
ANNUAL REPORT 2016



CALIDA GROUP



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CHANGE OF STRATEGIC FOCUS – SOLID ANNUAL RESULTS



Dr Thomas Lustenberger and Reiner Pichler

DEAR SHAREHOLDERS

2016 was another challenging year all over the world for businesses selling underwear, apparel, outdoor wear and indoor and outdoor furniture. In most European countries, and especially in our main markets of France, Switzerland and Germany, retail sales were down sharply in the segments of the market where we operate. Despite these adverse conditions, and despite the fact that 2016 saw the CALIDA Group making targeted investments in its CALIDA and AUBADE brands and continuing to restructure MILLET Mountain Group, we still managed to achieve a better operating result than in 2015.

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

CHANGE OF FOCUS: CONCENTRATING ON DEVELOPING OUR BRANDS

2016 was notable for a change at the top of CALIDA Group's operational management. Reiner Pichler took over as CEO on April 1. The management team he now leads concentrated first and foremost on securing good operational results for 2016. The team developed and introduced measures that made a significant contribution to the Group's positive earnings performance.

By changing the operational leadership of the business, the Board of Directors signaled a change in strategic focus. In the short to medium term, the Group will concentrate on developing its brands. Consequently, the management team formulated concrete objectives and measures for all brands and business areas on the basis of an updated opportunity/risk assessment, thus laying the foundations for CALIDA Group's sustainable and profitable development. The individual elements of the new strategic focus were presented to the Board of Directors in the autumn and unanimously approved. The core themes of this new focus are as follows:

We will concentrate our activities more consistently on meeting customer needs. Our brands and products will be positioned more clearly.

We will develop genuine innovations that trigger impulse purchases and maintain the appeal of our brands.

E-commerce will be promoted as a priority.

We will use our potential in wholesale business more intensively, especially with key account customers and through better management of sales areas

We will improve KPIs in our own retail operations in order to increase sales per square meter; we will only expand the store network in exceptional locations

We will strengthen targeted activities in our existing export markets in order to reduce dependence on our core markets of France, Switzerland and Germany.

CHALLENGING OPERATING ENVIRONMENT

Consumer sentiment was subdued in 2016. Political, economic and social issues in Europe and across the

world are making consumers feel insecure. These issues include Brexit, refugee flows, fear of terrorism, high rates of unemployment in many European countries and political radicalization. In Switzerland, additionally, retail tourism is as strong as ever. According to the latest study by Credit Suisse, Swiss shoppers still spend one in every ten francs abroad. This is especially hard for the CALIDA brand, which generates 40% of its sales in Switzerland. For all the reasons mentioned above, traditional retail sales of apparel and footwear were lower in our main sales markets: they were down 1 percent in France, 2 percent in Germany and 7 percent in Switzerland. Targeted measures had to be initiated in order to maintain operating results.

DIGITAL DEVELOPMENTS

The digitalization of the company is a key focus. E-commerce is the most important element of this, and is the fastest growing sales channel worldwide. Up to 30% of sales within individual textile product groups are made via e-commerce. In Germany, e-commerce is already the main shopping channel for consumers. Other countries will soon follow. Double-digit growth is forecast for worldwide e-commerce in the years ahead. We see this trend as a great opportunity for CALIDA Group, especially in combination with our own retail operation and with the involvement of our wholesale customers. Two thirds of consumers surveyed want to make use of "omnichannel" options for their shopping. "Omnichannel" essentially describes the combination of e-commerce with traditional, store-based retail. CALIDA Group increased sales through its own e-commerce operation by 26.5 percent. These sales accounted for 3.6 percent of the total, up from 2.9 percent in the prior year – figures which don't include online sales of our products by our retailing customers and online stores. This trend will continue to accelerate for us, which is why building up our expertise in e-business is such a priority.

CALIDA ACQUIRES E-COMMERCE SPECIALIST

At the beginning of March 2017, CALIDA Group strengthened its e-commerce business by acquiring a 100 percent stake in Reich Online. This acquisition will fast-track the development of e-commerce at all the Group's brands. The Reich Online investment is also an investment in a digital multi-brand business, opening up a new area of business with positive potential for our Group.

