
**ANNUAL REPORT
2019**



CALIDAGROUP



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CALIDA GROUP IS GROWING AGAIN WITH ALL BRANDS AND INCREASES EBIT BY 9%



Marco Gadola and Reiner Pichler

DEAR SHAREHOLDERS,

Our industry is currently undergoing a transformation with an intensity and at a speed that it has never before seen. These changes are mainly being triggered by the changed behaviour of end users. Linking sales channels (Omni-Channel), quality, sustainability, convenience and service are requirements that shape the consumer behaviour of our customers. We view this development as a great opportunity for our company.

The CALIDA GROUP can look back on a successful year 2019. The following financial indicators illustrate this:

growth of 1.7 percent at constant currency in an overall declining market

an increase in revenue across all brands

an increase of 20.2 percent in e-commerce sales

an increase of 9 percent in EBIT in absolute figures

an increase in the EBIT margin from 5.3 percent to 5.8 percent

an increase in the gross margin of 60 basis points

an improvement in the equity ratio from 58.8 percent to 59.4 percent (incl. IFRS 16: 48.7 percent)

an increase in operating cash flow, from CHF 23.0 million to CHF 61.5 million (incl. IFRS 16)

These results were achieved despite substantial investments (in e-commerce, IT, Omni-Channel, marketing and personnel) and an extremely challenging environment with negative market growth in bricks-and-mortar retailing in our main markets Switzerland, Germany and France.

We are proud to have captured market share again in 2019.

9.0%

EBIT increase

STRATEGIC MEASURES

The CALIDA GROUP recognized the changed market dynamics at an early stage and defined the following six strategic priorities, which apply to all the brands of the Group and are being systematically implemented:

increasing the appeal of the product ranges

digitalising the business model and growth through the e-commerce channel

launching innovations continually

internationalising operations further

focusing consistently on the changing customer needs

adapting all the relevant processes to further advance sustainability

The systematic implementation of these six strategic levers is one of the reasons we were able to generate growth in revenue and EBIT for all our brands in the past year.

Through the clear positioning of our collection, investments in marketing PR and, in particular, social media, we are continually raising the **appeal of our brands**. Collaboration with designers in that connection has been very beneficial. AUBADE's collaboration with Viktor&Rolf and MILLET's collaboration with White Mountaineering are examples of how we consistently work on enhancing the attractiveness of our brands.

The **expansion of our e-commerce** business and the digitalisation of our processes are progressing at great speed. In 2019, AUBADE's new online shop went live, which excellently portrays the brand and led immediately to a higher sell-through. Overall, the CALIDA GROUP currently generates 12.6 percent of its revenue online via its own web shops. Investments in CRM and Omni-Channel systems are also paving the way for our future development.

12.6%

E-Commerce share of total revenue

20.2%

Growth in e-commerce

61.5

Millions CHF
Operating Cashflow

48.7%

Equity ratio

91.8%

Share in LAFUMA SA

Launching innovations continually is essential for capturing market share as a premium supplier in saturated markets. The CALIDA GROUP launched a variety of innovations again this year, such as the further development of the compostable collection by CALIDA, the development of the hotel and restaurant collection by LAFUMA MOBILIER and the associated collaboration with BIG-GAME design studio, and the expansion of the Omni-Channel stores at CALIDA, which allow customers to order CALIDA's entire product range and have it delivered to their home, if desired. Virtually all the CALIDA stores will be equipped to offer Omni-Channel services in the course of this year.

Internationalising operations also presents opportunities for all our brands. Around 84 percent of total group sales in 2019 was generated outside Switzerland. We continue to focus on the expansion of our position in markets such as Germany, Austria and France. In addition, we see opportunities in the Japanese market, in which the MILLET brand generated a 20-percent increase in revenue in the past year, thus making it now the second most important market for MILLET.

We must keep customer needs in mind in everything we do. Focusing consistently **on the customer** is an essential element for our success and vital for the successful further development of the Group. That is why the CALIDA GROUP is again investing a significant amount in 2019 in the development and expansion of state-of-the-art CRM systems, which allow us to understand the current and future needs of customers even better.

SUSTAINABILITY – A CORE CORPORATE VALUE OF THE CALIDA GROUP

The CALIDA GROUP was early to recognize the importance of the topic of sustainability. Driven by our very high-quality standards, we manufacture products that have an exceptionally long life, which in turn has a positive impact on sustainability. But our commitment to this topic goes even further. CALIDA was one of the first underwear brands worldwide to meet the high demands required to obtain the "MADE IN GREEN by OEKO-TEX®" label. This certifies that our products have been produced free of harmful substances and with sustainable processes under environmentally compatible and socially acceptable conditions.

CALIDA also has a continually growing line of compostable "Cradle to Cradle®"-certified products which are completely biodegradable. The other Divisions of the CALIDA GROUP have also implemented a large number of measures which demonstrate our high standards on the topic of sustainability, such as the use of recycled down at MILLET MOUNTAIN GROUP and replacement canvas/kits for outdoor furniture at LAFUMA MOBILIER, which guarantee an extended life of the products.

It is anticipated that there will be 148 million tonnes of garment waste in 2030¹. The CALIDA GROUP is working hard to ensure that it will not come to this – with high-quality products that have a long life and are produced under sustainable conditions.

DEVELOPMENT OF OUR BRAND PORTFOLIO

In November, the CALIDA GROUP received a binding offer from the K2 Group for the trademark rights of the EIDER brand and concluded the sale on the 24 January 2020. Focusing on the MILLET and LAFUMA brands will allow us to bundle our resources further and develop the other brands of the MILLET MOUNTAIN GROUP – MILLET and LAFUMA – more quickly.

Additionally, CALIDA Holding AG further expanded its shareholding in the French subsidiary LAFUMA SA listed in Paris. It acquired a shareholding of 4.14 percent from a long-term anchor shareholder of LAFUMA SA on 28 October 2019, which increased its share in LAFUMA SA to 91.84 percent. In the financial year 2020 the CALIDA GROUP increased further the stake in the LAFUMA SA to 93.50 percent, by acquiring 1.66 percent of shares of Karakoram SAS.

Further changes in the brand portfolio are planned for 2020 to sharpen the Group's focus even further and exploit the potential for synergies between our brands in the best possible way.

¹Boston Consulting

OUTLOOK 2020

We expect the market environment to remain challenging in 2020. We are therefore focusing on the systematic implementation of our strategic guidelines: Our customers are and will remain at the centre of our activities. Perfectly positioned products and successful innovations will help us to enhance the attractiveness of our brands and speed up our drive to internationalise operations. For the topic of sustainability we aim to widen our lead still further and offer our customers an even broader range of "Cradle to Cradle®"-certified products. At the same time, we will also continue to invest in our most valuable resource, our employees, to prepare them for the increasingly demanding requirements of our business.

An important milestone in 2020 was CALIDA's participation in the "Salon International de la lingerie" trade fair in Paris in January, the world's largest international lingerie trade fair, after an absence of eight years. Together with AUBADE, CALIDA was able to present the latest innovations at the exhibition and position the CALIDA brand on the international stage.

We are convinced that we have initiated the right measures to meet the challenges of the future. This will take us a step nearer to our goal of reaching an EBIT margin of 8 percent in the medium term.

We will continue to concentrate on inspiring our customers and work together as an international Group and as a team to become even better every day.

MANY SINCERE THANKS

The past twelve months were shaped by a number of changes. Our Group is dedicated to constant transformation in order to improve continuously. We are very proud that we have inspired our employees to follow this path. What is more: They inspire us daily with new ideas and suggestions. We would like to say thank you to each and everyone of our nearly 3'000 employees for this and for their outstanding commitment.

We also owe special thanks to the Board of Directors for their invaluable support and great collaboration.

Finally, we would like to express our gratitude to you, our esteemed shareholders, for the trust and confidence you have placed in our company.



Marco Gadola
Chairman of the Board
of Directors



Reiner Pichler
Chief Executive Officer

SUSTAINABLE IN ALL CHANNELS



“Our core brand value ‘sustainability’ was further developed and successfully integrated in all areas.”

ALEXANDRA HELBLING
GENERAL MANAGER
CALIDA

The year 2019 was all about sustainable development in all areas. The compostable 100% NATURE line was thus successfully expanded and further product segments were added. Another central topic for CALIDA were collaboration projects, which underpin the focus on sustainability. For example, a collaboration project developed with the Green Tech Festival in Berlin as well as a capsule collection (a one-off and limited mini-collection) with the New York-based illustrator Amber Vittoria. In the brick-and-mortar sales channel, the Omni-Channel strategy was driven forward for the sustainable development toward digitalisation. In addition to a new store in Hamburg (Mönckebergstrasse), the flagship store on Löwenstrasse in Zürich also implemented the new Omni-Channel store concept. Sustainability as a core brand value was the focus every step of the way.

ON TRACK FOR SUCCESS WITH 100% NATURE

For the fall/winter season 2018, CALIDA presented the compostable 100% NATURE shirt, a true innovation in the area of sustainability, as evidenced by international media coverage. For the fall/winter season 2019, this bestseller was developed into a series. The pieces are made of 100% plant-based TENCEL™, the fibre of which is obtained through an ecologically responsible production process which does not require fertilising or the addition of water. The series is certified by the independent labels “MADE IN GREEN by OEKO-TEX®” and “Cradle to Cradle®”. CALIDA thus proves to be a pioneer in a highly topical and vital issue: circular design processes that are consistently thought through from start to finish and that also use sustainable materials.

STRONG COLLABORATION

Also, in keeping with sustainable development, CALIDA joined forces with suitable collaboration partners this year to transport the brand core values of innovation and sustainability to other target groups. In that connection, a partnership with the Green

Tech Festival was created in the context of the international Formula E in Berlin, where CALIDA designed the exclusive festival shirt CELEBRATE CHANGE, among other things. A second successful collaboration project was developed with the New York-based artist Amber Vittoria, who has worked for many famous fashion brands. The CALIDA x AMBER VITTORIA capsule collection features three hand-painted illustrations, which, as signature prints, present an artistic interpretation of the story behind the 100% NATURE T-shirt. The launch of the capsule collection was celebrated at a VIP event in the recently remodelled flagship store in Zürcher Löwenstrasse, where Amber Vittoria was present in person to introduce her work.

OMNI-CHANNEL - NOW ALSO IN ZÜRICH

Following the successful introduction of the new Omni-Channel store concept in Germany last autumn, the flagship store in Zurich and a new store in another top location in Hamburg are now shining bright in their cross-channel modernised appearance. Digital signage in the shop window, for example, conveys CALIDA's brand values, such as sustainability, Swiss quality and design, and new shop fitting elements make the messages and history behind the brands tangible. Consistent with CALIDA's sustainable positioning, the stores were designed using high-quality natural materials and real plants, which are contrasted by accents in the characteristic yellow of the CALIDA brand. Overall, the merchandise presentation appears considerably lighter, as iPads functioning as an extension of the shop counter allow fewer products to be kept on site and yet still display all the products.



22'000

100% NATURE
products sold

40'453

NATURAL SKIN
100% compostable
seamless panties
placed with retailers

3.0%

Revenue growth
currency adjusted

23.8%

Growth in
e-commerce

SENSUAL ART FOR LINGERIE



“With the new artistic collaboration with Hong Wai, AUBADE reinforces its powerful brand narrative.”

PHILIPPE BERNAUD
GENERAL MANAGER
AUBADE

For six decades, AUBADE has used its unique French expertise to make women feel beautiful. Sophisticated and bold, the Parisian brand forever celebrates sensuality through its creative designs. Following its previous highly successful collaboration with Viktor&Rolf, AUBADE decided to go even further and broaden its horizons in the art of lingerie.

DISCOVERING NEW CULTURES

This year, AUBADE collaborated with the Chinese artist Hong Wai to redefine the boundaries between art and lingerie. The result is a unique line of lingerie, capable of building a bridge between the two cultures. Hong Wai is renowned for her artistic use of the time-honoured Chinese traditions of ink painting and calligraphy. Thanks to her attention to detail and technical flair, Hong Wai breathes new life into lingerie. The power and vitality of their feminine forms are almost tangible thanks to the movement and dexterity of the artist's brushstrokes.

PERFECT SYNERGY

Given free rein to create a floral motif, Hong Wai's illustrations were then turned into embroidery and lace, which take centre stage in the “Encre de Chine” (Chinese ink) line. Hong Wai thus offers her own interpretation of sensuality and injects her Chinese heritage into AUBADE's iconic brand DNA.

The collection features seven pieces, embellished with embroidery and lace: four bra silhouettes, including a wide selection for all shapes and sizes up to a “G” cup, and three styles of brief models. The bras and briefs pair beautifully thanks to contrasting shades of bronze, black and nude. An elegant bow with a gold jewel and delicate, removable band adorn both the lingerie and the décolleté. Delicate yet powerful, the “Encre de Chine” collection follows AUBADE's long tradition of sophisticated and sensual lingerie.

EMOTIONAL CONNECTION

With «Me Moment», AUBADE brings together their Community thanks to conferences focusing around themes of empowerment including self-confidence, body-image, lingerie, Love 2.0. These events are organized in some of the biggest AUBADE boutiques in France. Humor, trust, sisterhood and lingerie lovers are the key experiences of these «Me moment» meetings. To keep up the momentum; AUBADE has planned others to come next year.

SENSUALITY AND DIGITALISATION

To keep up with its enchanting advertising campaign, AUBADE has imagined a new concept of viral communication: #come-closer. This concept combines seduction and technology, intimacy and interactivity through a 360° campaign in social networks, in the press and on billboards. Nino, the world's smallest drone, carries visitors off into the “Belle Étoile” set worn by an AUBADE customer. She lets the drone film the beauty of the set as closely as possible. And imagine a scenario that does not say which one is playing and which one will finally tame the other. Because in the end, it will be up to the spectator to decide Nino and the AUBADE customer interact playfully: the encounter is amusing, original and fun. This wonderful journey is true to the spirit and style of AUBADE and celebrates femininity.

45

Different components
in one bra (small)
of the “Encre de Chine”
collection

1.6

Million products sold

13.7%

Growth in
e-commerce

AN EXPLORATION FOR SUSTAINABLE FASHION



“The collection ‘Like a rock’ with Spencer Phipps combines functionality and sustainability.”

FRÉDÉRIC DUCRUET
GENERAL MANAGER
MILLET MOUNTAIN GROUP

In June 2019, MILLET and the American designer Spencer Phipps revealed their joint collaboration and presented the collection “Like a rock” at the Phipps fashion show during Paris Fashion Week.

EXPERTISE MEETS DESIGN

The partnership between MILLET and Spencer Phipps commenced at the beginning of 2019, and by June 2019 a capsule collection of twelve products had been created, which go on sale in spring 2020. During the “Paris summer fashion week”, Phipps’ models, wearing MILLET shoes, walked along the catwalk of the Cité Internationale des Arts Paris in front of 100 fashion journalists and influencers. Phipps’ show, highly anticipated by fashion experts, generated numerous online reports both during and after the event and gained considerable attention for MILLET.

LIKE A ROCK

Spencer Phipps, an ardent mountain climber and finalist in the LVMH Prize for Young Fashion Designers 2019, is exploring the concept of sustainability and environmental responsibility in the realm of style by creating products that are made with respect for the environment. The alliance of this outdoor sports fan with MILLET was therefore a perfect combination. After six months of close collaboration with MILLET’s design team, Phipps launched the collection “Like a rock” with high visual impact onto the market and let his to his vision of the natural world run free. The entire collection is based on the idea of recycling and sustainability: all the products were produced using the surplus or unused materials of the MILLET MOUNTAIN GROUP. The collection “Like a rock” represents the merging of MILLET’s technological expertise with Spencer Phipps’ artistic and ethical identity.

SPENCER PHIPPS EXPLORES SUSTAINABLE FASHION

The Phipps unisex label was established by the Paris-based American designer Spencer Phipps. Born and raised in San Francisco, he studied at Parsons School of Design in New York City graduating in 2008 with a nomination as “designer of the year” for his final year collection - an initial exploration of sustainable fashion. He started his career at Marc Jacobs and after, relocated to Antwerp to work with Dries Van Noten. Spencer Phipps deals with the concept of sustainability and environmental responsibility. His goal? To change the way we as a culture consume by creating products that are made with respect for the environment, that can educate and enhance lives.

Spencer Phipps: “Our products are made with integrity and are created with consideration for the environment using sustainable manufacturing practices and eco-friendly materials. (...) Although not necessarily a requirement, many of our producers are certified by GOTS or other environmental certification organisations which help to ensure that our products are made ethically. (...) All of our manufacturers are required by law to recycle their waste appropriately, re-use treatable water and follow fair trade labour practices.”



9.97

Million views on
Instagram

20.0%

Increased
revenue in Japan

62.6%

Growth in
e-commerce

CREATORS OF WELL-BEING



“With the collection ‘PRIVILEGE 2020’, our brand pursues its innovative strength and underscores its stylish design.”

