	18'825	-
Derivative financial instruments				
Cash inflows		-57'216	-44'504	-12'712
Cash outflows		52'822	41'109	11'713
Net	-3'223	-4'394	-3'395	-999
Other current liabilities ²⁾	6'947	6'947	6'947	-
Accrued expenses and deferred income ³⁾	11'911	11'911	11'911	-

¹⁾ Including contingent purchase price payments

²⁾ Not including liabilities to government authorities of CHF 8'825 (2016: CHF 6'588).

³⁾ Not including accrued personnel expenses and other accruals of CHF 22'525 (2016: CHF 21'471).

In the reporting period CHF 6'560 was amortised as due according to the current agreement for the syndicated loan facility (2016: CHF 6'539).

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	2017	2016
+/- 20 basis points	EUR	+/- 37	+/- 28
+/- 15 basis points	CHF	+/- 16	+/- 17

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 EUR.

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, income of CHF 558 from hedging activities were reclassified from other comprehensive income to cost of goods sold and third-party services (2016: income of CHF 911).

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 2017	-	3'346	30'711	21'049
31 December 2016	3'223	-	44'504	12'712

A change in the USD/EUR closing rate of $\pm 10.0\%$ would lead to a change of CHF -3'941/+5'751 (2016: CHF -4'975/+6'357) 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 2017, but all other parameters remained unchanged, earnings before taxes would have increased by CHF 223 (2016: decrease of CHF 174). 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 2018 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 2017 or 2016.

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. 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:

	2017	2016
Shareholders' equity	195'599	173'577
Total capital	312'644	280'537
Equity ratio	62.6%	61.9%

29. SUBSEQUENT EVENTS

The consolidated financial statements were approved by the Audit & Risk Committee on 23 February 2018 and released for publication by the Board of Directors on 26 February 2018. The consolidated financial statements are subject to approval by the Annual General Meeting scheduled for 18 May 2018.



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, 26 February 2018

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 2017 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 2017, 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.



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.

Goodwill and intangible assets with indefinite useful life - valuation

Area of focus Goodwill and intangible assets with indefinite useful life represent 24% of the balance sheet total and 38% 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. 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.

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.

Acquisition of Reich Online Services GmbH

Area of focus As at 1 March 2017, CALIDA Group acquired 100% of the issued share capital of Reich Online Services GmbH for a total purchase consideration of CHF 12.1 million. As a result of the acquisition, a goodwill of CHF 8.8 million was recognized. The acquisition is significant to our audit due to judgements and assumptions involved related to the recognition and measurement of identifiable assets acquired and liabilities assumed. CALIDA Group disclosed information about the acquisition in the section "scope of consolidation" as well as in notes 6, 8 and 28 of the consolidated financial statements.

Our audit response We evaluated the purchase price allocation related to the acquisition of Reich Online Services GmbH. This included an analysis of the fair value of the identifiable assets and liabilities supporting the purchase price allocation as at the acquisition date. We assessed, amongst others, the determination of and accounting for the purchase consideration, and analyzed the identification and valuation of the assets and liabilities acquired. We involved valuation specialists to assist us in the assessment of the valuation methodology adopted in determining fair values and the underlying assumptions made by management, such as discount rates. Furthermore, we evaluated CALIDA Group's disclosures related to the acquisition.



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.

**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
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Financial statements 2017

CALIDA Holding AG



Balance sheet

AS OF 31 DECEMBER

	Notes	2017	2016
Cash and cash equivalents		3'532	9'178
Other current receivables			
from third parties		112	97
from investments		14	7
Current assets		3'658	9'282
Loans to investments		6'613	6'537
Investments	1.1	176'054	162'590
Non-current assets		182'667	169'127
ASSETS		186'325	178'409
Interest-bearing current liabilities	1.2	10'516	6'431
Other current liabilities			
to third parties	1.3	1'210	38
to investments		10'699	1'044
Accrued liabilities and deferred income		346	2'251
Current liabilities		22'771	9'764
Other non-current liabilities	1.3	1'169	6'431
Non-current liabilities		1'169	6'431
Liabilities		23'940	16'195
Share capital	1.4	820	812
Capital contribution reserves	1.6	11'920	15'351
General legal reserves		500	7'500
Retained earnings		149'681	139'082
Treasury shares	1.7	-536	-531
Shareholders' equity		162'385	162'214
SHAREHOLDERS' EQUITY AND LIABILITIES		186'325	178'409