3.3%

increase in sales

26.5%

growth in e-commerce

3.3%

**EBIT increase
(before exceptional items)**

1.6×

**exceeds the operating
cash flow the net income**

2.3%

dividend yield

Reich Online Services GmbH, based in Stephanskirchen, Germany, has 75 employees and generated turnover of EUR 14.1 million in 2016. The company has grown continuously and very profitably in recent years. Among other activities, Reich Online operates the CALIDA online shop in Germany and the multi-brand underwear shop www.onmyskin.de. With the purchase of Reich Online, CALIDA Group is strengthening its capabilities in e-commerce, a key growth area. The parties have agreed not to disclose any information about the purchase price.

Karin Stäbler, the founder and Managing Director of Reich Online, will join CALIDA Group as a member of Group Management with responsibility for e-commerce. She will work with our brands' e-commerce teams to fast-track online retailing across the CALIDA Group.

SOLID FINANCIAL RESULT

The key financial figures for 2016 were as follows:

Net sales went up from CHF 359.0 million to CHF 370.9 million, an increase of 3.3 percent. After currency adjustments, sales were 1.2 percent higher.

The operating result before exceptional items increased by 3.3 percent from CHF 21.5 million to CHF 22.3 million. The return on sales was unchanged at 6.0 percent. The operating result of CHF 18.3 million includes one-time costs of CHF 4.0 million, mainly relating to the ongoing restructuring of MILLET Mountain Group, i.e. the restructuring of the LAFUMA brand's sales activities in Hong Kong and the MILLET Mountain Group's logistics in Asia, the restructuring of the MILLET and EIDER brands' sales organization in the USA, and the relocation, optimization and flexibilization of the in-house backpack production facility in China.

As a result, net income fell as predicted by 13.1 percent from CHF 17.0 million to CHF 14.8 million.

Thanks to a special focus on the management of net working capital, cash flow from operating activities rose to CHF 23.6 million (prior year CHF 18.3 million). Despite the decline in net income, the investment activity and the acquisition of a substantial minority stake in LAFUMA, net liquidity only fell slightly, from CHF 32.4 million to CHF 26.2 million.

The equity ratio went up, from 59.3 percent to 61.9 percent, in spite of the LAFUMA acquisition.

Group headcount remained practically unchanged at 2'906 (previous year 2,953).

CALIDA

CALIDA celebrated its 75th anniversary in 2016 with numerous special editions and promotions. The appreciation of the Swiss franc, and especially the fact that its strength encourages Swiss consumers to shop abroad, continues to hamper the brand, which generates more than 40 percent of its sales in its Swiss home market. Despite this negative influence, CALIDA achieved a very good result, especially in comparison with its competitors. Measures to strengthen the brand among key account customers in Switzerland and to optimize the retail network of over 130 CALIDA stores are progressing well.

Sales through CALIDA's own e-commerce platform, a strategic focus point, increased by 26.6 percent and reached 2.7 percent as a share of overall sales. Measures to modernize the brand and optimize the collections were continued. CALIDA advertisements were shown on television, e-boards at railway stations and other busy sites and online. By "visualizing" the modernization of its collection in this way, CALIDA was able easily to outperform the market in terms of sales, especially in its own stores.

Net sales went up 1.9 percent, from CHF 128.2 million to CHF 130.6 million. After adjusting for currency movements, the rise was 1.1 percent. Despite the higher spending on modernizing the brand, operating profit contribution went up from CHF 35.6 million (27.7 percent of sales) to CHF 36.0 million (27.6 percent), an increase of 1.2 percent.

Aubade

For AUBADE, 2016 brought targeted changes in the management of sales areas at key account customers in France. One of these changes entailed a switch to a consignment model for its largest retail customers. This required a stock buy-back and had a one-off negative effect on sales and profitability in the first half of the year; but thanks to skilled sales area management, it led to higher sales and earnings in AUBADE's own retail operation right from the start.