ARNAUD DU MESNIL
GENERAL MANAGER
LAFUMA MOBILIER

Since the launch of the collection “PRIVILEGE” four years ago, LAFUMA MOBILIER has conceived, developed and designed a true modern lifestyle experience. A quest for harmony, which is reflected in clever forms, new materials and details. The collection is perfectly suited for both indoor and outdoor areas and celebrates the unique design of LAFUMA MOBILIER, pure lines inspired by Bauhaus architecture and elegant textiles as a homage to French Chic.

MORE COMFORT, LESS MATERIAL

The main innovation of the collection “PRIVILEGE 2020” is the Ancône series, which creates a new aesthetic based on geometry, design and technology. It stands for a nice and easy-living vision of design. The special features of the Ancône dining table are its consistent minimalist design, fine proportions and extreme care to detail and designs. Its elegant look complements its generous seating capacity for up to eight persons. The mounting of the table legs is cleverly simple and can be done without any tools. The tabletop can also be quickly removed to make winter storage easier. Moreover, the individual parts of the products can be dismantled at the end of their lifecycle to facilitate appropriate recycling. The Ancône series is proof that quality, aesthetics and ecological design are perfectly compatible.

FUNCTIONALITY MEETS ELEGANCE

The Ancône armchair is a product of the collaboration between Big Game design studio and LAFUMA MOBILIER. The French designers share with the brand their ambition for more aesthetic, practical and responsible designs. The completely curved armrests flowing right out of the frame of the chair combine functionality and elegance – a symbol of clever design. Comfortable and stackable – a crossbar on the backrest makes carrying and stacking the chairs easier.

FRENCH FLAIR AT HOME

The collection “PRIVILEGE 2020” by LAFUMA MOBILIER reflects the way of living in the Département Drôme in the South of France. The Département Drôme is the birthplace of the brand, which is committed to ecological design, local production and traceability of materials. All the collections bear the label “Origine France Garantie” (Made in France). For 2020, the collection incorporates two stories which highlight this local art of living:

OPALE, inspired by the cool breeze and the soft light of a summer evening, lets customers escape to faraway lands and wild landscapes where the contrast of colours is both striking and captivating. The white Kaolin tubing accentuates the silhouette of the products covered with fabric inspired by the elegance of natural minerals: clay, ocre and celador. A special weave provides these fabrics with great aesthetic richness, and enhances their comfort.

GORDES, named after a village in the South of France, is an invitation to slow the pace of one's everyday life. The naturalness of the colours latte, onyx and jade, inspired by the hues of rocks and rivers, are both soothing and relaxing to the delight of customers. The timeless and modern look of the titanium frame is striking and rounds off the design.

MAISON & OBJET

The “PRIVILEGE 2020” collection was presented in September during the “Maison & Objet” trade fair in Paris and received a very positive response both from visitors and the press. With this market presence, LAFUMA MOBILIER goes a step further in the field of outdoor furniture.

A woman with long brown hair, wearing a black one-piece swimsuit and a large white wide-brimmed sun hat, is sitting on a modern lounge deckchair. She is viewed from behind, looking towards a swimming pool. The deckchair has a black metal frame and light-colored fabric cushions. The pool is in the foreground, and a dark wooden fence is in the background. The scene is lit with warm, golden light, suggesting late afternoon or early morning.

175%

Increase in Instagram
reach

3.4%

Revenue growth

9.5%

Growth in
e-commerce

PREMIUM LINE 1985 TAKES OFF



“With the introduction of the capsule-collection ‘COLLECTOR’, the 1985 line gets a boost and gains momentum.”

BRUNO DELAPORTE
GENERAL MANAGER
OXBOW

The OXBOW premium line 1985 celebrates its 35th anniversary in 2020. The premium line has driven its growth steadily in the past few years and would now like to take a step further and raise its visibility and win over the hearts of the French nation. For this occasion, the capsule collection “COLLECTOR” was developed, which brings back the collectibles from the year 1985 to the present day. The collection consists of various products which perfectly portray OXBOW’s brand image, underscoring the authentic features of the products. Inspired by the times that built the good reputation the brand has today, the products were refreshed slightly to meet current customer requirements.

BACK TO THE ROOTS

Based on the original products at the beginning of OXBOW’s history, the pieces of the capsule collection “COLLECTOR” bring fresh energy to the 1985 line. This has strengthened the DNA of OXBOW. The prints give the line the nice tinge of fun and innovation that customers expect. OXBOW’s aim is to be authentic and unique, but as urban as ever. With the introduction of the collection “COLLECTOR”, the refreshing and fun 1985 line gets a boost and gains momentum.

OPENING UP NEW HORIZONS

Thanks to its strong national presence with nearly 100 “premium” retail stores, OXBOW is currently expanding its customer potential, as the new collection “COLLECTOR” reaches a younger target group. In addition to seasonal and other premium products, there are also some more daring pieces. Whether for die-hard fans, fashion lovers or customers who are just looking for high-quality clothing, the premium line 1985 has something for everyone. The range is thus well-equipped to capture the market, which is certainly highly competitive but of vital importance for brand growth.

COLLABORATION WITH GUY COTTEN

To support this revival through authenticity, quality and durability, OXBOW collaborated with Guy Cotten, the famous French brand specialising in functional wear for seafarers. OXBOW and Guy Cotten developed two unique pieces of clothing: the “CUP” jacket and the “SOTRA” sweatshirt. They are produced by Guy Cotten in France precisely according to OXBOW’s design specifications. Both pieces were redesigned for this occasion and, in this fashion, unite seafarers, anglers, surfers and city dwellers – actually everyone who loves the sea.

PROMOTING ISSUES OF COMMON CONCERN

To ensure the quality and durability of the products and a sense of responsibility towards the environment, OXBOW introduced the project “OXBOW Quality Label” in 2019. This programme embodies the brand’s commitment to responsible and sustainable development. The “OXBOW Quality Label” is a promise to customers and the original principle, which guides the development and production of all products, takes centre stage: quality. Due to the high quality standards, OXBOW manufactures long-lived products, which has a positive impact on sustainability.

35.

Anniversary of the
premium line 1985

1.4%

Revenue growth

18.5%

Growth in
e-commerce

OXBOW
MITANA Trucker Jacket

IN-HOUSE EXPERTISE MAKES E-COMMERCE A SUCCESS



“The successful relaunch of the AUBADE online-shops was achieved thanks to excellent competencies in-house.”

STEFAN MUES
CDO/GENERAL MANAGER
REICH ONLINE SERVICES

The landscape of global e-commerce is changing. Moving away from location-dependent shopping on desktops to everywhere-commerce, searching for information anytime, anywhere, such as shopping via smartphones, be it on the way to work, in the office or from home. Currently, over 25% of the CALIDA GROUP's online revenue is generated via smartphones and tablets.

E-COMMERCE EXPERTISE TOP-NOTCH

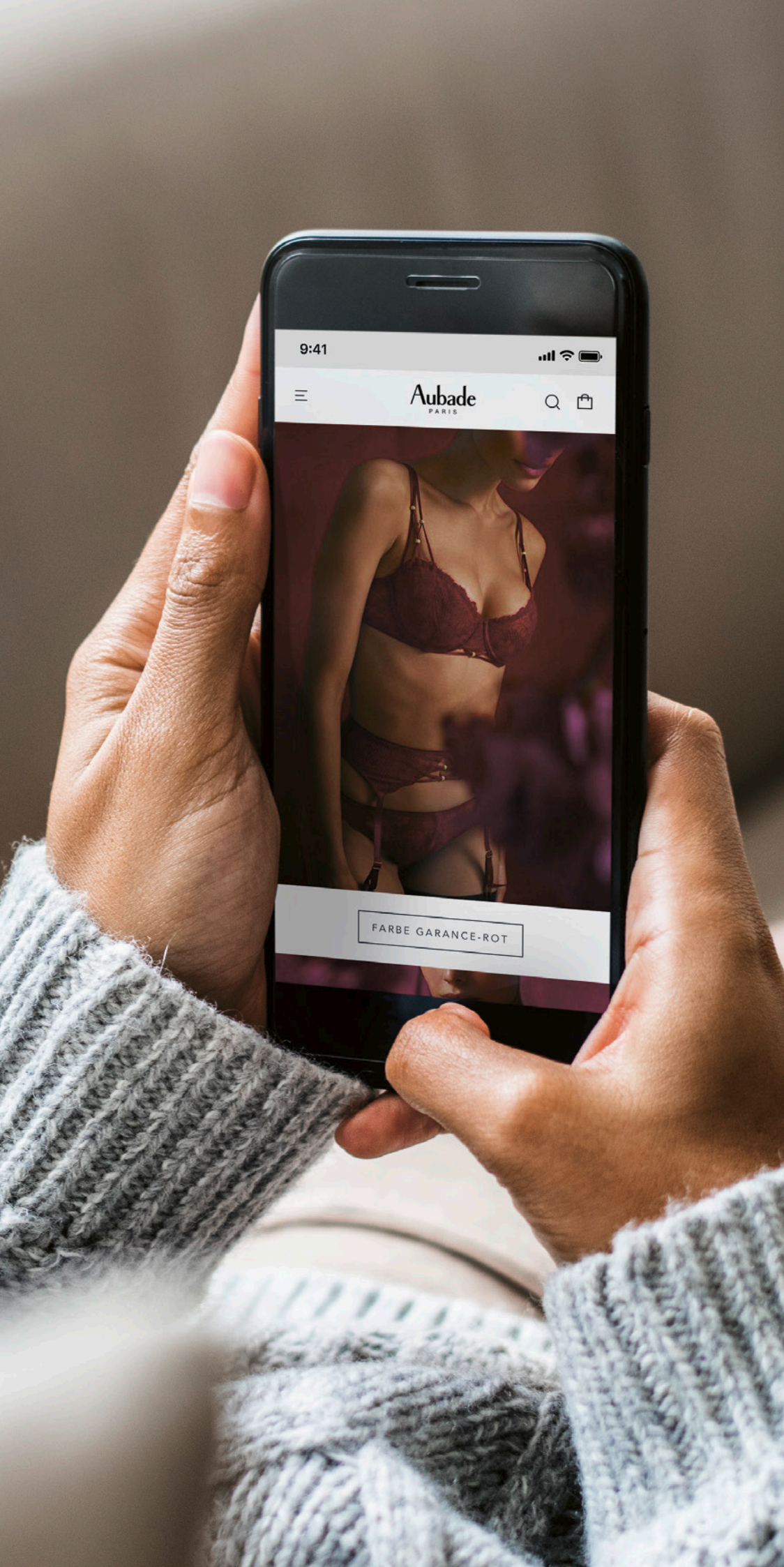
CALIDA GROUP has a key e-commerce and Omni-Channel expert partner in Reich Online Services, which tackles new challenges on a daily basis. Around 130 employees bundle top-notch e-commerce expertise: from multilingual customer support and high-end IT solutions to professional online and performance marketing. The craft-sports.de shop, for instance, received the prestigious Shop Usability Award® in 2019 in the category “Sport & Outdoor”, which this year was all about Mobile First. This award follows on seamlessly from the awards for Onmyskin (category “Best Brand Shop”) and CALIDA (category “Fashion”) received in 2017 and 2018. Our receiving three Usability Awards in a row demonstrates the excellent competencies that we have in-house in both IT and design to create state-of-the-art online shops.

NEW AUBADE ONLINE SHOP

The French luxury brand AUBADE also relied on the exceptional expertise of Reich Online Services for its relaunch. Based on the slogan Mobile First, the AUBADE online shop was redesigned and implemented in-house in Stephanskirchen – from the first design and its technological development through to the final shop concept and its maintenance.

Launched at the beginning of November, the online shop offers users numerous functions which harmoniously combine e-commerce and branding. The integration of the “LeMag Magazines”, a fullscreen video on the homepage, and expressive photographs ensure that there is a strong brand voice on

every shop page. This emotional imagery is echoed on the individual product pages and item pages. The product pages make it possible to switch from a product photo to an item photo with just one click, and are thus geared closely to the individual preferences of the customer. Fullscreen images and close-ups of the products on the item pages, compatible with mobiles and desktops, support the customer purchasing decision. A stringent button concept and clear user interface intuitively support customers in their conversion process. The goal: navigate quickly and easily from the first click to the purchase. Especially when shopping on smartphones, the nested navigation feature (three-level navigation) integrated in the burger menu on the left and intuitive handling contribute to a successful customer journey. Collapsible navigation elements bundle information on item pages as well as in the checkout process and thus support transparency on mobile end devices. Under usability aspects, the well-structured filter concept was implemented differently for desktops (pullout) and mobiles (modal overlay). With the newly implemented CMS system Storyblok, each page can be filled with content quickly and easily. Thanks to the multilingual solutions implemented, the new AUBADE online shop is also accessible globally.



12'345

Items picked per day
(record)

1.06

Million items sold

20.2%

Increase in
e-commerce revenue

12.6%

E-Commerce share
of total revenue
of CALIDA GROUP



CALIDA | Bustier and Leggings | Elastic Trend
Bustier | Elastic
Leggings | Favourites Trend 2

CALIDA GROUP at a glance

SELECTED KPIS

(in CHF million)

	2019	2018	2017	2016	2015
Net sales	404.3	409.5	380.6	370.9	359.0
as a % of prior-year figure	98.7%	107.6%	102.6%	103.3%	87.1%
Operating result (EBIT)	23.6	21.6	21.6	18.3	21.5
as a % of net sales	5.8%	5.3%	5.7%	4.9%	6.0%
Net income	16.6	17.8	16.9	14.8	17.0
as a % of net sales	4.1%	4.3%	4.4%	4.0%	4.7%
Liquidity	57.8	43.6	45.2	40.2	56.4
Current financial liabilities	-23.6	-29.0	-11.7	-7.7	-11.0
Non-current financial liabilities	0.0	0.0	-1.2	-6.3	-13.0
Financial liabilities	-23.6	-29.0	-12.9	-14.0	-24.0
Net liquidity	34.2	14.6	32.3	26.2	32.4
Operating cash flow	61.5	23.0	31.0	23.6	18.3
as a % of net sales	15.2%	5.6%	8.2%	6.4%	5.1%
Free cash flow	45.6	6.1	6.6	8.4	1.5
as a % of net sales	11.3%	1.5%	1.7%	2.3%	0.4%
Acquisition of group companies and associates and non-controlling interests	5.8	24.1	8.6	14.5	-
Investments in property, plant and equipment	5.2	7.0	6.5	6.6	7.3
Investments in intangible assets	3.6	3.6	3.2	2.9	3.1
Depreciation/amortisation/impairment	27.6	9.4	9.0	10.8	10.6
Shareholders' equity (including non-controlling interests)	182.5	186.3	195.6	173.6	179.3
Total assets	374.9	316.6	312.6	280.6	302.7
Equity ratio	48.7%	58.8%	62.6%	61.9%	59.3%
Return on equity	9.1%	9.5%	8.6%	8.5%	9.4%
Headcount as of 31 December	2'934	2'997	2'936	2'906	2'953

KEY SHARE FIGURES

		2019	2018	2017	2016	2015
Number of registered shares with a par value of CHF 0.10 each		8'257'351	8'255'951	8'202'279	8'121'780	8'091'848
less treasury shares as of 31 December		-15'160	-15'160	-15'160	-15'000	-2'200
Shares with dividend rights as of 31 December		8'242'191	8'240'791	8'187'119	8'106'780	8'089'648
Outstanding options		317'101	247'129	254'501	275'400	213'532
Nominal capital (in CHF)¹⁾		825'735	825'595	820'228	812'178	16'992'881
Key figures per registered share (average number; in CHF)						
Net sales		49.06	49.79	46.63	45.76	44.44
Operating result (EBIT)	basic	2.86	2.63	2.65	2.26	2.67
	diluted	2.86	2.63	2.64	2.26	2.66
Net income	basic	1.90	1.97	1.88	1.72	1.97
	diluted	1.90	1.97	1.88	1.72	1.97
Equity (book value per share)		21.17	21.24	20.87	18.54	18.25
Dividend per registered share²⁾		0.80	0.80	0.80	0.80	0.80
Stock market prices in CHF	Highest	38.50	39.15	41.40	36.95	42.50
	Lowest	26.80	28.40	33.20	27.00	31.20
	Year-end	36.80	30.35	38.00	34.80	32.10
Market capitalisation in CHF million	Highest	317.9	323.2	339.3	300.1	343.1
	Lowest	221.3	234.5	272.3	218.5	252.5
	Year-end	303.9	250.6	311.7	282.6	259.7
Price/earning ratio		19.4	14.7	20.2	20.2	16.3
Price/book value ratio		1.7	1.4	1.8	1.9	1.8
Price/sales ratio		0.7	0.6	0.8	0.7	0.7
Dividend yield	Highest	2.1%	2.0%	1.9%	2.2%	1.9%
	Lowest	3.0%	2.8%	2.4%	3.0%	2.6%
	Year-end	2.2%	2.6%	2.1%	2.3%	2.5%
Dividend payout ratio		42.1%	40.6%	42.6%	46.5%	41.5%

¹⁾ Per value reduction from CHF 2.10 to CHF 0.10 per 30 June 2016.²⁾ 2019: Proposal of the Board of Directors to the General Meeting, 2015: Consisting of dividend and par value repayments.