Income statement

1 JANUARY - 31 DECEMBER

	Notes	2017	2016
Dividend income		4'500	15'300
Reversal of impairment losses recorded on investments	1.1	1'400	1'000
Other financial income		2'431	1'922
Other operating income		31	6
Income		8'362	18'228
Administrative expenses		-2'561	-2'393
Financial expenses		-2'202	-1'305
Taxes		-	-
Expenses		-4'763	-3'698
Net income		3'599	14'530

Statement of changes in shareholders' equity

	Share capital	Capital contribution reserves	General legal reserves	Retained earnings	Treasury shares	Shareholders' equity
1 January 2015	16'912	9'655	7'500	98'608	-53	132'622
Capital increase	81	1'441	-	-	-	1'522
Dividend from capital contribution reserves	-	-6'465	-	-	-	-6'465
Net income	-	-	-	25'934	-	25'934
31 December 2015	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
31 December 2017	820	11'920	500	149'681	-536	162'385

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).

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 cash flow statement or notes with regard to interest-bearing liabilities and audit fees.

1. Notes to the financial statements

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	
				31.12.2017	31.12.2016
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	
					31.12.2017	31.12.2016
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100.0%	100.0%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	71.5%	71.5%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR	25'000	100.0%	n/a

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	71.5%	71.5%
L.M.O. SRL.²⁾	Grassobbio, Italy	Sales	EUR	10'000	71.5%	71.5%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	71.5%	71.5%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	71.5%	71.5%
LAFUMA America Inc.²⁾	Duluth, USA	Sales	USD	24'500	71.5%	71.5%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR	113'445	71.5%	71.5%
LAFUMA GROUP GmbH²⁾	Stephanskirchen, Germany	Sales	EUR	285'000	71.5%	71.5%
LAFUMA GROUP SL	Barcelona, Spain	Sales	EUR	475'000	71.5%	71.5%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	71.5%	71.5%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY	10'000'000	71.5%	71.5%
LAFUMA MOBILIER SAS	Anneyron, France	Production/Sales	EUR	9'262'561	71.5%	71.5%
LALLEMAND SAS	Vieux d'Izenave, France	Production/Sales	EUR	925'540	71.5%	71.5%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF	100'000	71.5%	71.5%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	71.5%	71.5%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	71.5%	71.5%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	71.5%	71.5%

¹⁾ Only active companies are listed.

²⁾ Change of registered offices

The liquidation process for SOLAUBADE SURL, Spain, LAFUMA Hong Kong Ltd, Hong Kong, and LAFFROM HK Ltd, Hong Kong, began in 2017.

In the reporting period, impairment losses of CHF 1'400 were reversed (2016: CHF 1'000).

1.2 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities of CHF 10'516 result from the syndicated loan agreement. The loan is denominated in euro and the variance to the prior year is due to the amortisation in accordance with the contract and the foreign currency valuation.

1.3 OTHER LIABILITIES

The deferred purchase price payments for the acquisition of Reich Online Services GmbH that were contingent upon the operating targets being achieved amount to CHF 2'340. CHF 1'169 of this amount was due as of 31 December 2017. CALIDA Holding AG expects that the further planned targets will also be achieved and therefore recognised the liabilities in full.

1.4 SHARE CAPITAL

The share capital of CHF 820 (2016: CHF 812) consists of 8'202'279 (2016: 8'121'780) registered shares with a par value of CHF 0.10 (2016: CHF 0.10). As of the reporting date, 80'499 registered shares (2016: 29'932 registered shares) had not yet been registered 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 8 (2016: CHF 45) or 80'499 registered shares (2016: 29'932 registered shares) was carried out. A premium of CHF 3'112 (2016: CHF 983) from the capital increase was added to the capital contribution reserves.

The available conditional capital as of 31 December 2017 amounts to CHF 16 (2016: CHF 24). This equates to 157'721 registered shares (2016: 238'220 registered shares) with a par value of CHF 0.10 (2016: 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 2017, the Company holds 15'160 treasury shares. It acquired 160 of these shares during the reporting period at an average acquisition price of CHF 28.63 per share.