AUBADE invested substantially in marketing during the year under review, as well as in focusing the collection and in innovations to push international growth and increase the appeal of the brand in foreign markets. The best example of this is the very successful cooperation with French designer Christian Lacroix, who created an exclusive range of lingerie for AUBADE. The range proved successful all over the world and made a very positive contribution to the development of the brand.

The difficult operating environment mentioned above certainly affected France as a direct victim of terror attacks. Unemployment rates and the political situation also led to insecurity in the French market. This had a direct impact on AUBADE, since two thirds of its sales are in France. Expectations were not met in the first half year, but the brand then gained market share thanks to the introduction of sales promotion measures and a strong fall/winter collection. The EUR 1.1 million decline in sales in the first half of the year was made up for in the second. For the year as a whole, sales increased from EUR 53.4 million to EUR 53.5 million. Operating profit contribution was down 9.6 percent from EUR 14.4 million (26.9 percent of sales) to EUR 13.0 million (24.3 percent).



The outdoor specialist for mountain and skiwear, with its MILLET, EIDER and LAFUMA brands, suffered as a result of the warm weather in winter 2015/16. As predicted, the negative signs for the second half, when sales are usually much higher, were confirmed. Owing to unsatisfactory sales by our retailing customers in the previous winter, inventory levels in this very seasonal business were still high in 2016. As a result, orders for the 2016 winter collection were subdued. Pre-orders were lower than the previous year and could only be offset to a limited extent by additional sales measures.

The negative impact of an excessively warm winter were compensated for by much greater operational efficiency, as well as by the integration of the three brands MILLET, EIDER and LAFUMA at the Annecy site, a cautious purchasing policy and a reduction in the size of the collections, especially at EIDER.

The MILLET Mountain Group increased its whole-year sales by 2.9 percent from EUR 99.3 million to EUR 102.3 million. After currency adjustments, sales went up 1.6 percent. The main brand, MILLET, achieved sales growth of 6.1 percent (3.9 percent after currency adjustment), while LAFUMA increased its sales – for the first time since CALIDA Group took control – by 9.7 percent. Having given up its Killy license as part of the restructuring strategy, and owing to unfavorable weather, the EIDER brand saw sales fall by EUR 2.7 million, or 12.9 percent. MILLET Mountain Group's contribution to operating profit went up in the year under review by 4.7 percent from EUR 19.3 million (19.5 percent of sales) to EUR 20.3 million (19.8 percent).

Alongside the CALIDA Division, the MILLET Mountain Group and its three brands remained the CALIDA Group's largest division. We believe there is global growth potential particularly for the MILLET brand. CALIDA Group will continue to invest in the Mountain Group's organization and especially in its distribution with the aim of completing the restructuring and entering a phase of sustainable growth. Complexity has to be reduced so that the performance demanded by the market can be delivered more flexibly. With this in mind, LAFUMA's distribution and logistics organization in Hong Kong was restructured during the year under review, while EIDER's and MILLET's own distribution activities in the USA were brought to an end. LAFUMA's distribution activities in the USA and Hong Kong are

currently being reorganized into a structure that does not require an in-house distribution company. This will be much more profitable and simpler, though it will initially deliver lower sales.

In Japan, the largest sales organization outside France, new leadership had to be brought in. In China, in-house production was relocated to a new site and restructured to create a combined production operation that can handle backpacks as well as distribution for MILLET.



The FURNITURE division, which manufactures and distributes outdoor furniture under the LAFUMA brand, performed extremely successfully for the third straight year since it was made independent as part of the reorganization of LAFUMA Group following its takeover by CALIDA. The FURNITURE Division is positioned in an interesting niche of the outdoor furniture industry. As a genuine brand product in this market segment, its success is based on excellent “Made in France” quality, distinctive design and a high degree of comfort.

The division has a clear internationalization strategy, which already began to bear its first fruits during the year under review with a pleasing performance in the key German market. It is also opening up new market segments. With its newly launched “Privilege” line, for example, which combines innovative design with high quality French production, it is tapping into the designer furniture market. This market is important for brand positioning, as well as offering very attractive higher margins. The gradual expansion of the premium segment is aimed at upgrading the brand’s positioning to the benefit of its growth in international markets, particularly Germany, Switzerland, Austria and the Benelux countries.