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH THE COST OF SALES METHOD

	2019	2018	Change
Net sales	404'313	409'476	-1.3%
Operating contribution	101'204	101'346	-0.1%
as a % of net sales	25.0%	24.8%	
Non-allocated operating costs	-77'648	-79'738	-2.6%
as a % of net sales	-19.2%	-19.5%	
Operating result (EBIT)	23'556	21'608	9.0%
as a % of net sales	5.8%	5.3%	
Financial result, net	-2'372	1'318	
Earnings before tax	21'184	22'926	-7.6%
as a % of net sales	5.2%	5.6%	
Income taxes	-4'619	-5'156	
Net income	16'565	17'770	-6.8%
as a % of net sales	4.1%	4.3%	

The SIX Swiss Exchange has enforced as of 1 January 2019 the directive Alternative Performance Measures.

A man with a beard, wearing a green jacket, dark pants, a cap, and a large black backpack, is walking away from the camera on a paved surface. In the background is a modern building with a light-colored, textured facade and several small, dark rectangular windows. The scene is captured in a cinematic style with soft lighting.

Consolidated financial statements 2019 CALIDA GROUP

Group statement of financial position

The accounting policies and notes on pages 31 to 68 are an integral component of these consolidated financial statements.

AS OF 31 DECEMBER

	Notes	2019	2018
Cash and cash equivalents	1	57'850	43'613
Trade accounts receivable	2	33'955	38'986
Other current receivables	3	6'905	6'531
Current financial assets	8	1'532	1'022
Inventories	4	87'320	100'377
Right of return		1'117	930
Current tax assets		4'416	6'536
Prepaid expenses and accrued income		3'775	3'415
Assets classified as held for sale	7	1'814	-
Current assets		198'684	201'410
Property, plant and equipment	5	19'573	20'963
Right-of-use assets	6	87'219	-
Intangible assets	7	57'894	82'659
Non-current financial assets	8	5'975	5'801
Other non-current assets	20	154	203
Deferred tax assets	14	5'425	5'571
Non-current assets		176'240	115'197
ASSETS		374'924	316'607
Current financial liabilities	9	23'614	29'054
Current lease liabilities	6	17'812	-
Trade accounts payable	10	24'154	34'259
Other current liabilities	11	16'142	13'580
Refund liabilities		2'676	2'072
Current tax liabilities		3'171	1'877
Current provisions	13	1'648	2'067
Accrued expenses and deferred income	12	35'479	32'549
Current liabilities		124'696	115'458
Non-current financial liabilities	9	13	10
Non-current lease liabilities	6	49'710	-
Other non-current liabilities	20	7'576	2'497
Non-current provisions	13	4'025	3'880
Deferred tax liabilities	14	6'396	8'452
Non-current liabilities		67'720	14'839
Liabilities		192'416	130'297
Share capital		826	826
Treasury shares		-536	-536
Reserves		174'166	174'400
Equity held by the shareholders of CALIDA Holding AG		174'456	174'690
Non-controlling interests	16	8'052	11'620
Shareholders' equity	15	182'508	186'310
SHAREHOLDERS' EQUITY AND LIABILITIES		374'924	316'607

Group income statement

1 JANUARY – 31 DECEMBER

	Notes	2019	2018
Net sales from contracts with customers	19	404'313	409'475
Other operating income		4'402	3'993
Operating income		408'715	413'468
Cost of goods sold and third-party services		-144'248	-146'148
Personnel expenses	20	-127'736	-128'711
Other operating expenses	22	-85'582	-107'600
Depreciation and amortisation of property, plant and equipment and intangible assets	23	-8'783	-9'401
Depreciation and amortisation of right-of-use assets	6	-18'810	-
Operating expenses		-385'159	-391'860
Operating result		23'556	21'608
Financial income	24	76	114
Financial expenses	24	-1'477	-506
Exchange differences	24	-971	1'710
Financial result, net		-2'372	1'318
Earnings before tax		21'184	22'926
Income taxes	14	-4'619	-5'156
Net income		16'565	17'770
attributable to:			
shareholders of CALIDA Holding AG		15'667	16'214
non-controlling interests		898	1'556
Earnings per registered share in CHF	25	1.90	1.97
Diluted earnings per registered share in CHF	25	1.90	1.97

Group statement of comprehensive income

1 JANUARY – 31 DECEMBER

	2019	2018
Net income	16'565	17'770
Items that might be reclassified to profit and loss, after tax		
Exchange differences recognised in other comprehensive income	-4'967	-8'469
Remeasurements of cash flow hedges	-1'697	5'841
Items that cannot be reclassified to profit and loss, after tax		
Remeasurements of defined benefit plans	-4'045	4'838
Total other comprehensive income	-10'709	2'210
Total comprehensive income	5'856	19'980
attributable to:		
shareholders of CALIDA Holding AG	5'427	18'421
non-controlling interests	429	1'559

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 interests	Shareholders' equity
1 January 2018	820	-536	10'438	182'633	-22'986	170'085	170'369	25'190	195'559
Net income	-	-	-	16'214	-	16'214	16'214	1'556	17'770
Other comprehensive income	-	-	-	9'999	-7'792	2'207	2'207	3	2'210
Total comprehensive income	-	-	-	26'213	-7'792	18'421	18'421	1'559	19'980
Dividend from capital contribution reserves	-	-	-6'592	-	-	-6'592	-6'592	-	-6'592
Capital increase ¹⁾	6	-	1'710	-	-	1'710	1'716	-	1'716
Acquisition of non-controlling interests	-	-	-	-8'864	-224	-9'088	-9'088	-15'024	-24'112
Share-based payments ²⁾	-	-	895	-	-	895	895	-	895
Tax effect of share-based payments ³⁾	-	-	-88	-	-	-88	-88	-	-88
Result from hedge accounting transferred to cost of inventories	-	-	-	-943	-	-943	-943	-105	-1'048
31 December 2018	826	-536	6'363	199'039	-31'002	174'400	174'690	11'620	186'310
Net income	-	-	-	15'667	-	15'667	15'667	898	16'565
Other comprehensive income	-	-	-	-5'583	-4'657	-10'240	-10'240	-469	-10'709
Total comprehensive income	-	-	-	10'084	-4'657	5'427	5'427	429	5'856
Dividend from capital contribution reserves	-	-	-6'593	-	-	-6'593	-6'593	-	-6'593
Capital increase ¹⁾	-	-	47	-	-	47	47	-	47
Acquisition of non-controlling interests	-	-	-	-1'394	-223	-1'617	-1'617	-4'153	-5'770
Share-based payments ²⁾	-	-	748	-	-	748	748	-	748
Tax effect of share-based payments ³⁾	-	-	-23	-	-	-23	-23	-	-23
Result from hedge accounting transferred to cost of inventories	-	-	-	1'777	-	1'777	1'777	156	1'933
31 December 2019	826	-536	542	209'506	-35'882	174'166	174'456	8'052	182'508

¹⁾ see note 15.

²⁾ see note 21.

³⁾ see note 14.

Reserves include legal reserves of CHF 5'813 (2018: CHF 5'813) which cannot be distributed to shareholders.

Group statement of cash flows

1 JANUARY – 31 DECEMBER

	Notes	2019	2018
Net income		16'565	17'770
Adjustments for non-cash items			
- Income taxes	14	4'619	5'156
- Depreciation and amortisation of property, plant and equipment and intangible assets	23	8'783	9'401
- Depreciation and amortisation of right-of-use assets	6	18'810	-
- Share-based payments	21	748	895
- Adjustment to defined benefit cost		537	713
- (Profit)/loss on disposal of non-current assets		80	149
- Financial result, net	24	2'372	-1'318
Change in net working capital and provisions			
- Working capital adjustments		10'780	-5'416
- Change in provisions		-114	-1'050
Taxes paid		-1'663	-3'294
Cash flow from operating activities (A)		61'517	23'006
Interest received		59	82
Investments in property, plant and equipment ¹⁾	5	-5'794	-6'927
Investments in intangible assets	7	-3'585	-3'567
Sale of non-current assets		117	180
Loans granted		-398	-340
Repayment of loans granted		255	243
Cash flow from investing activities (B)		-9'346	-10'329
Interest paid		-382	-556
Interest paid from lease liabilities		-949	-
Proceeds from borrowings from banks		12'568	26'857
Repayment of borrowings from banks		-15'941	-9'057
Repayment of lease liabilities		-18'131	-
Contingent consideration		-1'126	-1'160
Dividend from capital contribution reserves (C)	15	-6'591	-6'590
Options exercised from share-based payment plan		47	1'716
Acquisition of non-controlling interests		-5'770	-24'112
Cash flow from financing activities		-36'275	-12'902
Impact of exchange rate fluctuations on cash and cash equivalents		-1'659	-1'362
Change in cash and cash equivalents		14'237	-1'587
Cash and cash equivalents at the beginning of the year		43'613	45'200
Cash and cash equivalents at the end of the year	1	57'850	43'613
Free cash flow (A + B + C)		45'580	6'087

¹⁾ Thereof CHF 5'247 relates to additions in 2019 and CHF 547 to additions in 2018.



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).

Business activities

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

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

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

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

Accounting policies

GENERAL

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

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standard Board (IASB) has amended existing standards or issued new standards and interpretations.

The following changes, amendments and revisions to IFRSs are applicable for the CALIDA GROUP from the reporting period 2019 onwards:

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments. ¹⁾
Annual improvement process	Annual omnibus of amendments to various IFRS standards, primarily with a view to removing inconsistencies and clarifying wording. ¹⁾

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

Further smaller amendments to other standards (e.g. IFRS 9) did not have any impact on these financial statements.

IFRS 16 - LEASES (APPLICABLE FROM 1 JANUARY 2019)

The Group applied IFRS 16 using the modified retrospective method as of 1 January 2019, i.e. the prior-year figures have not been restated. When implementing IFRS 16 the Group recognised lease liabilities, which until 31 December 2018 had been recognised as operating leases pursuant to IAS 17. The Group decided to recognise right-of-use assets and lease liabilities in the same amount, taking into account prepayments and accumulated lease payments. Consequently, the first-time application did not have any impact on the retained earnings of the CALIDA GROUP.

On 31 December 2018, the Group had CHF 82'646 in lease obligations from rental and lease agreements, which as of 1 January 2019 resulted in the recognition of right-of-use assets and lease liabilities of CHF 79'937. Furthermore, key money with a book value of CHF 21'750 was reclassified as of 1 January 2019 from intangible assets to right-of-use assets.

The reconciliation of the unrecognised lease liabilities (pursuant to IAS 17) as of 31 December 2018 and the lease liabilities recognised in the statement of financial position (pursuant to IFRS 16) as of 1 January 2019 is as follows:

Lease obligations from rental and lease agreements as of 31 December 2018	82'646
Recognition exemption for short-term leases and low-value assets	-1'031
Additional options to extend and terminate that have been recognised	4'155
Variable lease payments not recognised in lease liabilities	-2'018
Change to the index or interest rate that has an impact on variable payments	-979
Other minor adjustments in connection with the obligations	476
Lease payments after adjustments as of 1 January 2019	83'249
Discounted with the lessee's incremental borrowing rate at the time of first-time application	-3'312
Lease liabilities as of 1 January 2019	79'937
Of which:	
Current lease liabilities	17'517
Non-current lease liabilities	62'420

As of 1 January 2019, lease liabilities were discounted using the average weighted incremental borrowing rate of 1.3%.

Payments in connection with short-term leases and leases of low-value assets were expensed on a straight-line basis in the income statement. Short-term leases are agreements with a remaining term of 12 months or less. Low-value assets include IT equipment, for example. Options to extend/terminate leases are assessed on a case-by-case basis by management. Initial direct costs associated with the first-time recognition of right-of-use assets, with the exception of key money, were not taken into consideration.

As a consequence of the application of IFRS 16, earnings per registered share decreased by CHF 4 rappen in fiscal year 2019.

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of CALIDA Holding AG and its subsidiaries as of 31 December 2019, all of which are prepared in accordance with uniform accounting principles. The consolidated financial statements of the CALIDA GROUP include all companies in which the Group holds more than 50% of voting rights, or which it controls in some other way. Newly acquired companies are consolidated from the date that control is obtained. The acquisition method is applied.

For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

Measurement principles

FOREIGN CURRENCY TRANSLATIONS

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

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

Exchange rates at year-end:	Unit	2019	2018
EUR	1	1.0858	1.1255
USD	1	0.9692	0.9843
HUF	100	0.3288	0.3500
GBP	1	1.2710	1.2486
TND	1	0.3475	0.3288
JPY	100	0.8893	0.8915
CNY	1	0.1387	0.1434

Average exchange rates for the year:	Unit	2019	2018
EUR	1	1.1123	1.1549
USD	1	0.9937	0.9781
HUF	100	0.3418	0.3622
GBP	1	1.2676	1.3053
TND	1	0.3392	0.3718
JPY	100	0.9116	0.8859
CNY	1	0.1438	0.1479

FAIR VALUE

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

Statement of financial position

FINANCIAL ASSETS

Assets are classified as follows:

Subsequent measurement at amortised cost

Subsequent measurement at fair value (income statement)

The majority of the CALIDA GROUP's financial assets are held to collect contractual cash flows (nominal value upon maturity and interest). This is in line with the held to collect business model and financial assets are recognized at amortised cost less impairment losses using the expected credit loss model (which corresponds to the nominal value for current receivables).

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

transfer of cash flows in connection with the transferred asset;

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

transfer of control of the transferred asset.

Cash and cash equivalents

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

Trade accounts receivable

Trade accounts receivable are measured at transaction price. They are subsequently measured at amortised cost applying the effective interest method less impairment losses.

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

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

Loans and other financial assets

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

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

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

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

Derivative financial instruments

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

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

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

INVENTORIES

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

Maintenance and repair costs are expensed immediately unless they increase the value of the asset.

LEASES

Until fiscal year 2018, rental agreements for office space, sales floor, property, plant and equipment and vehicles had been classified as operating leases. Payments in connection with the operating lease (net of subsidies from the lessor) are recognised on a straight-line basis over the period in the income statement.

Since 1 January 2019, leases have been recognized as right-of-use assets and lease liabilities. They are recognised at the point in time at which the lease asset is made available. Interest costs are recognised in the income statement over the term of the agreement. The right-of-use assets are amortised on a straight-line basis over their estimated useful life or the lease term, whichever is shorter. Key money, which is classified as direct costs under IFRS 16, may have a residual value where there is a market.

Assets (right-of-use asset) and liabilities (lease liability) are recognised at their present value at the time of initial recognition. Lease liabilities contain the present value of the following lease payments:

Fixed payments less subsidies to be received from the lessor

Variable lease payments that are based on an index or installment

Amounts that are payable by the CALIDA GROUP in connection with residual value guarantees

The exercise price of a purchase option if it is reasonably certain that the CALIDA GROUP will exercise this option

Penalty payments for the termination of leases in the event that the lease is interpreted to mean that the CALIDA GROUP will exercise this option.

Lease payments are discounted using the interest rate implicit in the lease. If this interest rate cannot be determined, the incremental borrowing rate is used. The incremental borrowing rate takes into account foreign currency and the term of the agreements along with company and investment-specific risks.

The right-of-use assets are measured at purchase cost price, which includes the following components:

Amount of the lease liability recognised

Lease payments that were made on or before the date of inception less subsidies received from the lessor

Initial direct costs

Restoration costs

Payments in connection with short-term or low-value leases are recognised on a straight-line basis over the term of the lease in the income statement. Short-term leases are agreements with a term of 12 months or less.

Some of the Group's leases contain options to extend or terminate. Management uses these options, for example, to maximise operational flexibility. In order to determine the lease term, management takes account of the facts and circumstances to assess the

economic incentive. Extension or termination options are only taken into account if it is reasonably certain that these will be exercised. The majority of the extension or termination options can only be exercised unilaterally by the CALIDA GROUP.

If a material event occurs or there is a material change in circumstances as of the reporting date, the assessment regarding the extension or termination option will be reviewed and changes made to the lease term if necessary.

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.

OTHER 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 if there are indicators. 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. Due to the implementation of IFRS 16 as of 1 January 2019, key money will be disclosed in the balance sheet under right-of-use assets (prior year: intangible assets).

IMPAIRMENT OF ASSETS

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

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

FINANCIAL LIABILITIES

Financial liabilities are classified as follows:

Subsequent measurement at amortised cost

Subsequent measurement at fair value (income statement)

Derivative financial instruments

Refer to the detailed description in the section “Financial assets”.