2. Further information

2.1 FULL TIME EQUIVALENTS

CALIDA Holding AG does not have any employees (2016: 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.

	2017	2016
Shareholder group of Kellenberger family members	34.6%	34.7%
Veraison Capital AG	16.2%	16.3%
Vontobel Fonds Services AG ¹⁾	8.8%	9.0%
Shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG	6.7%	6.8%
Swisscanto Fondsleitung AG ²⁾	5.0%	5.0%

¹⁾ Includes 540'732 registered shares of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ In accordance with reporting to SIX Swiss Exchange as of 5 November 2016.

2.3 PLEDGED ASSETS

As of 31 December 2017, shares in LAFUMA SA of CHF 58'362 (2016: CHF 58'362) were pledged to the bank consortium in connection with financing the takeover of the LAFUMA GROUP.

2.4 CONTINGENT LIABILITIES

Guarantee obligations in favour of third parties of up to CHF 66'389 (2016: CHF 70'298) have been issued for Group companies in connection with bank financing as of 31 December 2017. Claims of CHF 10'516 (2016: CHF 12'862) had been made as of the reporting date 31 December 2017. As of 31 December 2017, the Company had also issued a rent guarantee in favour of a third party for one AUBADE store in the UK (2016: one store).

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

Number as of 31 December	Registered shares 2017	Employee options 2017	Total 2017	Registered shares 2016	Employee options 2016	Total 2016
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 Chapero Rueda (Member) ¹⁾	-	-	-	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⁾	2'807'845	-	2'807'845	2'807'845	-	2'807'845
Share of voting rights	34.6%		34.6%	34.7%		34.7%
Stefan Portmann (Member)	6'400	-	6'400	-	-	-
Share of voting rights	0.1%		0.1%			
Jean-Paul Rigauddau (Member)	2'630	-	2'630	-	-	-
Share of voting rights	0.0%		0.0%			
Marianne Tesler (Member) ³⁾	n/a	n/a	n/a	-	-	-
Reiner Pichler (CEO)	2'700	-	2'700	500	-	500
Share of voting rights	0.0%		0.0%	0.0%		0.0%
Philippe Bernaud (General Manager AUBADE) ⁴⁾	n/a	n/a	n/a	-	44'000	44'000
(Potential) share of voting rights					0.5%	0.5%

Number as of 31 December	Registered shares 2017	Employee options 2017	Total 2017	Registered shares 2016	Employee options 2016	Total 2016
Daniel Gemperle (COO)	-	20'701	20'701	-	26'000	26'000
(Potential) share of voting rights		0.3%	0.3%		0.3%	0.3%
Andreas Lindemann (General Manager CALIDA) ⁴⁾	n/a	n/a	n/a	-	34'000	34'000
(Potential) share of voting rights					0.4%	0.4%
Manuela Ottiger (CHRO)	-	13'000	13'000	-	12'000	12'000
(Potential) share of voting rights		0.2%	0.2%		0.1%	0.1%
Thomas Stöcklin (CFO)	7'188	23'300	30'488	4'000	46'000	50'000
(Potential) share of voting rights	0.1%	0.3%	0.4%	0.0%	0.6%	0.6%

¹⁾ From 9 May 2017²⁾ Shareholder group of Kellenberger family members.³⁾ Until 9 May 2017⁴⁾ Until 28 February 2017

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 2017 is CHF 33.80 (2016: CHF 33.40). 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 2017	Fair value 2017	Number of options 2016	Fair value 2016
Employee stock options granted to the members of Executive Management ¹⁾	27'000	266	46'000	394

¹⁾ Reduction in the size of Executive Management from six to four members following the adjustment to the organisation as of 1 March 2017.

2.7 SUBSEQUENT EVENTS

The financial statements were released for publication by the Board of Directors on 26 February 2018. The financial statements are subject to approval by the Annual General Meeting scheduled for 18 May 2018.