The weather in 2016 was not as conducive to sales as it was in 2015. Nevertheless, the decline in traditional retail sales in the French home market was more than offset by direct sales through the division’s own e-commerce operation and by the increase in exports. As a result, very healthy organic sales growth of 8.7 percent was achieved during the year under review – an increase in absolute terms of EUR 35.3 million to EUR 38.4 million. At the same time, its contribution to operating profit went up by EUR 1.2 million to EUR 11.6 million (30.2 percent of sales compared with the previous year’s 29.3 percent).

The FURNITURE Division thus remained CALIDA Group’s most profitable division in percentage terms. Owing to the considerable potential of this division, especially in international markets, further investments were made in sales, marketing and product development during the year under review.



The surf and lifestyle brand OXBOW generates more than 90 percent of its sales in France; it was affected in a similar way to AUBADE by the cautious mood of French consumers. The absence of tourists, especially in coastal regions where OXBOW makes most of its sales, also caused difficulties.

Sales decreased by 3.5 percent from EUR 26.2 million to EUR 25.3 million following a 12.0 percent fall in 2015. Due to cost saving measures and an increased focus on margin, the contribution to operating profit increased by 8.7 percent from EUR 4.6 million (17.7 percent of sales) to EUR 5.1 million (20.0 percent). OXBOW thus remains profitable. Developing the company and positioning and internationalizing the brand remains a major challenge.

The OXBOW brand has to assert itself in a very tight surfwear market, in which all major competitors face economic difficulties. OXBOW is a strong brand, and thanks to its name recognition and independent profile, it has the potential to perform positively.

“Although the economic environment is challenging, the CALIDA Group gets ready for a positive future development.”

REINER PICHLER

INTERNAL MANAGEMENT STRUCTURE ADJUSTED

The acquisition of Reich Online prompted the Board of Directors to simplify the operational management structure. CALIDA Group has been given a new Executive Board with cross-divisional responsibilities. Its members are Reiner Pichler (CEO), Thomas Stöcklin (CFO), Daniel Gemperle (COO) and Manuela Ottiger (CHRO). The enlarged Group Management now consists of the members of the Executive Board plus all the General Managers (GM) of the divisions, namely Andreas Lindemann (GM CALIDA), Philippe Bernaud (GM AUBADE), Frédéric Ducruet (GM MILLET Mountain Group), Arnaud Du Mesnil (GM FURNITURE), Bruno Delaporte (GM OXBOW) and new member Karin Stäbler as General Manager of the new Online Services Division. Andreas Lindemann (GM CALIDA) and Philippe Bernaud (GM AUBADE) will thus remain General Managers and members of Group Management, but will not belong to the Executive Board as they do not have the required cross-division responsibility. The members of the Executive Board and Group Management report directly to the CEO.

CORPORATE GOVERNANCE

Jean-Paul Rigaudeau and Stefan Portmann were elected at the Annual General Meeting as new members of the Board of Directors. At the same time, Jean Paul Rigaudeau became a member of the Audit & Risk Committee in place of Hans-Kristian Hoejsgaard, who took over from Chairman of the Board Thomas Lustenberger as Chair of the Nomination & Compensation Committee. Stefan Portmann joined the newly formed Strategic Committee together with Thomas Lustenberger, who will function as committee chair, and Beat Grüning.

CALIDA Holding AG significantly increased its investment in LAFUMA SA in April 2016, when it acquired a minority stake of 11.6 percent, thus bringing its total shareholding to 71.5 percent. Because CALIDA Group's interest in LAFUMA SA now exceeds the two-thirds threshold, qualified majorities are required for General Meeting decisions. Lafuma SA is still listed on the Euronext exchange in Paris.

VERAISON Capital AG, Zurich, has been the second largest shareholder in CALIDA Holding AG since October 26, 2016, when it acquired a 16.3 stake from Micalux SA, Luxembourg. The largest shareholder is still the Kellen-

berger family, which owns 34.7 percent of the shares. The Board of Directors is proposing to shareholders at the forthcoming Annual General Meeting that they pay a dividend of CHF 0.80 per share out of reserves from capital contributions. The proposed dividend can once again be paid free of withholding tax and – at least for natural persons with tax domicile in Switzerland – free of income tax.