Trade accounts payable

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

Other financial liabilities at amortised cost

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

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

PROVISIONS

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

SHARE CAPITAL

Share capital equals the nominal value of all shares outstanding.

CAPITAL RESERVES

Paid-in capital exceeding the nominal share value (less transaction costs) and allocations of share options from share-based payments are recognised in the capital reserves along with any gains or losses from the sale of treasury shares.

TREASURY SHARES

Treasury shares are measured at cost and deducted from shareholders' equity.

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

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

Income is recognised when control over the goods has been transferred to the buyer (e.g., when goods are handed over in the shop or upon delivery).

In connection with customer returns, right of return and refund liabilities are recorded in the statement of financial position. These are determined based on historical data.

Performance obligations from customer loyalty programmes, which are currently not significant, are accounted for in net sales.

EMPLOYEE BENEFITS AND OTHER**DEFINED BENEFIT PLANS**

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

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

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

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

The cost of defined benefit plans are recorded as follows:

Service cost (current and past service cost 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 product range. Write-downs on inventories of goods totalling CHF 24'548 (2018: CHF 27'395) were recorded as of 31 December 2019. Inventories were recognised at a net carrying amount of CHF 87'320 (2018: CHF 100'377) as of 31 December 2019. 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.

**NET DEFINED BENEFIT OBLIGATION
IN RESPECT OF THE NET DEFINED 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 on 31 December 2019 came to CHF 154 (2018: CHF 203) while the defined benefit liability came to CHF 7'532 (2018: CHF 2'497).

PROVISIONS

Provisions are recognised in the amount, based on best estimates, required on the reporting date to fulfill the obligation. The provisions are reviewed at the end of each reporting period. Expenses incurred may vary depending on developments in potential proceedings, including legal rulings. Such changes would affect the subsequent reporting period. The provisions amounted to CHF 5'673 as of 31 December 2019 (2018: CHF 5'947).

**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 tax assets are recognised on tax loss carryforwards if it is probable that they can be offset against future taxable profits. 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 9'612 are recognised on tax loss carryforwards as of 31 December 2019 (2018: CHF 8'394).

Scope of consolidation

SCOPE OF CONSOLIDATION AS OF 31 DECEMBER 2019

Company ¹	Registered office	Business activities		Share capital In local currency	Capital/ vote share 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%
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	91.8%
MILLET Outdoor Products (Nanjing) CO. Ltd.	Nanjing, China	Production/sales	CNY	15'000'000	91.8%
L.M.O. SRL.	Grassobbio, Italy	Sales	EUR	10'000	91.8%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	91.8%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	91.8%
LAFUMA Group GmbH	Stephanskirchen, Germany	Sales	EUR	285'000	91.8%
LAFUMA Group SL	Barcelona, Spain	Sales	EUR	475'000	91.8%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	91.8%

in CHF 1'000

Companies ¹⁾	Registered office	Business activities	Share capital In local currency		Capital/ vote share in %
LAFUMA MOBILIER SAS	Anneyron, France	Production/sales	EUR	9'262'561	91.8%
LALLEMAND SAS	Vieux d'Izenave, France	Production/sales	EUR	925'540	91.8%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR	113'445	91.8%
LAFUMA America Inc.	Duluth, USA	Sales	USD	24'500	91.8%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF	100'000	91.8%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	91.8%
MILLET MOUNTAIN GROUP Japan Co., Ltd.²⁾	Tokyo, Japan	Sales	JPY	10'000'000	91.8%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	91.8%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	91.8%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR	25'000	100.0%

¹⁾ Only active companies are listed.²⁾ Change of name in the reporting year.

Notes to the consolidated financial statements

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

1. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand and bank balances	57'850	43'613
Total	57'850	43'613

The effective interest rate for bank balances and current bank deposits was between 0.0% and 0.1% (2018: 0.0% and 0.2%).

2. TRADE ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts receivable from third parties	38'666	43'929
Trade accounts receivable from related parties	7	1
Allowances	-4'718	-4'944
Total, net	33'955	38'986

The payment terms are contractually agreed and for the most part are 60 days (net). No interest is charged up to 120 days after the invoice date. In line with this, late payment interest is charged per currency on the outstanding amount. Trade accounts receivable can be broken down into not past due and past due receivables taking into account the respective terms that have been agreed with the customer.

A group company entered into a factoring agreement with a financial institution which provides for the sale of individual receivables of up to a maximum amount of EUR 6.0 million. The agreement stipulates that, for the assignment of the selected receivables in favour of the financial institution, the CALIDA GROUP meets all of the criteria for derecognition pursuant to IFRS 9. The derecognised receivables as of 31 December 2019 amount to CHF 5.8 million (2018: CHF 7.7 million).

The age structure is as follows:

	2019 Gross	2019 Allowances	2019 Net	2018 Gross	2018 Allowances	2018 Net
Not past due	25'230	-16	25'214	30'952	-12	30'940
Past due by 1-60 days	6'759	-	6'759	5'842	-1	5'841
Past due by 61-120 days	1'060	-45	1'015	1'160	-62	1'098
Past due by more than 120 days	5'624	-4'657	967	5'976	-4'869	1'107
Total, net	38'673	-4'718	33'955	43'930	-4'944	38'986

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

in CHF 1'000

Bad debt allowances:	2019	2018
Balance as of 1 January	-4'944	-5'699
Additions	-1'471	-1'400
Utilisation	1'531	806
Reversal	-	1'163
Exchange differences	166	186
Balance as of 31 December	-4'718	-4'944

Currencies of relevance for trade accounts receivable:	2019	2018
CHF	2'958	2'865
EUR	22'021	28'949
JPY	2'452	2'519
USD	1'123	1'684
CNY	3'497	1'021
Other	1'904	1'948
Total, net	33'955	38'986

3. OTHER CURRENT RECEIVABLES

	2019	2018
Receivables from government authorities	3'861	3'570
Receivables from pension funds	21	29
Prepayments to suppliers	2'237	1'533
Other receivables	786	1'399
Total	6'905	6'531

4. INVENTORIES

	2019	2018
Raw materials	9'268	9'437
Semi-finished goods	9'197	9'817
Finished goods	68'855	81'123
Total	87'320	100'377

Inventories include allowances of CHF 24'548 (2018: CHF 27'395) 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 2018	43'272	16'390	23'433	5'761	36'299	1'098	393	126'646
Additions	644	1'820	1'326	349	2'036	175	664	7'014
Disposals	-3	-407	-2'005	-921	-2'354	-217	-	-5'907
Reclassifications ¹⁾	14	27	3'033	160	-2'370	-	-864	-
Exchange differences	-662	-1'352	-374	-189	-1'206	-49	-7	-3'839
31 December 2018	43'265	16'478	25'413	5'160	32'405	1'007	186	123'914
Additions	321	1'180	716	625	1'985	35	385	5'247
Disposals	-2	-137	-786	-24	-937	-75	-17	-1'978
Reclassifications	30	-	53	119	-	-	-202	-
Exchange differences	-505	-827	-313	-164	-1'105	-6	-8	-2'928
31 December 2019	43'109	16'694	25'083	5'716	32'348	961	344	124'255

Accumulated amortisation, depreciation and impairment losses

1 January 2018	37'985	11'131	19'886	4'798	30'650	605	-	105'055
Amortisation and depreciation	432	1'156	1'436	588	2'885	141	-	6'638
Disposals	-	-400	-1'995	-921	-2'207	-179	-	-5'702
Reclassifications ¹⁾	-	-	2'713	-	-2'713	-	-	-
Exchange differences	-489	-1'056	-248	-164	-1'047	-36	-	-3'040
31 December 2018	37'928	10'831	21'792	4'301	27'568	531	-	102'951
Amortisation and depreciation	382	1'301	1'282	583	2'360	127	-	6'035
Disposals	-2	-137	-786	-19	-915	-34	-	-1'893
Exchange differences	-387	-668	-232	-143	-978	-3	-	-2'411
31 December 2019	37'921	11'327	22'056	4'722	28'035	621	-	104'682
Net carrying amount as of 31 December 2019	5'188	5'367	3'027	994	4'313	340	344	19'573
Net carrying amount as of 31 December 2018	5'337	5'647	3'621	859	4'837	476	186	20'963

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

6. LEASES

RIGHT-OF-USE ASSETS

Historical cost

1 January 2019

	8'503	211	999	9'713
Additions				
Disposals	-3'987	-	-194	-4'181
Exchange differences	-2'875	-16	-66	-2'957
31 December 2019	104'756	506	2'282	107'544

Accumulated amortisation, depreciation and impairment losses

1 January 2019

	3'282	-	-	3'282
Amortisation and depreciation	17'758	160	892	18'810
Disposals	-1'359	-	-47	-1'406
Exchange differences	-339	-3	-19	-361
31 December 2019	19'342	157	826	20'325

Net carrying amount as of 31 December 2019

Net carrying amount as of 1 January 2019

85'414	349	1'456	87'219
99'833	311	1'543	101'687

¹⁾ Key money was reclassified as of 1 January 2019 from intangible assets to right-of-use assets. This is considered as an initial direct cost under IFRS 16. Of the key money for retail space for AUBADE, CALIDA, MILLET MOUNTAIN GROUP and OXBOW, carrying amounts of CHF 19'663 (1 January 2019: CHF 20'851) have been recognized as residual value.

The Group has leased various office spaces, sales floor, property, plant and equipment and vehicles. Leases are generally concluded for a period of 3 to 10 years. These agreements sometimes have options to extend the term.

Lease liabilities break down as follows:

	2019	1.1.2019
Current lease liabilities	17'812	17'517
Non-current lease liabilities	49'710	62'420
Total	67'522	79'937

Amounts recognised in the income statement:

	Notes	2019	2018
Depreciation and amortisation of right-of-use assets		-18'810	-
Interest expenses from lease liabilities	24	-949	-
Expense short-term leases, low-value assets and variable lease payments	22	-4'936	-
Rent expenses according to IAS 17	22	-	-23'870
Total recognised in the income statement		-24'695	-23'870

Total cash flow for leases including short-term leases, low-value assets and variable lease payments amounted to CHF 24'016 in fiscal year 2019.

Obligations from unrecognised rental and lease agreements as of 31 December 2019 amount to CHF 306 (2018: CHF 82'646). The amount of CHF 306 largely contains short-term leases and low-value assets.

7. INTANGIBLE ASSETS

	Goodwill	Brands, licences and patents	Customer lists	Software	Key money	Other intangible assets	Total
Historical cost							
1 January 2018	49'779	38'951	5'365	15'044	25'657	2'594	137'390
Additions	-	11	-	2'260	350	946	3'567
Disposals	-	-	-	-579	-101	-19	-699
Reclassifications	-	-	-	522	-	-522	-
Exchange differences	-1'856	-1'456	-199	-448	-874	-74	-4'907
31 December 2018	47'923	37'506	5'166	16'799	25'032	2'925	135'351
Accounting changes ¹⁾	-	-	-	-	-25'032	-	-25'032
1 January 2019	47'923	37'506	5'166	16'799	-	2'925	110'319
Additions	-	52	-	1'515	-	2'018	3'585
Disposals	-	-4	-	-44	-	-12	-60
Reclassification	-	-	-	603	-	-603	-
Reclassification to assets classified as held for sale ²⁾	-	-1'814	-	-	-	-	-1'814
Exchange differences	-1'704	-1'337	-182	-413	-	-105	-3'741
31 December 2019	46'219	34'403	4'984	18'460	-	4'223	108'289
Accumulated amortisation, depreciation and impairment losses							
1 January 2018	20'934	12'854	4'807	10'319	3'129	323	52'366
Amortisation and depreciation	-	27	197	2'168	281	90	2'763
Disposals	-	-	-	-465	-74	-15	-554
Exchange differences	-788	-492	-183	-372	-54	6	-1'883
31 December 2018	20'146	12'389	4'821	11'650	3'282	404	52'692
Accounting changes ¹⁾	-	-	-	-	-3'282	-	-3'282
1 January 2019	20'146	12'389	4'821	11'650	-	404	49'410
Amortisation and depreciation	-	29	108	2'524	-	87	2'748
Disposals	-	-4	-	-40	-	-12	-56
Exchange differences	-724	-453	-173	-350	-	-7	-1'707
31 December 2019	19'422	11'961	4'756	13'784	-	472	50'395
Net carrying amount as of 31 December 2019	26'797	22'442	228	4'676	-	3'751	57'894
Net carrying amount as of 31 December 2018	27'777	25'117	345	5'149	21'750	2'521	82'659

¹⁾ Key money: See note 6. Reclassification to right-of-use assets as of 1 January 2019.

²⁾ EIDER brand: In October 2019, the CALIDA GROUP received a binding offer to sell its brand EIDER. The sale is subject to a works council consultation procedure in France. The transaction was closed on the 24 January 2020.

GOODWILL

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

	2019	2018
CALIDA	8'745	9'303
MILLET MOUNTAIN GROUP	11'004	11'167
LAFUMA MOBILIER	7'048	7'307
Total	26'797	27'777

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 3.6% to 6.6% (2018: 4.6% to 8.2%) and a pre-tax discount rate of 7.2% to 11.5% (2018: 8.4% to 13.0%) is considered. The pre-tax discount rate applied reflects the specific risks for the operating segments. Cash flows beyond the planning period are projected with a growth rate of between 1.7% and 1.9% (2018: 1.5% to 1.9%), which by no means exceeds 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 9.2 million; 2018: CHF 9.6 million), LAFUMA MOBILIER (CHF 8.1 million; 2018: CHF 8.4 million) and AUBADE (CHF 3.4 million; 2018: CHF 3.6 million). Average growth rates for the planning period ranged from 4.5% to 6.6% (2018: 2.8% to 8.2%). The forecast increase in revenues beyond the planning period amounts to 1.8% to 1.9% (2018: 1.9%). The pre-tax discount rates are 9.8% to 11.5% (2018: 9.9% to 13.0%).

8. FINANCIAL ASSETS

	2019	2018
Derivative financial instruments	1'425	1'016
Sundry other financial assets	107	6
Current financial assets	1'532	1'022
Derivative financial instruments	257	515
Sundry other financial assets	5'718	5'286
Non-current financial assets	5'975	5'801
Total financial assets	7'507	6'823

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.

9. FINANCIAL LIABILITIES

Financial liabilities break down as follows:

	2019	2018
Current financial liabilities to banks	23'611	27'896
Contingent consideration	-	1'126
Derivative financial instruments	3	32
Current financial liabilities	23'614	29'054
<i>Current financial liabilities - excluding derivative financial instruments</i>	<i>23'611</i>	<i>29'022</i>
Derivative financial instruments	13	10
Non-current financial liabilities	13	10
Total financial liabilities	23'627	29'064

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	Loan volume 2019	Thereof utilised 2019	Loan volume 2018	Thereof utilised 2018
Revolving credit facility	various	LIBOR + margin ¹⁾	2018 to 2024	40'000	23'611	40'000	27'655
Total syndicated loan				40'000	23'611	40'000	27'655

¹⁾ Depending on leverage.

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 2019 and 2018 reporting years.

10. TRADE ACCOUNTS PAYABLE

	2019	2018
Trade accounts payable	24'154	34'259
Total	24'154	34'259

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

	2019	2018
CHF	2'494	892
EUR	14'402	26'374
USD	3'809	5'250
JPY	2'197	762
Other	1'252	981
Total	24'154	34'259

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

11. OTHER CURRENT LIABILITIES

	2019	2018
Liabilities to government authorities	7'512	7'796
Advance payments received from customers	714	580
Liabilities to commercial agents	260	381
Other liabilities	7'656	4'823
Total	16'142	13'580

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

The prepayments from customers are of a short-term nature and the performance obligations from 2018 were met in full.

12. ACCRUED EXPENSES AND DEFERRED INCOME

	2019	2018
Invoices not yet received	15'550	9'184
Accrued personnel expenses	12'207	14'253
Other accrued expenses and deferred income	7'722	9'112
Total	35'479	32'549

13. CURRENT AND NON-CURRENT PROVISIONS

	Transfer fees	Restructuring	Personnel provisions	Litigation	Other provisions	Total
1 January 2018	1'249	396	1'049	606	3'892	7'192
Additions	53	110	968	-	401	1'532
Utilisation	-91	-275	-409	-163	-964	-1'902
Reversal	-	-	-338	-170	-171	-679
Exchange differences	-15	-12	-37	-14	-118	-196
31 December 2018	1'196	219	1'233	259	3'040	5'947
Additions	-	-	1'083	22	320	1'425
Utilisation	-	-70	-313	-31	-742	-1'156
Reversal	-119	-36	-187	-	-41	-383
Exchange differences	-14	-5	-46	-9	-86	-160
31 December 2019	1'063	108	1'770	241	2'491	5'673
Current provisions 2019	354	-	357	241	696	1'648
Non-current provisions 2019	709	108	1'413	-	1'795	4'025
Total provisions 2019	1'063	108	1'770	241	2'491	5'673
Current provisions 2018	399	219	194	259	996	2'067
Non-current provisions 2018	797	-	1'039	-	2'044	3'880
Total provisions 2018	1'196	219	1'233	259	3'040	5'947

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 commission. 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

Provisions cover the cost of the closure of the Group's own retail stores.