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	2017	2016
Balance carried forward from prior year	146'082	124'542
Allocation from general legal reserves	-	7'000
Transactions with treasury shares	-	10
Net income	3'599	14'530
Retained earnings as of 31 December/balance to be carried to new account	149'681	146'082

Capital contribution reserves	2017	2016
Balance carried forward from prior year	8'808	14'369
Allocation to capital contribution reserves	3'112	982
Capital contribution reserves at the disposal of the Annual General Meeting	11'920	15'351
Dividend from capital contribution reserves	-6'562	-6'543
Balance carried forward to new accounts of the capital contribution reserves	5'358	8'808

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 18 May 2018 to issue a dividend for fiscal year 2017 of CHF 0.80 per registered share from the capital contribution reserves.

All shares outstanding as of 31 December 2017 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. Treasury 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 after 25 May 2018.



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, 26 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 2017.



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 2017 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.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* 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.

Investments in subsidiaries

Area of focus CALIDA Holding AG holds investments in subsidiaries that represent 94% of the total assets on standalone level. The various investments are disclosed in note 1.1 of the separate financial statements of CALIDA Holding AG. 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.



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)

Lorenz Malär
Licensed audit expert

Remuneration report 2017

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).

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 2017 and 2016. 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 hinges 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 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	Consul-tative vote	

The NCC consisted of Hans-Kristian Hoejsgaard as Chairman and Beat Grüning and Erich Kellenberger as members during the reporting period. They were elected at the Annual General Meeting on 9 May 2017. 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 apparel 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:

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 are 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 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 2017.

No loans or credits are 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 daily market 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, operating earnings targets – defined by the Board of Directors during the budgeting process – served as the basis for measuring short-term variable components.

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. The variable components for other members of Executive Management are capped at 52% of the fixed component, with a minimum value of 0%.

The achievement of the 2017 operating targets led to a variable remuneration of the CEO of 200% and an average variable remuneration of the other members of Executive Management of 128%.

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)

2017	Fixed remuneration	Variable remuneration			Contributions in kind	Pension expenses ⁶⁾	Total
	Cash (gross)	Short-term	Long-term				
		Cash (gross)	Options ⁴⁾	Cash (LTI) ⁵⁾			
Thomas Lustenberger (Chairman)	169	-	-	-	-	10	179
Marco Gadola (Vice Chairman)	97	-	-	-	-	8	105
Valentin Chaperon 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.

in CHF 1'000

2016	Fixed remuneration		Variable remuneration		Contributions in kind	Pension expenses ⁶⁾	Total
	Cash (gross)	Short-term	Long-term				
		Cash (gross)	Options ⁵⁾	Cash (LTI)			
Thomas Lustenberger (Chairman)	116	-	-	-	-	8	124
Marco Gadola (Vice Chairman)	87	-	-	-	-	7	94
Beat Grüning	77	-	-	-	-	6	83
Hans-Kristian Hoejsgaard	77	-	-	-	-	6	83
Erich Kellenberger	52	-	-	-	-	2	54
Stephan Portmann ¹⁾	36	-	-	-	-	3	39
Jean-Paul Rigauudeau ¹⁾	53	-	-	-	-	4	57
Marianne Tesler	70	-	-	-	-	4	74
Non-executive Board of Directors	568	-	-	-	-	40	608
Felix Sulzberger ²⁾	-	-	-	-	-	-	-
Total Board of Directors	568	-	-	-	-	40	608
Total Executive Management ³⁾	2'365	1'407	394	-	53	729	4'948
Thereof: CEO Felix Sulzberger ⁴⁾	660	500	-	-	7	148	1'315
Number of current and former members of Executive Management	7						

¹⁾ Since new election by the General Meeting on 21 April 2016.²⁾ Until the General Meeting on 21 April 2016.³⁾ Includes remuneration to CEO Reiner Pichler from 1 April 2016. According to art. 28 of the articles of incorporation of CALIDA Holding AG, an additional amount falls due if a new CEO is appointed after approval of the maximum total amount. For the CEO Reiner Pichler the operating target achievement 2016 has been contractually fixed at 100%.⁴⁾ CEO until 31 March 2016. Released from duties from 1 April 2016 until the end of the 12-month notice period as of 31 December 2016. The former CEO is entitled to short-term, variable remuneration for the first quarter 2016 on a pro rata basis, which is based on target achievements for fiscal year 2016 (200%). During the period in which he was released from his duties from 1 April to 31 December 2016 the target achievement for the short-term, variable remuneration is contractually fixed at 100%, again pro rata.⁵⁾ 46'000 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 33.40; the definitive options purchased depend on vesting conditions being met, e.g. continued employment, measurement using binomial model.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, 26 February 2018