OUTLOOK

The forecast for 2017 is that markets will continue to stagnate and that the retail sector will continue to be gripped by deep and lasting change. This will result in more intense competition, which we will counter with investments in our brands to ensure that the CALIDA Group continues to perform positively in the long term.

Order books for the spring/summer 2017 collection are slightly healthier at CALIDA, MILLET Mountain Group and OXBOW than they were a year ago. We are confident that we will be able to compensate for the fall in orders at AUBADE and the FURNITURE Division through special measures and re-order sales, as well as through sales campaigns at our own retail outlets and e-commerce channels.

Taking into consideration all positive and negative aspects like the acquisition of Reich Online, the reduction in sales resulting directly from restructurings in the USA and Hong Kong as well as owing to the continuing challenging situation in European retail, we expect the business remaining stable overall. 2017 will be a year of transition for CALIDA Group, with additional investments made in sustainable organic growth, especially at the CALIDA and LAFUMA Furniture brands. The planned additional investments in communication, collections and organization at CALIDA will help modernize and strengthen the brand. The investments at LAFUMA Furniture will help us build up contract business with hospitals, retirement homes, hotels and the Privilege line.

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



Dr Thomas Lustenberger
Chairman of the Board



Reiner Pichler
Chief Executive Officer

75 YEARS OF INNOVATIVE SWISS QUALITY



“75 years in the fashion industry speak for themselves. We are constantly striving to become even better at what we do.”

ANDREAS LINDEMANN
GENERAL MANAGER OF CALIDA

Sursee, in the heart of Switzerland: this where the idea of high-quality underwear was first conceived 75 years ago. Garments that were so well made that providing a free repair guarantee did not represent a business risk, but was simply a matter of course. CALIDA was born, and with it quality that could be relied upon.

SLOW FASHION, SWISS STYLE

75 years later, the idea of slow fashion, as opposed to the hyper approach of fast fashion, has been imposed with Swiss thoroughness, and remains as pertinent as ever. The majority of all CALIDA products are manufactured in Europe. The highest standards of quality, an excellent finish and Swiss materials ensure reliable durability. To this very day, the CALIDA collections are developed entirely in Switzerland. To mark its 75th anniversary, CALIDA is taking another step along this path, as the first underwear manufacturer in the world to introduce the “Made in Green by OEKO-TEX®” label. Not only is the new product label issued in line with strict social and environmental criteria for sustainably produced textiles, but it also denotes maximum transparency. Customers can use a QR code to view all of the manufacturing operations that have been involved in the textile chain. The complete children’s collection was awarded the label in as early as July 2016. The rest of the collection is gradually following suit.

LOOKING FORWARD

When it comes to being a pioneer whilst preserving traditional values such as quality and sustainability, CALIDA is a past master, and has been since 1941; indeed, it is part of the secret behind the company’s success. It was no surprise that CALIDA celebrated its anniversary with countless innovations, thus consolidating its reputation as a pioneer. Along with ground-breaking steps in the field of sustainability, it is also clear from the company’s new product concepts that the pursuit of innovation is never at an end: in its anniversary year, CALIDA presented “Daily Function”, a comprehensive range of

functional garments for everyday life, as never seen before. High-quality natural fibre blends with additional functionality offer optimal moisture and temperature regulation as well as increased breathability, all with the wear comfort that is typical of CALIDA. The latest functional underwear has proven extremely successful with retailers and end customers alike.

TWO COMPLETELY NEW MATERIALS

Exclusive innovations in materials are also key. With this in mind, CALIDA presented two completely new materials in its anniversary year, made of 25% MicroModal® and 75% Supima® cotton in swiss+cotton quality, produced from the top 3% of the cotton harvested worldwide. Other products brought out limited editions of 1941 items to mark the founding year, or designs featuring a fresh take on traditional Swiss textile techniques, such as the Feminine Sense Celebration collection, with St. Gallen-style embroidery. Heritage meets high-end technology at CALIDA – a superlative combination of tradition and innovation.