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 plan contains the expected residual claims of CHF 226 (2018: CHF 226) from the phantom stock plan (see also note 21).

LITIGATION

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

OTHER PROVISIONS

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

14. INCOME TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Receivables	320	402	-7'640	-8'099
Inventories	1'871	2'003	-1'176	-1'230
Property, plant and equipment	1'215	2'283	-1'651	-1'898
Leases	65	-	-	-
Intangible assets	2	2	-5'949	-6'204
Other assets	513	564	-1'014	-1'470
Provisions	1'229	1'784	-64	-140
Defined benefit obligation	1'262	663	-45	-57
Other liabilities	1'186	943	-707	-821
Tax losses carried forward ¹⁾	9'612	8'394	-	-
Total deferred tax assets/(liabilities)	17'275	17'038	-18'246	-19'919
Netting	-11'850	-11'467	11'850	11'467
Total deferred tax assets/(liabilities), as disclosed in the statement of financial position	5'425	5'571	-6'396	-8'452

¹⁾ The tax loss carryforwards recognised increased in the reporting period; they were mainly recognised on account of the expected profit in the LAFUMA GROUP.

On 19 May 2019, the Swiss Federal Act on Tax Reform and old age and survivors' insurance (AHV) Financing (STAF) was adopted by the Swiss population. This entered into force as of 1 January 2020. This means that CALIDA Holding AG will lose its holding privilege and thus be subject to normal taxation. This will not have a material impact in the coming reporting years.

UNRECOGNISED TAX LOSS CARRYFORWARDS

Unrecognised tax loss carryforwards lapse	2019	2018
in 1 year	723	1'132
in 2 to 5 years	3'843	3'897
in more than 5 years	4'987	5'222
do not lapse	59'228	62'351
Total unrecognised tax loss carryforwards	68'781	72'602

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

Tax expense recorded in the income statement	2019	2018
Current income taxes	-5'936	-4'499
Deferred income taxes	1'317	-657
Total tax expense recorded in the income statement	-4'619	-5'156
Tax effect recorded in other comprehensive income		
Deferred income taxes from hedging	-	-29
Deferred income taxes from remeasurement of defined benefit plans	542	-684
Total tax effect recorded in other comprehensive income	542	-713
Tax effect recorded directly in equity		
Current income taxes from share-based payments	-	-69
Deferred income taxes from share-based payments	-23	-19
Total tax effect recorded directly in equity	-23	-88

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 (2019: 26.1%; 2018: 24.9%) 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).

	2019	in %	2018	in %
Earnings before taxes	21'184		22'926	
Tax expense based on expected tax rate	-5'534	26.1	-5'699	24.9
Effect of changes in the tax rates	776		161	
Non-deductible expenses and/or non-taxable income	404		1'229	
Unrecognised tax losses in the current period	-946		-1'036	
Utilisation of unrecognised tax loss carryforwards	548		306	
Changes in recognised tax loss carryforwards	1'627		658	
Accumulated earnings tax on account of dividend payments	-801		-	
Other effects ¹⁾	-693		-775	
Actual tax expense recorded in the income statement	-4'619	21.8	-5'156	22.5

¹⁾ Includes CHF -982 (2018: CHF -1'004) 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.

15. SHAREHOLDERS' EQUITY - GROUP

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

	2019	2018
8'257'351 registered shares with a par value of CHF 0.10 each (2018: 8'255'951 registered shares with a par value of CHF 0.10 each), issued and fully paid up	826	826

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 15 April 2019 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 6'593 was paid out on 23 April 2019.

CONDITIONAL CAPITAL

The Annual General Meeting held on 15 April 2019 authorised an increase of the existing conditional capital. The increase will take place under exclusion of shareholders' subscription rights by issuing a maximum of 250'000 registered shares to be fully paid up at a par value of CHF 0.10 each.

In the reporting period, a conditional capital increase of CHF 0.1 (2018: CHF 6) or 1'400 registered shares (2018: 53'672 registered shares) was carried out. The average issue price was CHF 33.40 per share (2018: CHF 32.06). The premium, representing the excess over par value after deduction of transaction costs, was allocated to the capital reserves (2019: CHF 47; 2018: CHF 1'710).

The available conditional capital as of 31 December 2019 amounts to CHF 35 (2018: CHF 10). This equates to 352'649 registered shares (2018: 104'049 registered shares) with a par value of CHF 0.10 (2018: CHF 0.10) each.

TREASURY SHARES

As of the reporting date 31 December 2019, the Company holds 15'160 treasury shares. In the reporting year, there were no transactions with treasury shares.

16. NON-CONTROLLING INTERESTS

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

ACQUISITION OF NON-CONTROLLING INTERESTS

On 28 October 2019, CALIDA Holding AG acquired the shares held by Fonds Echiquier Value Euro and Echiquier Excelsior, in LAFUMA SA for a price of EUR 17.99 per share; the total purchase price amounted to CHF 5'770. This acquisition increased CALIDA Holding AG's shareholding in LAFUMA SA by 4.1% to 91.8%.

The information on non-controlling interests is presented below:

	2019	2018
Non-controlling interest ¹⁾	8.2%	12.3%
Share of net income	898	1'556
Share of the shareholders' equity	8'052	11'620

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:

	2019	2018
Statement of financial position		
Assets	202'665	175'984
Liabilities	81'929	59'303
Net assets	120'736	116'681
Income statement		
Net sales	192'019	196'153
Net income	10'795	6'940
Statement of cash flows		
Cash flow from operating activities	26'204	7'180
Change in cash and cash equivalents	16'423	2'130

17. 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:

	2019	2018
Shareholder group of Kellenberger family members	34.1%	34.3%
Veraison Capital AG	15.1%	16.1%
Vontobel Fonds Services AG	7.2%	8.7%
Swisscanto Fondsleitung AG ¹⁾	5.0%	5.0%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 26 September 2019.

18. DIVIDEND DISTRIBUTION

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 29 April 2020 to distribute a dividend for the reporting period of CHF 0.80 per registered share (2018: CHF 0.80).

19. NET SALES FROM CONTRACTS WITH CUSTOMERS AND SEGMENT REPORTING

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

SEGMENTS

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

OTHER ACTIVITIES

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

OPERATING REPORTING

The CALIDA GROUP monitors segment performance at the level of the operating profit contribution, which shows – in the presentation according to the nature of expense method – the operating profit contribution of each segment after deduction of cost of goods sold and allocated sales and marketing costs (e.g. costs of the sales organisation, rent for sales areas). In fiscal year 2019, lease costs continued to be recognised internally as operating leases pursuant to IAS 17 in order to ensure comparability with fiscal year 2018.

The non-allocated operating costs mainly contain costs for product development, logistics, IT, administration and management as well as IFRS 16 valuation differences.

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

2019	CALIDA	AUBADE	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW	Other activities	CALIDA GROUP
Net sales	140'016	62'955	113'898	46'067	32'055	9'322	404'313
thereof e-commerce	21'249	7'092	5'955	4'497	2'743	9'322	50'858
Bricks-and-mortar sales channels	118'767	55'863	107'943	41'570	29'312	-	353'455
Operating contribution	37'105	16'435	26'506	12'627	7'393	1'138	101'204
Non-allocated operating costs							-77'648
Operating result							23'556
Financial result, net							-2'372
Earnings before tax							21'184
Depreciation and amortisation of property, plant and equipment and intangible assets	-3'441	-992	-2'849	-930	-185	-386	-8'783
thereof impairment	-	-	-	-	-	-	-
Investments in property, plant and equipment and intangible assets	3'466	1'693	2'398	924	152	199	8'832

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

In the reporting period, the CALIDA GROUP recognised impairment losses for receivables from contracts with customers of CHF 772 against sales and marketing expenses (2018: CHF 483).

GEOGRAPHICAL REPORTING

Net sales to third parties	2019	2018
France	158'823	164'901
Germany	85'693	85'139
Switzerland	66'134	64'950
Other Europe	62'943	64'407
Asia	27'277	23'791
USA	2'938	4'730
Other markets	505	1'557
Total	404'313	409'475

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

PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS	2019	2018
France	104'693	75'583
Germany	24'570	12'703
Switzerland	22'713	9'424
Hungary	3'029	2'970
Other markets	9'681	2'942
Total	164'686	103'622

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

20. PENSION PLANS AND PERSONNEL EXPENSES

Personnel expenses of the CALIDA GROUP break down as follows:

	2019	2018
Wages and salaries	-93'365	-93'240
Social security expenses	-20'827	-21'698
Expenses for defined benefit plans	-1'826	-1'948
Expenses for defined contribution plans	-1'141	-1'313
Share-based payments	-748	-895
Other personnel expenses	-9'829	-9'617
Total	-127'736	-128'711

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 funds of the Swiss Group companies have taken out reinsurance policies with a reinsurer except for the investment and interest rate risk.

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 as of 31 December 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:

Breakdown of the net defined benefit liability

	2019	2018
Present value of the DBO	-61'048	-53'247
Fair value of plan assets	53'670	50'953
Net defined benefit asset/(liability)	-7'378	-2'294
of which recorded in other non-current assets	154	203
of which recorded in other non-current liabilities ¹⁾	-7'532	-2'497

The net defined benefit liability developed as follows:

Balance as of 1 January	-2'294	-7'142
Cost of defined benefit plans, through profit or loss	-1'851	-2'009
Income from defined benefit plans, recognised in other comprehensive income	-4'589	5'522
Employer contributions	1'128	1'139
Plan settlements	160	129
Exchange differences	68	67
Balance as of 31 December	-7'378	-2'294

¹⁾ A further CHF 44 (2018: CHF 0) is attributable to sundry non-current liabilities not from defined benefits plans.

PRESENT VALUE OF THE DBO

	2019	2018
Balance as of 1 January	53'247	55'006
Service cost	1'826	1'948
Interest expense	496	402
Employee contributions	1'128	1'139
Benefit payments	-2'270	-2'995
Plan settlements	-160	-129
Actuarial (gains)/losses	6'881	-2'023
Exchange differences	-100	-101
Balance as of 31 December	61'048	53'247
of which relating to Switzerland:		
Present value of the DBO	58'201	50'645
Active employees	78.9%	80.8%
Retirees	21.1%	19.2%
Average duration in years	18.4	17.1

FAIR VALUE OF PLAN ASSETS

	2019	2018
Balance as of 1 January	50'953	47'864
Interest income at discount rate	471	341
Employer contributions	1'128	1'139
Employee contributions	1'128	1'139
Benefit payments	-2'270	-2'995
Return on plan assets (excluding the interest income discount rate)	2'292	3'499
Exchange differences	-32	-34
Balance as of 31 December	53'670	50'953

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

	2019	2018
Service cost in personnel expenses	-1'826	-1'948
Net interest in financial expenses	-25	-61
Total	-1'851	-2'009

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

	2019	2018
Remeasurement of the net defined benefit liability		
- Changes in financial assumptions	-7'597	1'815
- Changes in demographic assumptions	88	67
- Experience adjustments	630	141
Return on plan assets (excluding the interest income discount rate)	2'292	3'499
Total remeasurements of defined benefit plans recorded in other comprehensive income, before taxes	-4'587	5'522

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

	2019	2018
Discount rate	0.3%	0.9%
Estimated future salary increases	1.0%	1.0%

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 -8.4%/+9.6% (2018: -7.6%/+8.7%) in the DBO. An increase/decrease of 0.5% in the salary increase rate would lead to an increase/decrease of +0.3%/-0.6% (2018: +0.4%/-0.5%) in the DBO.

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

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

	2019	2018
Shares	28.0%	10.4%
Bonds	37.1%	11.1%
Property	27.0%	5.3%
Receivables from an insurance company (collective foundation)	0.0%	73.2%
Alternative investments	5.4%	0.0%
Cash and cash equivalents	2.5%	0.0%
Total	100.0%	100.0%

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

The CALIDA GROUP expects to make employer contributions of CHF 1'228 for fiscal year 2020.

21. SHARE-BASED PAYMENTS

LONG-TERM INCENTIVE PLAN (LTI)

With the approval by the Annual General Meeting on 9 May 2017, the long-term incentive plan (LTI) agreed with the CEO was converted from a phantom stock plan into a share-based payment plan.

According to this plan, the CEO receives a bonus of CHF 240 for each CHF 2.50 increase in the share price of CALIDA Holding AG once the next relevant threshold is exceeded (share price of CHF 38.50). The bonus payment is paid out in the form of restricted registered shares of CALIDA Holding AG.

The expected residual claims of CHF 226 from the phantom stock plan are recognised in provisions. The CALIDA GROUP recorded personnel expenses of CHF 204 in connection with the LTI in 2019 (2018: CHF 343).

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 2019

Term	Number of options outstanding	Exercise price in CHF	Settlement date
1 April 2015 – 31 March 2020	8'701	36.65	vested
1 April 2015 – 31 March 2021	38'000	36.65	vested
1 April 2016 – 31 March 2021	15'400	33.40	vested
1 April 2016 – 31 March 2022	40'000	33.40	1 April 2020
1 April 2017 – 31 March 2022	71'000	33.80	1 April 2020
1 April 2018 – 31 March 2023	57'000	36.30	1 April 2021
1 April 2019 – 31 March 2024	87'000	31.45	1 April 2022
Total	317'101		

The CALIDA GROUP recorded personnel expenses of CHF 544 in connection with stock option plans in 2019 (2018: CHF 552).

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

	Num- ber of options 2019	Average exercise price CHF 2019	Num- ber of options 2018	Average exercise price CHF 2018
Outstanding as of 1 January	247'129	34.93	254'501	34.02
Granted in the reporting period	91'000	31.45	63'000	36.30
Exercised in the reporting period ¹⁾	-1'400	33.40	-53'672	32.06
Expired in the reporting period	-3'628	36.65	-5'300	35.37
Forfeited in the reporting period	-16'000	34.15	-11'400	35.25
Outstanding as of 31 December	317'101	33.95	247'129	34.93
Vested as of 31 December	62'101	35.84	18'929	35.52

¹⁾The weighted average share price on the exercise date of options was CHF 34.80 (2018: CHF 36.77).

The exercise price of options outstanding as of the end of the reporting period was between CHF 31.45 and CHF 36.65 (2018: CHF 33.40 and CHF 36.65), while the average term to maturity was 2.76 years (2018: 3.18 years). Options granted in the reporting period had an average weighted fair value of CHF 4.68 (2018: CHF 6.43).

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:

	2019	2018
Share price in CHF	31.60	36.45
Exercise price in CHF	31.45	36.30
Expected volatility in %	27.3%	30.1%
Expected lifetime in years	4.00	4.00
Risk-free interest rate in %	-0.5%	-0.2%
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.

22. OTHER OPERATING EXPENSES

	2019	2018
Sales and marketing expenses	-31'873	-31'920
Lease expenses	-4'936	-
Rent expenses according to IAS 17	-	-23'870
General administrative expenses	-19'294	-20'276
Other expenses	-29'479	-31'534
Total	-85'582	-107'600

23. AMORTISATION AND DEPRECIATION

	Notes	2019	2018
Depreciation of property, plant and equipment	5	-6'035	-6'638
Amortisation of intangible assets	7	-2'748	-2'763
Total		-8'783	-9'401

24. FINANCIAL RESULT, NET

	2019	2018
Interest income from financial assets	54	42
Other financial income	22	29
Fair value adjustment of contingent purchase price payments	-	43
Total financial income	76	114
Net interest on defined benefit plans	-25	-61
Interest expense from financial liabilities	-453	-441
Bank fees and other financial expenses	-50	-4
Interest expenses from lease liabilities	-949	-
Total financial expenses	-1'477	-506
Net gains on exchange differences	-971	1'710
Total exchange differences	-971	1'710
Total	-2'372	1'318

25. EARNINGS PER REGISTERED SHARE

	2019	2018
Net income attributable to shareholders of CALIDA Holding AG	15'667	16'214
Number of shares as of the reporting date	8'257'351	8'255'951
Less weighted average included in capital increase/treasury shares	-16'345	-31'653
Average number of shares outstanding	8'241'006	8'224'298
Earnings per registered share in CHF	1.90	1.97
Diluted earnings per registered share in CHF	1.90	1.97

The dilutive effects were calculated based on the average number of call options outstanding and the average share price. The options outstanding with an exercise price below the average share price (determined at daily closing price) are taken into account in determining dilutive effects. In the reporting year, no such registered shares were included in the calculation (2018: 498 shares).