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 2017. 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 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 2017 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)

Lorenz Malär
Licensed audit expert



Corporate Governance Report 2017

CALIDA GROUP

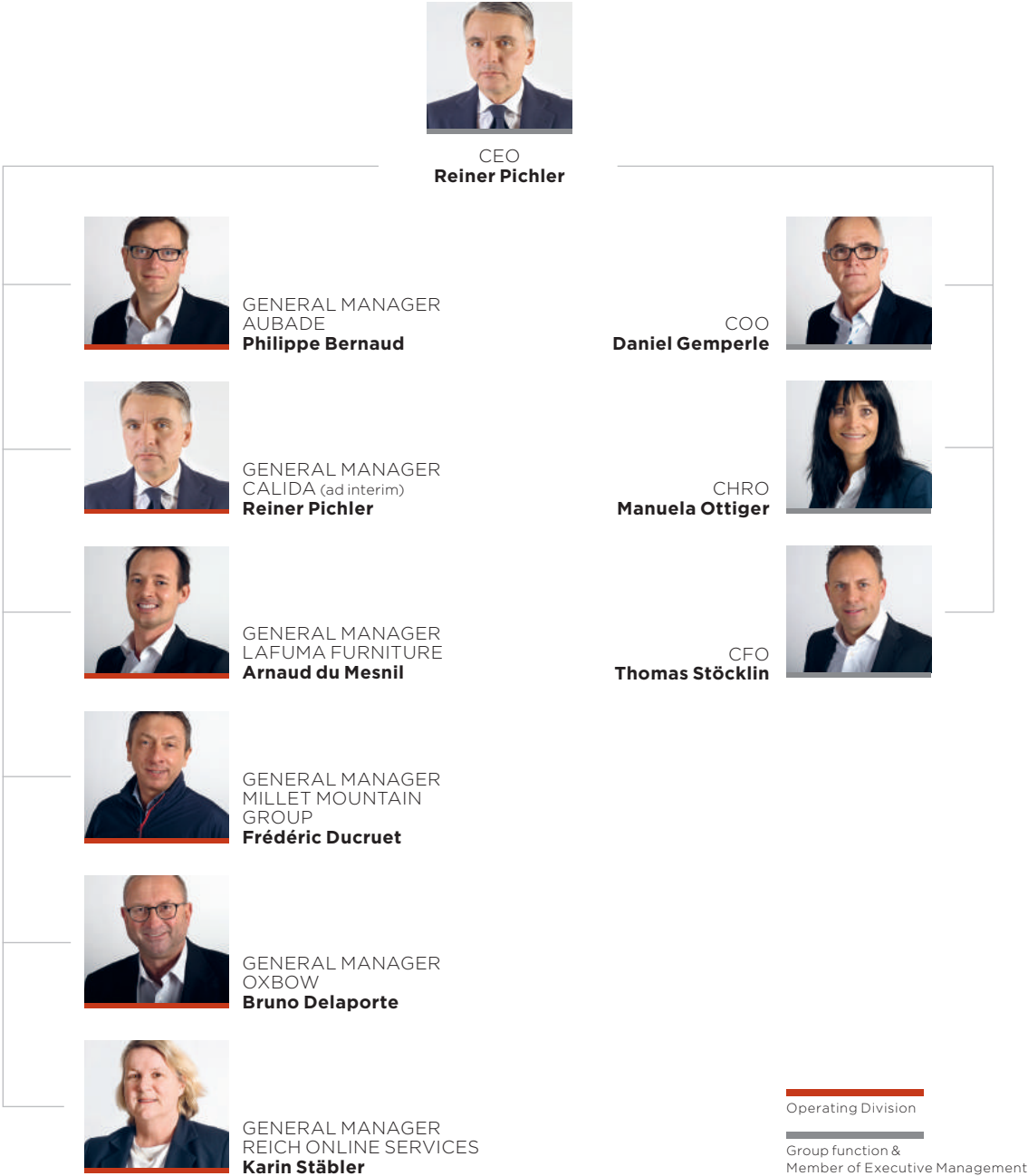


1. Group structure and shareholders

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 311.7 million as of the reporting date 31 December 2017.