FROM SWITZERLAND TO THE WIDER WORLD

75 years in the fast-paced world of fashion speak for themselves. The only companies to make it this long are those that are constantly developing in all areas, including shop design. The most recent example is the opening of the CALIDA men’s department at Jelvoli, an upscale department store in Zurich, where CALIDA has created a classy setting featuring wood, metal and leather. The look of the brand is set to undergo another big change in 2017, in terms of design, communication and packaging. It will become more modern, pared back and sensual. The focus of the new look will be ‘Swissness’ as a symbol of quality, with a concept that is emotionally charged and internationally comprehensible. It goes without saying that CALIDA’s brand values will still be maintained.



1941

limited-edition
garments "Gstaad"

41:48

minutes spent sewing
each garment

12

components used
to make each top
and bottom half

75%

swiss+cotton and
25% MicroModal®

35-41

millimetres - the length
of the cotton fibres used

CALIDA | Gstaad

ON THE FAST-TRACK TO SUCCESS: THE DESIGNER COLLECTION



“Our collaboration with Christian Lacroix has proven enriching in both creative and business terms.”

PHILIPPE BERNAUD
GENERAL MANAGER OF AUBADE

AUBADE is an exclusive lingerie brand based in the heart of Paris. It has been creating seductive French-style lingerie for 60 years. Its products are notable for their bright colours, their attention to detail and their erotic allure. Inspired by courtly love, even the name itself refers to the game of seduction. The AUBADE woman possesses great creative and emotional intelligence and does not hesitate to demonstrate her erotic side in her own way. Seduction is an art. With its daring advertising campaigns – the “Leçons de séduction” – AUBADE pays homage to this art of seduction in the inimitable French style. Set out as a written and visual manifesto, lingerie is presented in a whole new light. It is at once exciting, bold, witty and elegant.

LACROIX: THE NATURAL CHOICE

AUBADE secured the top French designer Christian Lacroix to work with the AUBADE team on a unique, one-off collection for autumn/winter 2016.

His style and distinctive Baroque look fit perfectly with the theme of the collection: Versailles, in all its flamboyance and eccentricity. The designer shares AUBADE's love of women and their sensuality, making him the natural choice.

“IDYLLE PARISIENNE”, NOW IN NEW COLOURS

One of AUBADE's key values is creativity, which the brand is seeking to emphasise. With this in mind, Christian Lacroix was commissioned to redesign one of the brand's most iconic product lines, ‘Idylle Parisienne’. Two new colour schemes have been created to surprise AUBADE's fans. The “Princesse impériale” colour, with its almond green and fuchsia pink, became a best-seller as soon as it was introduced. The attractive “Gardénia” colour features intense colours like black and red – the shades traditionally used to denote a woman's powers of seduction.

A BUSINESS AND MARKETING TRIUMPH

The collaboration with Christian Lacroix has proven to be a business and marketing success, while the branding has already been promoted through over 60 press articles in print and online media. Retailers gave prominence to this special collection in the autumn/winter 2016 season and specially selected it for their display windows and department store platforms. The success of this line has opened up opportunities for AUBADE to engage in other collaborations with an international profile.

ENSURING INTERNATIONAL ACCESSIBILITY

AUBADE has introduced an array of measures to ensure that its high-quality lingerie lines are accessible to an international clientele. This makes the AUBADE brand unique in the market for large sizes. AUBADE is using its seductive lingerie to make French-style eroticism accessible to all the women in the world. Regardless of their body shape, women can immerse themselves in the French “art de vivre” with all the conviction of a true Parisienne.



2

new colour creations:
"Princesse impériale"
and "Gardénia"

27:19

minutes spent sewing
the new Balconnet bra

10

different parts
used in the slip





A TRUE PIONEERING SPIRIT



“The MILLET Mountain Group is proud to foster a unique pioneering spirit.”