26. PLEDGED ASSETS

In the reporting year, pledged bank balances amounted to CHF 3'505 (2018: 3'910).

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

27. TRANSACTIONS WITH RELATED PARTIES

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

GROUP COMPANIES

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

Members of the Board of Directors and Executive Management	2019	2018
Short-term benefits	3'634	3'276
Long-term benefits	–	–
Post-employment benefits	493	429
Share-based payments	333	464
Total	4'460	4'169

As of 1 January 2019, the organisation was adjusted and the size of Executive Management was increased from four to five members.

Remuneration (incl. social security contributions of CHF 362) is disclosed as short-term benefits. The long-term benefits contain the change in the expected claims from the CEO participation plan (phantom plan). Post-employment benefits refer to pension plans. The amount shown for share-based payments reflects the expenses recorded in the reporting period from options granted in the years 2015 to 2019 (2018: 2015 to 2018) as well as the LTI (see note 21).

The CALIDA GROUP draws on the legal advisory services of several law firms, including Meyerlustenberger Lachenal, Zurich, of which Dr. Thomas Lustenberger, Chairman of the Board of Directors of CALIDA Holding AG (until 15 April 2019), used to be a partner. He stepped down as a partner as of 31 December 2015. Meyerlustenberger Lachenal invoiced the CALIDA GROUP for fees totalling CHF 40 in the period up to 15 April 2019 (2018: CHF 101 for the entire year). Of this, CHF 0 (2018: CHF 0) was outstanding as of 31 December 2019.

SIGNIFICANT SHAREHOLDERS

The reported receivables from related parties of CHF 7 (2018: CHF 1) as of 31 December 2019 relate to a company controlled by a significant shareholder; sales of CHF 231 (2018: CHF 238) were generated with this company in the reporting period.

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

28. FINANCIAL RISK MANAGEMENT

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

FINANCIAL INSTRUMENTS

Financial assets are allocated to the following categories:

	2019	2018
Cash and cash equivalents	57'850	43'613
Trade accounts receivable	33'955	38'986
Loans (current and non-current)	5'825	5'292
Other financial assets ¹⁾	786	1'399
Total - at amortised cost	98'416	89'290
At fair value through profit and loss (derivative financial instruments - level 2)	1'682	1'531
Total	100'098	90'821

¹⁾ Component of other current receivables (note 3)

Financial liabilities are allocated to the following categories:

	2019	2018
Financial liabilities (current and non-current)	23'611	27'896
Lease liabilities (measured according to IFRS 16)	67'522	-
Trade accounts payable	24'154	34'259
Other current liabilities ¹⁾	7'916	5'204
Refund liabilities	2'676	2'072
Accrued expenses and deferred income ²⁾	15'550	9'184
Total - at amortised cost	141'429	78'615
Derivative financial instruments (level 2)	16	42
Contingent purchase price payments (level 3)	-	1'126
Total - financial liabilities at fair value through profit loss	16	1'168
Total	141'445	79'783

¹⁾ Not including liabilities to government authorities and prepayments by customers of CHF 8'226 (2018: CHF 8'376)

²⁾ Not including accrued personnel expenses and other accruals of CHF 19'929 (2018: CHF 23'365)

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

The derivative financial instruments recognised are based solely on forward exchange contracts concluded with banks as counterparties (OTC) for the purpose of foreign exchange hedging and are measured at fair value. The fair value (market value) is based on observable measurement parameters, 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 prior year, this comprises entirely interest rate and currency effects. The targets leading to full payment of the agreed amount have been achieved (level 3 of the fair value measurement hierarchy) and the contingent consideration was paid out in full on 3 January 2019.

CREDIT RISKS

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

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

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

The CALIDA GROUP does not hold any specific collateral for trade accounts receivable as of year-end 2019 (2018: 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 8 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.

	Cash and cash equivalents	Current financial liabilities ¹⁾	Non-current financial liabilities ¹⁾	Current lease liabilities	Non-current lease liabilities	Net liquidity/Net debt
CHANGE IN NET LIQUIDITY/NET DEBT						
1 January 2018 - Net liquidity	45'200	-11'687	-1'169	-	-	32'344
Cash flows from operating activities and investing activities	12'677	-	-	-	-	12'677
Cash flow from financing activities	-12'902	-16'640	-	-	-	-29'542
Exchange differences	-1'362	469	18	-	-	-875
Reclassification	-	-1'164	1'151	-	-	-13
31 December 2018 - Net liquidity	43'613	-29'022	-	-	-	14'591
Implementation of IFRS 16	-	-	-	-17'517	-62'420	-79'937
1 January 2019 - Net debt	43'613	-29'022	-	-17'517	-62'420	-65'346
Cash flows from operating activities and investing activities	52'171	-	-	-	-	52'171
Cash flow from financing activities	-36'275	4'541	-	18'131	-	-13'603
Exchange differences	-1'659	870	-	457	1'408	1'076
Reclassification	-	-	-	-19'290	19'290	-
Non-cash items	-	-	-	407	-7'988	-7'581
31 December 2019 - Net debt	57'850	-23'611	-	-17'812	-49'710	-33'283

¹⁾ See note 9 - Financial liabilities excluding derivative financial instruments

Syndicated loan facility

In 2018, the CALIDA GROUP renewed the loan agreement with the syndicate of banks. This comprises a revolving credit facility of CHF 40 million and an option to increase the loan to secure long-term financing. CHF 23'611 had been utilised as of the reporting date (2018: CHF 27'655).

The liquidity of the entire CALIDA GROUP breaks down as follows on the reporting date:

	2019	2018
Liquidity	57'850	43'613
Confirmed credit lines	66'275	67'780
Credit lines used	-25'624	-30'039
Total	98'501	81'354

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

31 December 2019

	Carrying amount	Contractual payments	< 1 year	1-5 years	> 5 years ⁴⁾
Financial liabilities	23'611	23'611	23'611	-	-
Lease liabilities ⁴⁾	67'522	70'142	18'232	41'000	10'910
Trade accounts payable	24'154	24'154	24'154	-	-
Derivative financial instruments					
Cash inflows		-36'345	-22'776	-13'569	-
Cash outflows		34'194	21'159	13'035	-
Net	-1'666	-2'151	-1'617	-534	-
Other current liabilities ²⁾	7'916	7'916	7'916	-	-
Refund liabilities	2'676	2'676	2'676	-	-
Accrued expenses and deferred income ³⁾	15'550	15'550	15'550	-	-

31 December 2018

	Carrying amount	Contractual payments	< 1 year	1-5 years	> 5 years ⁴⁾
Financial liabilities ¹⁾	29'022	29'254	29'254	-	-
Trade accounts payable	34'259	34'259	34'259	-	-
Derivative financial instruments					-
Cash inflows		-46'262	-31'005	-15'257	-
Cash outflows		43'700	29'462	14'238	-
Net	-1'489	-2'562	-1'543	-1'019	-
Other current liabilities ²⁾	5'204	5'204	5'204	-	-
Refund liabilities	2'072	2'072	2'072	-	-
Accrued expenses and deferred income ³⁾	9'184	9'184	9'184	-	-

¹⁾ Including contingent purchase price payments

²⁾ Not including liabilities to government authorities of CHF 8'226 (2018: CHF 8'376)

³⁾ Not including accrued personnel expenses and other accruals of CHF 19'929 (2018: CHF 23'365)

⁴⁾ Lease liabilities generally have a maximum term of 10 years.

INTEREST RATE RISKS

The Group's current liabilities to banks 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	2019	2018
+/- 20 basis points	EUR	+/- 56	+/- 16
+/- 15 basis points	CHF	+/- 11	+/- 13

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.

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 partly hedge goods purchased in USD, the CALIDA GROUP enters into forward exchange contracts. Usually, goods purchased for the next four collections are hedged, and the derivatives mature in the next 24 months.

In the reporting year, income from hedge accounting of CHF 1'933 was reclassified from equity to inventories (2018: expenses of CHF 1'048). There is a hedge reserve totalling CHF 1'770 (2018: CHF 1'491) within retained earnings.

Cash flow hedges (forward exchange contracts)	Fair value/carrying amount		Due/nominal value	
	Positive replacement value	Negative replacement value	< 1 year	1-2 years
31 December 2019	1'682	16	22'776	13'569
31 December 2018	1'531	42	31'005	15'257

A change in the USD/EUR closing rate of $\pm 10.0\%$ would lead to a change of CHF -2'949/+4'038 (2018: CHF -3'678/+5'140) in the fair value of 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 2019 (EUR/CHF 1.0315), but all other parameters remained unchanged, earnings before taxes would have decreased by CHF 928 (2018: decrease of CHF 980). Vice versa, if it had appreciated by the same amount, the results would have increased by the amount of the decrease described above.

CAPITAL MANAGEMENT

Sufficient liquidity is available for ordinary business operations in fiscal year 2020 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 in particular 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 2019 or 2018.

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

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

	2019	2019 excluding IFRS 16	2018
Shareholders' equity	182'508	182'797	186'310
Total capital	374'924	307'692	316'607
Equity ratio	48.7%	59.4%	58.8%

29. SUBSEQUENT EVENTS

The 2019 consolidated financial statements were approved by the Audit & Risk Committee on 28 February 2020 and released for publication by the Board of Directors on the same day.

The consolidated financial statements are subject to approval by the Annual General Meeting scheduled for 29 April 2020.

On 24 January 2020, the CALIDA GROUP sold the brand EIDER to the South Korean K2 Group. The selling price will be partially used to restructure the MILLET MOUNTAIN GROUP SAS.

On 13 February 2020, the CALIDA GROUP received a binding offer from Rainbow SAS to sell the company OXBOW SAS. The sale is subject to a works council consultation procedure in France.

After the reporting period, CALIDA Holding AG increased its stake in LAFUMA SA through the acquisition of 1.66% of Karakoram SAS's shares from 91.84% to 93.50%.



Independent auditor's report to the General Meeting of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 28 February 2020

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 2019 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 25 to 68) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 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.



2

Valuation of goodwill and intangible assets with indefinite useful life

Area of focus Goodwill and intangible assets with indefinite useful life represent 14% of the balance sheet total and 28% of total equity. Intangible assets with indefinite useful life consist of brands. 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. CALIDA Group disclosed information about the impairment test in the section "estimates and assumptions" as well as in note 7 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.

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

Accounting for lease contracts under IFRS 16

Area of focus As of the balance sheet date, right of use assets represent 23% and lease liabilities (current and non-current) represent 18% of CALIDA Group's balance sheet total. CALIDA Group has adopted IFRS 16 leases as of 1 January 2019. CALIDA Group disclosed information for lease contracts in the section "accounting policies" as well as in note 6 of the consolidated financial statements.

Our audit response We audited CALIDA Group's new lease accounting policies. We further audited CALIDA Group's method of calculating the rights of use asset as well as the lease liabilities, by using random sampling testing. Through the sample testing, we have reconciled the following input parameters with the corresponding lease contracts: monthly lease payments, lease duration, underlying discount rate and renewal or termination options. For the renewal or termination options, we have evaluated the assessment and the respective recognition prepared by CALIDA Group. We performed our audit procedures for the first-time implementation at 1 January 2019 and for the changes occurred during financial year 2019. For contracts signed in 2019, we audited the correct recognition of new lease contracts or of changes to existing lease contracts.

Our audit work did not lead to any reservations concerning the accounting for leases in accordance with IFRS 16.



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Other information in the annual report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

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

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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



4

**Report on other legal and regulatory requirements**

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

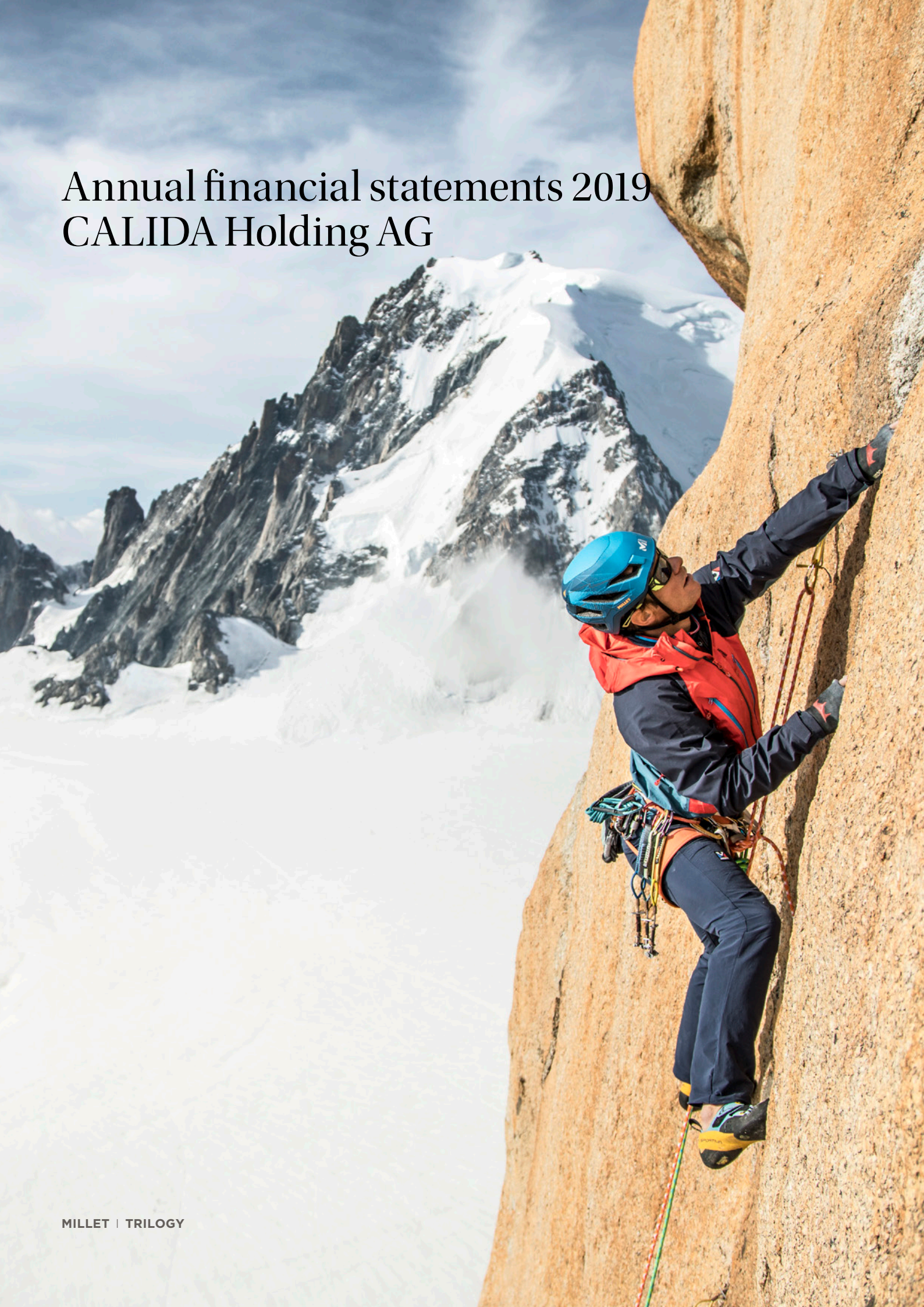
We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Ana Dragus
Manager

Annual financial statements 2019 CALIDA Holding AG



Statement of financial position

AS OF 31 DECEMBER

	Notes	2019	2018
Cash and cash equivalents		410	1'696
Other current receivables			
to third parties		95	117
to investments		-	14
Current assets		505	1'827
Loans to investments		3'427	5'306
Investments	1.1	206'937	201'167
Non-current assets		210'364	206'473
ASSETS		210'869	208'300
Interest-bearing current liabilities	1.2	23'802	27'886
Other current liabilities			
to third parties		94	1'135
to investments		12'567	6'201
Accrued expenses and deferred income		1'153	425
Current liabilities		37'616	35'647
Liabilities		37'616	35'647
Share capital	1.3	826	826
Capital contribution reserves	1.5	702	7'265
General legal reserves		500	500
Retained earnings		171'761	164'598
Treasury shares	1.6	-536	-536
Shareholders' equity		173'253	172'653
SHAREHOLDERS' EQUITY AND LIABILITIES		210'869	208'300

Income statement

1 JANUARY - 31 DECEMBER

	Notes	2019	2018
Dividend income		10'000	16'022
Reversal of impairment losses recorded on investments	1.1	-	1'000
Other financial income		2'233	2'180
Other operating income		-	25
Income		12'233	19'227
Administrative expenses		-3'251	-2'361
Financial expenses		-1'819	-1'949
Direct taxes		-	-
Expenses		-5'070	-4'310
Net income		7'163	14'917

Change in shareholders' equity

	Share capital	Capital contribution reserves	General legal reserves	Retained earnings	Treasury shares	Shareholders' equity
1 January 2017	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	-	-
Purchase of treasury shares	-	-	-	-	-5	-5
Net income	-	-	-	3'599	-	3'599
31 December 2017	820	11'920	500	149'681	-536	162'385
Capital increase	6	1'937	-	-	-	1'943
Dividend from capital contribution reserves	-	-6'592	-	-	-	-6'592
Net income	-	-	-	14'917	-	14'917
31 December 2018	826	7'265	500	164'598	-536	172'653
Capital increase	-	30	-	-	-	30
Dividend from capital contribution reserves	-	-6'593	-	-	-	-6'593
Net income	-	-	-	7'163	-	7'163
31 December 2019	826	702	500	171'761	-536	173'253

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 is presented in CHF 1).