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 162.1 million as of the reporting date 31 December 2017.

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 46f. in the "Consolidated financial statements 2017 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 2017.

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

¹⁾ Includes 540'732 registered shares of the shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ 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 Exchanges 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 2017 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 2017

The ordinary share capital of the Company amounts to CHF 820k, divided into 8'202'279 registered shares with a par value of CHF 0.10 each. The ordinary share capital entered in the commercial register was CHF 812k as of 31 December 2017, corresponding to 8'121'780 registered shares.

The available conditional capital amounts to CHF 16k. This equates to 157'721 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 2017 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 67ff. in the consolidated financial statements 2017 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 2017
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 2017
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

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 2017
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; Advisory Board Lima Corp. & Sivantos AG; Board member QUO AG, Board member Goldbach Group AG; Board member TRI Dental Implants AG; Chairman of the Board of Directors of VALAMERO Holding AG

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 2017
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 2017
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	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 2017
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 2017
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

JEAN-PAUL RIGAudeau

Nationality	France
Year of birth	1959
Joined the BoD	21 April 2016
Term of office	until the Annual General Meeting for fiscal year 2017
Committee	Audit & Risk Committee, member
Education	Columbia University, New York (MBA)
Professional background	2015–2016 Co-CEO Implantica AG, Zug; 2009–2013 CEO Unilabs, Geneva; 2004–2008 various management positions Kraft Foods, Zurich/Bremen; 2000–2004 Managing Director Germany & Austria Johnson&Johnson, Düsseldorf; 1986–2000 various Management positions Beiersdorf, Mexico City/Madrid/Tokyo/Hamburg/Norwalk (CT); 1984–1986 Product Manager International Playtex Inc, Greenwich (CT)
Other activities and vested interests	Chairman of Fairtrade (Max Havelaar) International; Board member ScienceMatters; Trustee Rainbows4children Foundation

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.

obtained any earnings from the law firm since then. Meyerlustenberger Lachenal invoiced the CALIDA GROUP for fees totalling CHF 154k in the reporting period.

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 shareholder group of the Kellenberger family members, which holds 34.6% 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 308k with Blue Lemon AG, which is controlled by Erich Kellenberger. The transactions were conducted at arm's length.

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

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 shall support and accompany Executive Management by focusing the strategy towards organic growth.

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) as well as two extraordinary telephone conferences 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 exception 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. Nine 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 2017 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
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

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"

THOMAS STÖCKLIN**Chief Financial Officer (CFO)**

Nationality	Swiss
Year of birth	1970
Joined EM	1 February 2011
Education	University of Applied Sciences and Arts, Lucerne (Business Economist FH), Swiss Academy of Accounting, Zurich (Swiss Certified Accountant)
Professional background	2005–2010 Group Controller of the CALIDA GROUP and then Head of Finance of the CALIDA Division; 2001–2005 Audit Manager and 2002–2005 Assistant to the Head of Audit Switzerland at a global audit and advisory firm; 1997–2001 audit assistant at a global audit and advisory firm; 1985–1997 various positions at a major Swiss bank in Lucerne and Lausanne
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux, France

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 2017 remuneration report of CALIDA Holding AG (pages 94 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 2017 remuneration report of CALIDA Holding AG (pages 94 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 SESTA).

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 2016.

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 2020.

8.2 AUDIT FEES

Audit fees of 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 2017. The non-recurring audit related fees amount to CHF 20k.

8.3 ADDITIONAL FEES

Additional fees of CHF 118k 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 short version of the annual report dated 31 December 2017. Requested reports are sent out with the invitation to the Annual General Meeting. The electronic versions of the annual report and its short version are available on our website (see below) from 5 March 2018. Shareholders can request a copy of the half-year report in summer 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, +4141 925 42 42. The Company announces price-sensitive facts in accordance with regulations of the SIX Swiss Exchange.



CALIDA | People

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