Accounting principles

The accounting principles used to prepare these 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, while unrealised losses are recognised, 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 from shareholders' equity, measured at initial cost. The gain or loss on a sale at a later point in time is recognised in retained earnings.

NON-DISCLOSURE OF THE CASH FLOW STATEMENT AND ADDITIONAL DISCLOSURES IN THE NOTES

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

1. Notes to the financial statements

1.1. EQUITY INVESTMENTS

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

Company ¹⁾	Registered office	Business activities	Capital stock In local currency	Capital and voting rights 31 Decem- ber 2019	31 Decem- ber 2018
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 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	Business activities		Capital stock In local currency	Capital and voting rights 31 Decem- ber 2019	31 Decem- ber 2018
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100.0%	100.0%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	91.8%	87.7%
Reich Online Services GmbH	Stephanskirchen, Germany	Sales	EUR	25'000	100.0%	100.0%
indirectly:						
AUBADE Paris SAS	Paris, France	Sales/logistics	EUR	15'754'230	100.0%	100.0%
AUBADE Paris (UK) Ltd.	Hemel Hempstead, UK	Sales	GBP	100	100.0%	100.0%
AUBADE Paris & Cie SCS	Monte Carlo, Monaco	Sales	EUR	100'000	100.0%	100.0%
BELAUBADE SA	Forest, Belgium	Sales	EUR	362'000	100.0%	100.0%
Société de Lingerie Azur	Monastir, Tunisia	Production	TND	10'000	100.0%	100.0%
MILLET Outdoor Products (Nanjing) CO. Ltd.	Nanjing, China	Production/sales	CNY	15'000'000	91.8%	87.7%
L.M.O. SRL.	Grassobbio, Italy	Sales	EUR	10'000	91.8%	87.7%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	91.8%	87.7%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	91.8%	87.7%
LAFUMA America Inc.	Duluth, USA	Sales	USD	24'500	91.8%	87.7%
LAFUMA BV	Leusden, the Netherlands	Sales	EUR	113'445	91.8%	87.7%
LAFUMA GROUP GmbH	Stephanskirchen, Germany	Sales	EUR	285'000	91.8%	87.7%
LAFUMA GROUP SL	Barcelona, Spain	Sales	EUR	475'000	91.8%	87.7%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	91.8%	87.7%
LAFUMA MOBILIER SAS	Anneyron, France	Production/sales	EUR	9'262'561	91.8%	87.7%
LALLEMAND SAS	Vieux d'Izenave, France	Production/sales	EUR	925'540	91.8%	87.7%
MILLET MOUNTAIN GROUP (Switzerland) Ltd.	Oberkirch, Switzerland	Sales	CHF	100'000	91.8%	87.7%
MILLET MOUNTAIN GROUP SAS	Annecy-le-Vieux, Frankreich	Sales	EUR	3'921'068	91.8%	87.7%
MILLET MOUNTAIN GROUP JAPAN Co Ltd.²⁾	Tokyo, Japan	Sales	JPY	10'000'000	91.8%	87.7%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	91.8%	87.7%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	91.8%	87.7%

¹⁾ Only active companies are listed.²⁾ Change of name in the reporting year.

In the prior year, impairment losses on an investment of CHF 1'000 were reversed.

1.2 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities of CHF 23'802 result from the syndicated loan agreement renegotiated in 2018. Nominally, the loans are denominated in swiss franc and euro.

1.3 SHARE CAPITAL

The share capital of CHF 826 (2018: CHF 826) consists of 8'257'351 (2018: 8'255'951) registered shares outstanding with a par value of CHF 0.10 (2018: CHF 0.10). As of the reporting date, 1'400 registered shares (2018: 53'672 registered shares) were not entered in the commercial register.

1.4 CONDITIONAL CAPITAL

The Annual General Meeting held on 15 April 2019 authorised an increase of the existing conditional capital. The increase will take place under exclusion of shareholders' subscription rights by issuing a maximum of 250'000 registered shares to be fully paid up at a par value of CHF 0.10 each.

In the reporting period, a conditional capital increase of CHF 0.1 (2018: CHF 6) or 1'400 registered shares (2018: 53'672 registered shares) was carried out. A premium of CHF 30 (2018: CHF 1'937) from the capital increase was transferred to the capital contribution reserves.

The available conditional capital as of 31 December 2019 amounts to CHF 35 (2018: CHF 10). This equates to 352'649 registered shares (2018: 104'049 registered shares) with a par value of CHF 0.10 (2018: CHF 0.10) each.

1.5 CAPITAL CONTRIBUTION RESERVES

The capital contribution reserves consist of additional paid-up capital from past capital increases, reduced by past dividend distributions. The distribution from capital contribution reserves is treated for tax purposes 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].

1.6 TREASURY SHARES

As of the reporting date 31 December 2019, the Company holds 15'160 treasury shares. In the reporting year, there were no transactions with treasury shares.

2. Further information

2.1 FULL TIME POSITIONS

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

2.2 SIGNIFICANT SHAREHOLDERS

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

	2019	2018
Shareholder group of Kellenberger family members	34.1%	34.3%
Veraison Capital AG	15.1%	16.1%
Vontobel Fonds Services AG	7.2%	8.7%
Swisscanto Fonds Services AG ¹⁾	5.0%	5.0%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 26 September 2019.

2.3 PLEDGED ASSETS

As of 31 December 2019, there are no assets pledged as collateral. The syndicated loan agreement concluded in 2018 does not provide for any such collateral.

2.4 CONTINGENT LIABILITIES

Guarantee obligations in favour of third parties of up to CHF 40'000 (2018: CHF 40'000) have been issued for Group companies in connection with bank financing as of 31 December 2019. Claims of CHF 0 (2018: CHF 0) had been made as of the reporting date 31 December 2019. As of 31 December 2019, the Company had also issued a rent guarantee in favour of a third party for one AUBADE store (2018: one AUBADE store).

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

Number as of 31 December	Registered shares 2019	Employee stock options 2019	Total 2019	Registered shares 2018	Employee stock options 2018	Total 2018
Thomas Lustenberger (Chairman) ⁴⁾	n/a	n/a	n/a	74'680	-	74'680
Percentage of voting rights				0.9%		0.9%
Marco Gadola (Chairman) ¹⁾	8'799	-	8'799	-	-	-
Percentage of voting rights	0.1%		0.1%	-	-	-
Hans-Kristian Hoejsgaard (Vice Chairman) ¹⁾	1'000	-	1'000	-	-	-
Percentage of voting rights	0.0%		0.0%	-	-	-
Valentin Chaperro Rueda (Member)	-	-	-	-	-	-
Nathalie Gaveau (Member)	-	-	-	-	-	-
Beat Grüning (Member) ⁴⁾	n/a	n/a	n/a	39'174	-	39'174
Percentage of voting rights				0.5%		0.5%
Lukas Morscher (Member) ²⁾	-	-	-	n/a	n/a	n/a
Dijana Kellenberger (Member) ^{2), 3)}	2'813'393	-	2'813'393	n/a	n/a	n/a
Percentage of voting rights	34.1%		34.1%			
Erich Kellenberger (Member) ^{3), 4)}	n/a	n/a	n/a	2'809'845	-	2'809'845
Percentage of voting rights				34.3%		34.3%
Stefan Portmann (Member)	6'400	-	6'400	6'400	-	6'400
Percentage of voting rights	0.1%		0.1%	0.1%		0.1%
Reiner Pichler (CEO)	4'600	-	4'600	4'600	-	4'600
Percentage of voting rights	0.1%		0.1%	0.1%		0.1%
Daniel Gemperle (COO)	-	40'701	40'701	-	30'701	30'701
(Potential) percentage of voting rights		0.5%	0.5%		0.4%	0.4%

in CHF 1'000

Number as of 31 December	Registered shares 2019	Employee stock options 2019	Total 2019	Registered shares 2018	Employee stock options 2018	Total 2018
Sacha Gerber (CFO)	1'500	-	1'500	1'000	-	1'000
Percentage of voting rights	0.0%		0.0%	0.0%		0.0%
Manuela Ottiger (CHRO)	-	25'000	25'000	-	18'000	18'000
(Potential) percentage of voting rights		0.3%	0.3%		0.2%	0.2%
Stefan Mues (CDO) ⁵⁾	-	10'000	10'000	n/a	n/a	n/a
(Potential) percentage of voting rights		0.1%	0.1%			

¹⁾ new position from 15 April 2019.²⁾ from 15 April 2019.³⁾ Shareholder group of Kellenberger family members.⁴⁾ until 15 April 2019.⁵⁾ Group management since 1 January 2019.**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 2019 is CHF 31.45 (2018: CHF 36.30). 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 in 2019	Value in 2019	Number in 2018	Value in 2018
Employee stock options granted to the members of Executive Management ¹⁾	27'000	126	17'000	109

¹⁾ The options were granted on 1 April 2019 to members of the Executive Management still in the employ of the Company at that time.

2.7 SUBSEQUENT EVENTS

The financial statements were released for publication by the Board of Directors on 28 February 2020. The financial statements are subject to approval by the Annual General Meeting scheduled for 29 April 2020.

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 general legal reserves, retained earnings and capital contribution reserves

Retained earnings	2019	2018
Carryforward from prior year	164'598	149'681
Net income	7'163	14'917
Retained earnings as of 31 December	171'761	164'598
Dividends	-6'593	-
Retained earnings as of 31 December/carryforward to new account	165'168	164'598

Capital contribution reserves	2019	2018
Carryforward from prior year	672	5'328
Allocations	30	1'937
Capital contribution reserves available to the Annual General Meeting	702	7'265
Dividend from capital contribution reserves	-	-6'593
Carryforward of the capital contribution reserves to new account	702	672

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 29 April 2020 to issue a dividend for fiscal year 2019 of CHF 0.80 per registered share from the capital contribution reserves.

All shares issued as of 31 December 2019 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. The total dividend amount payable therefore depends on the number of treasury shares held on the distribution date. Assuming the Annual General Meeting approves the dividend, payment will be made on 8 May 2020.



Independent auditor's report to the General Meeting of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 28 February 2020

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 75 to 82), for the year ended 31 December 2019.



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 2019 comply with Swiss law and the company's articles of incorporation.



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

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



2

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

Valuation of investments in subsidiaries

Area of focus CALIDA Holding AG holds investments in subsidiaries that represent 98% of the total assets on standalone level. Total investments are material to the entity and may be subject to changes in value. Accordingly, management performs regular impairment considerations and calculations to determine the value of each single investment.

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

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

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



Report on other legal requirements

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

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

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

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Ana Dragus
Manager



Remuneration report 2019 of CALIDA Holding AG

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

Introduction

The CALIDA Holding AG's remuneration report describes the remuneration system applied and provides detailed information on the remuneration of members of the Board of Directors (BoD) and Executive Management for fiscal years 2019 and 2018. This report meets the requirements set out in point 5 of the Annex to the SIX Swiss Exchange's Directive on Information relating to Corporate Governance (DCG) dated 1 September 2014 as well as the requirements of articles 13 to 16 of the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), which entered into force on 1 January 2014.

1. Principles

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

The remuneration system is based on the following principles:

Remuneration should be fair and in line with the market

Remuneration should be linked to the Company's success

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

Remuneration should be transparent

2. Remuneration regulations

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

APPROVAL PROCESS

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

The Annual General Meeting on 15 April 2019 reelected Hans-Kristian Hoejsgaard (Chairman) onto the NCC and Dijana Kellenberger (Member) was newly elected.

NCC meetings generally take place prior to meetings of the Board of Directors so that proposals can be defined and approved by the full Board.

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

3. Remuneration system

3.1 DEFINITION OF THE REMUNERATION FOR THE BOARD OF DIRECTORS

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

Chairman	150
Vice Chairman	70
Member	59
Chairman of a Committee	35
Committee Member	25

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

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

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

3.2 DEFINITION OF THE REMUNERATION FOR EXECUTIVE MANAGEMENT

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

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

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

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

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

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

Externally contracted member of Executive Management

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

3.3 RELATED PARTIES

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

3.4 ELEMENTS OF REMUNERATION

Fixed remuneration for the Board of Directors and Executive Management

The components of fixed remuneration are disbursed in cash.

Variable remuneration

Short-term, variable remuneration of Executive Management

In the reporting period, targets for sales and operating earnings – defined by the Board of Directors

during the budgeting process – served as the basis for measuring short-term variable components. The sales targets are weighted at 20% and the operating earnings targets at 80%.

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

The achievement of the 2019 operating targets led to a variable remuneration of the CEO of 160% and an average variable remuneration of the other members of Executive Management of 50%.

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 Nomination & Compensation Committee (NCC) and with the exception of the CEO, employee stock options on registered shares of CALIDA Holding AG may be allocated to members of 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.

3.5 OUTLOOK 2020 NEW LONG-TERM VARIABLE INCENTIVE PLAN (LTI)

During FY19, a new share-based long-term incentive plan (LTI) was developed and approved by the Board as a replacement of the current long-term, variable remuneration of Executive Management and the CEO. This new LTI will be introduced with a first grant in financial year 2020 with the purpose of further fostering long-term value creation for the company and be more aligned with market practice based on the following considerations:

Enable Executive Management and the CEO to become shareholders or to increase their shareholding in the CALIDA Holding AG;

Further align the long-term interests of the management with those of the shareholders and thereby enhance the value of the CALIDA GROUP for the benefit of shareholders;

Enable the CALIDA GROUP to attract, retain, and motivate highly qualified eligible employees; and Reward contribution to the long-term performance of the CALIDA GROUP.

The individual grant amounts in CHF under the new LTI are defined based on several factors which include, amongst others, the participant's role, general level of performance, quality of realized performance, company strategy as well as external market considerations.

The award under the new LTI is a contingent entitlement (Performance Share Unit or PSU) to receive company shares, provided that certain performance targets are achieved over a performance period of three years. In case certain thresholds are not met, no company shares will vest based on the new LTI.

For the purpose of the new LTI, the measure of the company's long-term performance consists of two equally weighted metrics:

50% of the award is linked to the absolute Total Shareholder Return (TSR); and

50% of the award is linked to the cumulative EBIT performance.

The targets for each metric are approved by the Board of Directors for each grant.

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

(Current and former members)

The Annual General Meeting held on 18 May 2018 approved the following maximum total amounts for fiscal year 2019:

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

2019	Fixed remuneration	Variable remuneration		Contributions in kind	Pension expenses ⁶⁾	Total
	Cash (gross)	Short-term	Long-term			
		Cash (gross)	Options ⁵⁾			
Marco Gadola (Chairman) ³⁾	152	-	-	-	12	164
Hans-Kristian Hoejsgaard (Vice Chairman) ⁴⁾	100	-	-	-	-	100
Thomas Lustenberger ²⁾	49	-	-	-	3	52
Valentin Chaperro Rueda	83	-	-	-	6	89
Nathalie Gaveau	75	-	-	-	-	75
Beat Grüning ²⁾	30	-	-	-	2	32
Dijana Kellenberger ¹⁾	60	-	-	-	5	65
Lukas Morscher ¹⁾	67	-	-	-	5	72
Erich Kellenberger ²⁾	22	-	-	-	1	23
Stefan Portmann	90	-	-	-	-	90
Total Board of Directors	728	-	-	-	34	762
Total Executive Management	1'699	1'138	126	-	43	3'499
Thereof: CEO Reiner Pichler	664	640	-	-	10	1'576
Number of current and former members of Executive Management:	5					

¹⁾ Since election by the Annual General Meeting on 15 April 2019.

²⁾ Until the Annual General Meeting on 15 April 2019.

³⁾ Since election by the Annual General Meeting on 15 April 2019 Chairman of the Board of Directors.

⁴⁾ Since the Annual General Meeting on 15 April 2019 (Vice Chairman) of the Board of Directors.

⁵⁾ 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 31.45; 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.

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

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

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

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

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

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

Independent auditor's report on the audit of the remuneration report of CALIDA Holding AG, Oberkirch



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 28 February 2020

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 2019. 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 91 to 92 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 2019 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)

Ana Dragus
Manager



MILLET | TRILOGY SIGNATURE WOOL

Corporate governance report 2019

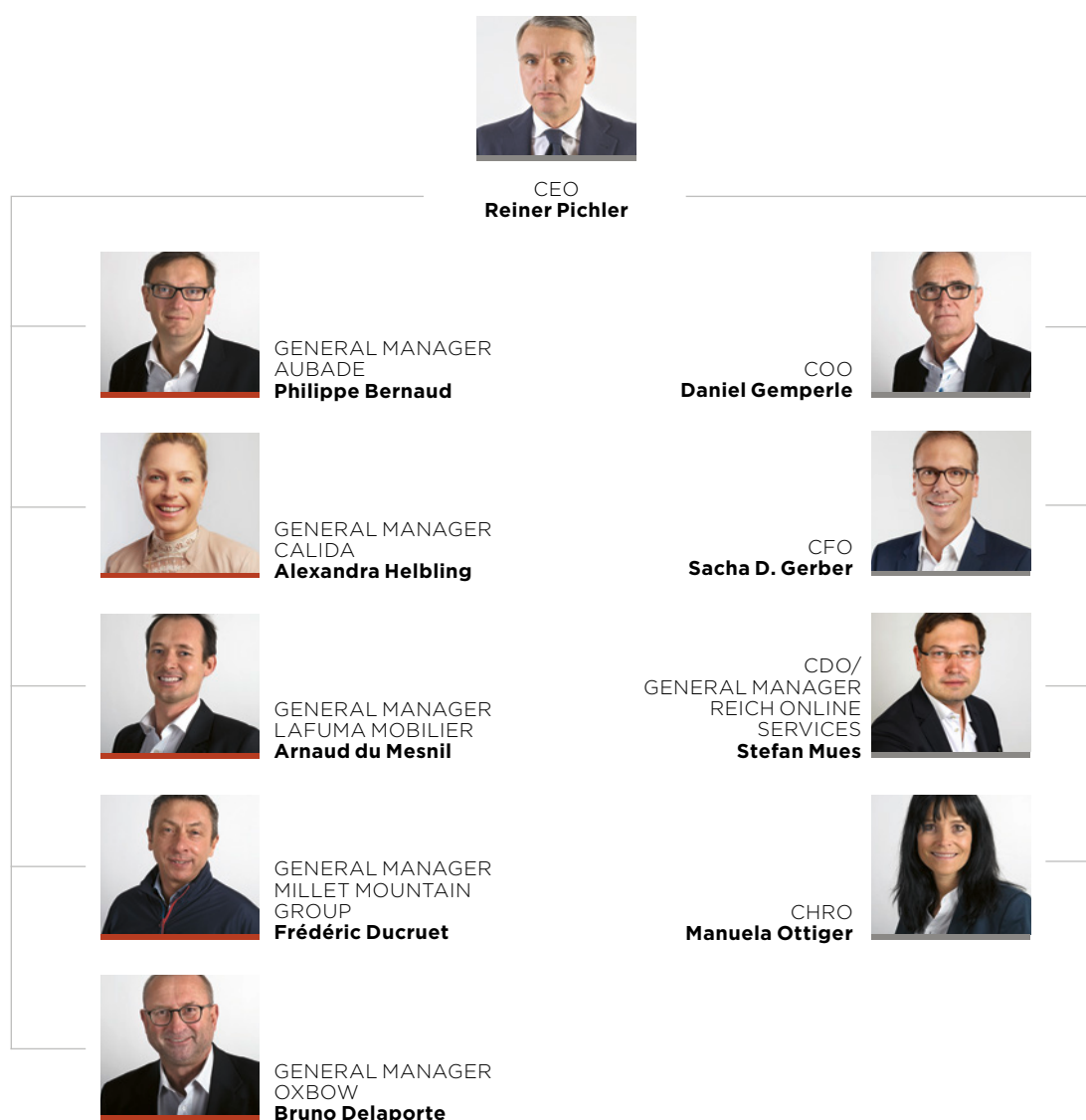
CALIDA GROUP

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:



Operating divisions

Group Function &
Member of Executive Management

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 303.9 million as of the reporting date 31 December 2019.

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 147.6 million as of the reporting date 31 December 2019.

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 40 onwards in the "Consolidated financial statements 2019 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 2019.

Shareholder group of Kellenberger family members	34.1%
Veraison Capital AG	15.1%
Vontobel Fonds Services AG	7.2%
Swisscanto Fondsleitung AG ¹⁾	5.0%

¹⁾ In accordance with reporting to SIX Swiss Exchange as of 26 September 2019.

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

All disclosure notifications of shareholdings in CALIDA Holding AG are available on the disclosure office's electronic publication platform at: <https://www.six->

[exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=CALIDA](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 80f. of the notes to the financial statements 2019 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 2019

The ordinary share capital of the Company amounts to approx. CHF 826k, divided into 8'257'351 registered shares with a par value of CHF 0.10 each. The ordinary share capital entered in the commercial register was approx. CHF 826k as of 31 December 2019, corresponding to 8'255'951 registered shares.

The available conditional capital amounts to approx. CHF 35k. This equates to 352'649 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 2019 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 76.

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 in.

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 60 onwards in the consolidated financial statements 2019 of the CALIDA GROUP.

3. Board of Directors

3.1 MEMBERS OF THE BOARD OF DIRECTORS (BOD)

a) Name, nationality, education and professional background

MARCO GADOLA

Chairman of the Board of Directors

Nationality	Swiss/French
Born	1963
Joined the BoD	7 April 2011
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Audit & Risk Committee, member
Education	University of Basel (lic. rer. pol; MBA), London School of Economics (Accelerated Management Development Programme)
Professional background	March 2013 to December 2019 CEO and member of Executive Management of the Straumann Group; 2012–2013 CEO Asia Pacific of the Panalpina Group; 2008–2012 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	Member of the Board of Medacta Castel San Pietro (TI); Member of the Board of Directors of DKSH Holding AG, Zurich and Member of the Board of Directors of several other unlisted companies

HANS-KRISTIAN HOEJSGAARD**Vice Chairman of the Board of Directors**

Nationality	Danish
Born	1958
Joined the BoD	13 May 2014
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Nomination & Compensation Committee, Chairman
Education	Southern Denmark Business School (HD business graduate); Harvard Business School (Executive Education); INSEAD (Executive Education); The Wharton School of Business, University of Pennsylvania (Executive Education)
Professional background	CEO-Mentor at Mentore Consulting LLP, London; 2018-2019 CEO ad interim at the MCH Group AG, Basel; 2011-2017 CEO at the Oettinger Davidoff AG, Basel, 2014-2017 Board member; 2008-2009 CEO of the Timex Group B.V., New York and Chairman of the Board of Directors of Timex India; 2003-2007 CEO of Georg Jensen A/S, Copenhagen; 1998-2002 CEO of Lancaster Group (Coty), Paris; 1993-1998 Regional Managing Director, Asia Pacific, Guerlain (LVMH) Hong Kong; 1986-1993 Seagram International, Italy, Hong Kong, Thailand
Other activities and vested interests	Member of the Board of Directors, Chairman of the Strategy Committee and Member of the Governance, Nomination and Compensation Committee of MCH Group AG (Messe Schweiz); Member of the Board of Directors and Member of the Audit Committee of Barclays Bank (Suisse)

DR. VALENTIN CHAPERO RUEDA

Nationality	Swiss/Spanish
Born	1956
Joined the BoD	9 May 2017
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Strategic Committee, member
Education	Heidelberg University (Ph.D. In Physics)
Professional background	Co-founder and Partner of Veraison Capital AG until November 2019; 2002-2011 CEO and Board member Sonova Holding AG, 1989-2002 various management functions at Siemens Group
Other activities and vested interests	Chairman of the Board of Directors of Ascom Holding AG; Member of the Board of Directors of TRI Dental Implants AG; Chairman of the Board of Directors of VALAMERO Holding AG

NATHALIE GAVEAU

Nationality	France
Born	1975
Joined the BoD	18 May 2018
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Strategic Committee, member
Education	HEC School of Management (Ecole des Hautes Etudes Commerciales), Paris
Professional background	Since September 2019, Managing Director and Partner BCG Digital Ventures, London, Paris; 2010-2019 Founder and CEO of SHOPCADE, France, UK and USA; 2007-2010 Interactive Business Director of Tequila, Hong Kong, London; 2003-2007 E-Business and CRM Manager Asia Pacific of Club Med, Singapore & Hong Kong; 2000-2003 Co-founder and Managing Director of Priceminister, Paris
Other activities and vested interests	Member of the HEC Board and Foundation for education and research; Independent Non-executive Director and member of the Corporate Social Responsibility Committee of Coca-Cola European Partners (CCEP)

DR. LUKAS MORSCHER

Nationality	Swiss
Born	1963
Joined the BoD	15 April 2019
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Audit & Risk Committee, Chairman
Education	University of Basel (lic. rer. pol., Dr. iur.); Harvard Business School (Advanced Management Program)
Professional background	Since 1998 Attorney and since 2003 Partner at Lenz & Staehelin; 1996–1997 Attorney at Preston Gates & Ellis, in the USA; 1995–1998 Attorney at Böckli Thomann & Partner, 1993–1995 Economic Advisor at the Swiss State Secretariat for Economic Affairs (SECO)
Other activities and vested interests	Vice-Chairman of the Board of Directors of ONE.THING.LESS AG; Member of the Foundation Board of the EFORT Foundation

DIJANA KELLENBERGER

Nationality	Swiss
Born	1963
Joined the BoD	15 April 2019
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Nomination & Compensation Committee, member
Education	Swiss Textile Technical School (schweizerische Textilfachschule) in Lucerne
Professional background	2000–2018 Co-Founder and CEO of Blue Lemon AG, Lucerne; between 1996 and 2000 various functions at CALIDA AG, Sursee
Other activities and vested interests	Co-CEO, Member of the Board and joint owner of Blue Lemon AG, Lucerne

STEFAN PORTMANN

Nationality	Swiss
Born	1967
Joined the BoD	21 April 2016
Term of office	until the Annual General Meeting for fiscal year 2019
Committee	Strategic Committee, Chairman
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	Since 2017 Member of the Board of Directors of Luzerner Kantonalbank AG, Lucerne; since 2015 Member of the Board of Directors of Stöckli Swiss Sports AG, Wolhusen; since 2013 Trust Board Member Pro Juventute, Zurich; since 2010 Member of the Board of Directors of Flaschenpost Services AG, Zurich and Member of the Board of Directors of several other unlisted companies

The following table provides an overview of the meetings of the members of the Board of Directors, telephone conferences and circular resolutions in 2019.

	Board of Directors ¹⁾	Strategic Committee	Audit Committee	Compensation Committee	Circular resolutions
Total	9	2	3	1	1
Average duration (in hours)	4:35	1:30	2:15	2:00	-
Participants					
Marco Gadola, Chairman	9	0	3	0	1
Thomas Lustenberger ¹⁾	1	0	0	0	0
Hans-Kristian Hoejsgaard, Vice Chairman	9	0	0	1	1
Valentin Chaperon Rueda	9	2	1	0	1
Nathalie Gaveau	9	2	0	0	1
Beat Grüning ¹⁾	1	0	0	0	0
Lukas Morscher ²⁾	8	0	2	0	1
Erich Kellenberger ¹⁾	1	0	0	0	0
Dijana Kellenberger ²⁾	8	0	0	1	1
Stefan Portmann	9	2	0	0	1

¹⁾ Until the Annual General Meeting on 15 April 2019.

²⁾ Since election by the Annual General Meeting on 15 April 2019.

³⁾ Including two telephone conference calls.

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

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

c) Executive Management representation and significant business relationships

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

The CALIDA GROUP draws on the legal advisory services of several law firms, including Meyerlustenberger Lachenal, Zurich, of which Dr. Thomas Lustenberger, Chairman of the Board of Directors of CALIDA Holding AG (until 15 April 2019), used to be a partner. As of 31 December 2015, he resigned from the partnership. Meyerlustenberger Lachenal invoiced the CALIDA GROUP for fees totalling CHF 40k in the period up to 15 April 2019.

The shareholder group of the Kellenberger family members, which holds 34.1% of the share capital entered in the commercial register, is represented by Dijana Kellenberger on the Board of Directors of CALIDA Holding AG. CALIDA AG generated revenue of CHF 231k with Blue Lemon AG, which is controlled by Dijana Kellenberger. The transactions were conducted at arm's length.

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

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

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

3.3 RULES IN THE ARTICLES OF INCORPORATION ON THE NUMBER OF PERMITTED ACTIVITIES PURSUANT TO ARTICLE 12 PARA. 1 POINT 1 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 bod-

ies 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 Board of Directors elects the committee members on the recommendations of the Nomination & Compensation Committee, except the members of the Nomination & Compensation Committee who are elected by the General Meeting. Re-election is permissible. The Board of Directors also elects the chairman of the committee.

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

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

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

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

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

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

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

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

Monitor implementation of the external auditors' recommendations;

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

Perform any other tasks delegated by the Board of Directors.

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

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

Manage the selection process and formulate proposals regarding the CEO;

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

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

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

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

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

Plan succession at top management level;

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

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

3.5.3 Working methods of the Board of Directors and its committees

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

The Board of Directors has performed a self-assessment since fiscal year 2019. The members of Executive Management are assessed by the Board of Directors. The Board of Directors also provides mentoring to the Executive Management with the aim of acting as an experienced sounding board and coach.

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 and two workshops 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. Two meetings took place in the reporting period.

The Chairman also assumes special tasks as the contact person for the CEO and Executive Management. Seven 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, CDO 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 2019 financial statements of the CALIDA GROUP in the “Financial risk management” section on page 63ff.

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
Born	1962
Joined the EM	1 April 2016
Education	Master Tradesman Munich, Germany (trained retail salesman)
Professional background	2014–2015 CEO s.Oliver Group, Germany; 1994–2013 CEO Holy Fashion Group, Switzerland; 1992–1994 Managing Director Sales DACH at the Gruppo Finanziaro Tessile, Italy; 1984–1991 various management positions in the sales department of Hugo Boss, Germany
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
Born	1959
Joined the 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 some aspects of information technology; 2005–2011 additionally responsible for integration projects for AUBADE; 1988–1999 member of Executive Management (operations division) and the Board of Directors of a Swiss clothing company; 1984–1988 responsible for operations at a Swiss clothing group (retail and production)
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux, France; member of the Board of Directors of LU Couture AG, Lucerne

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

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

STEFAN MUES**Chief Digital Officer (CDO)**

Nationality	German
Born	1974
Joined the EM	1 January 2019
Education	Management assistant in retail business (Kaufmann im Einzelhandel) University of Kassel, former comprehensive university (graduate in economics), Kassel
Professional background	Since April 2018 Managing Director, Reich Online Services GmbH (Member of CALIDA GROUP), Stephanskirchen; since August 2017 Shareholder and Managing Director, becomeZ HSM GmbH – digital mindset for you, Hamburg; 2015–2017 CMO, EM Group Holding AG, Wertingen; 2011–2014 Shareholder and Managing Director, elaboratum New Commerce Consulting GmbH, Munich; 2005–2011 Director New Media (Member of the Executive Board), Verlagsgruppe Weltbild GmbH, Augsburg; 2000–2005 Consultant, atways Business Consultants AG, Hamburg
Other activities and vested interests	Shareholder and Managing Director, becomeZ HSM GmbH – digital mindset for you, Hamburg

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

Nationality	Swiss
Born	1971
Joined the 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 CALIDA AG; 1994–2003 Head of HR at a swiss media group
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux, France; Member of the Board of the foundation “Lebensraum Gebirge”

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

These details are provided in section 4.1.

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

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

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

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

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

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

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

4.4 MANAGEMENT CONTRACTS

In 2014, Manuela Ottiger was appointed CHRO. A contractual agreement to this end was entered into with Ottiger Consulting GmbH, Lucerne, 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 2019 remuneration report of CALIDA Holding AG (pages 87 to 92).

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 2019 remuneration report of CALIDA Holding AG (pages 87 to 92).

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 permissible.

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 Annual General Meeting for fiscal year 2018.

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

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

8.2 AUDIT FEES

Audit fees of approx. CHF 560k (allocated to the appropriate period) were payable to the statutory auditors Ernst & Young AG for the audit of the separate and consolidated financial statements 2019. The non-recurring audit related fees amount to CHF 21k.

8.3 ADDITIONAL FEES

Additional fees of CHF 14k were payable to Ernst & Young AG for advisory services.

8.4 INFORMATIONAL INSTRUMENTS PERTAINING TO THE EXTERNAL AUDIT

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

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

9. Information policy

CALIDA Holding AG updates its stakeholders on the business development in annual and half-year reports. Shareholders recorded in the Company's share register can request a copy of the condensed annual report dated 31 December 2019. Requested reports are sent out with the invitation to the Annual General Meeting. An electronic version is available on the Group's website (see below) from 6 March 2020. Shareholders can request a copy of the half-year report in summer 2020.

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



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