FRÉDÉRIC DUCRUET
GENERAL MANAGER OF THE
MILLET MOUNTAIN GROUP

On 1 January 2016, the brands MILLET, EIDER and LAFUMA Outdoor merged to form the MILLET Mountain Group. Under this common name, a new chapter began in the history of the three successful brands. The objective remained the same: to offer customers the very best mountain sports apparel and equipment. Since its founding, all of the brands under the MILLET Mountain Group have set themselves apart by the way in which they strive for exacting standards and excellence, while rejecting conformity. The basis for the company's identity and the driving force behind its day-to-day business is the desire to fulfil the needs of its customers through innovation, and to attain an even higher level of safety, comfort and performance.

SEARCHING FOR SOMETHING NEW

Every brand under the MILLET Mountain Group possesses a true pioneering spirit. In 2016 MILLET developed its SYNTHESIS™ technology, marking a revolution in weaving techniques. A double-woven complex provides a new-generation insulation cavity. The seamless structure is tear-resistant and offers efficient down impermeability. SYNTHESIS™ technology means that the items of apparel are lighter and offer better thermal comfort. In 2016 EIDER concentrated on design, placing its focus on functionality and creative vision. FIX A SHAPE™ was a remarkable innovation that succeeded in improving the comfort level of apparel around the wearer's chin.

In 2016 LAFUMA continued to concentrate on customer proximity and its commitment to environmental protection.

CREATING VALUE FOR THE COMMUNITY

In today's increasingly complex world, the vision and pioneering spirit of the company are more motivational than ever in terms of moving forwards and making the most of opportunities to create value. These are values that are shared by customers, employees and partners alike – in short, by the MILLET Mountain Group community. As it

proceeds, the group wants to continue to develop functional, durable products and strive to achieve a leading position in all of the relevant markets.

Across the three brands – MILLET, EIDER and LAFUMA Outdoor – the MILLET Mountain Group is working on a concept that takes their respective strengths and unique characteristics into account. As such, these three complementary spheres are brought together in a consistent way, using all possible synergies. This strategy will serve as a guiding theme for the MILLET Mountain Group's key projects, both now and in the future. Innovativeness, functionality, commitment and internationalisation are the four major strengths that give structure to the enterprise.

THE GOAL FIRMLY IN ITS SIGHTS

Against a backdrop of far-reaching technological changes, rapidly shifting consumer habits and complex competition across all channels, the MILLET Mountain Group is keeping a clear vision of its goal: to strengthen its market position while maintaining its identity. The strategic plan has already allowed its three brands – MILLET, EIDER and LAFUMA Outdoor – to go beyond merely asserting themselves on the markets and to enter into a phase of controlled growth.

The MILLET Mountain Group has a pioneering role. This commitment to taking the lead chimes with the history, convictions and drive of our team.

85 000

hours spent on research
and development

40%

of LAFUMA products are
certified as 'low impact'

4050

metres - the height of
the three north faces
(Les Grandes Jorasses,
Matterhorn, Eiger)
that define the MILLET
Trilogy collection

2000

kilograms of waste are collected
every year as part of
LAFUMA's glacier cleaning
work in Chamonix



SOPHISTICATED DESIGN MEETS WITH A GREAT RESPONSE



“The Privilege collection meets customer demand for relaxation and optimal comfort, both indoors and outdoors.”

ARNAUD DU MESNIL
GENERAL MANAGER OF
LAFUMA MOBILIER

Since 1954 LAFUMA Mobilier has been renowned as a pioneer amongst outdoor furniture manufacturers. Today the company is one of the market leaders in the European outdoor furniture industry. Outdoor spaces are now seen as living areas in their own right and furnished accordingly. LAFUMA Mobilier goes one step further by putting the “In & Out” furniture trend at the heart of its marketing strategy. One of the key factors for success is combining innovative design with perfect quality (Made in France) and comfort.

THE ART OF RELAXATION

LAFUMA Mobilier launched its new Privilege collection in 2016 with this in mind. This collection was designed and manufactured entirely in France. It takes its cues from the lounge trend and reflects a certain ‘art de vie’ in the great outdoors: relaxation is elevated to an art form thanks to practical, collapsible products that do not stint on comfort and are easy to transport. The furniture ranges from recliner chairs to armchairs and sun loungers, all featuring sophisticated design and perfect workmanship. LAFUMA Mobilier has always been adept at implementing new technical insights in its quest to create products with unique comfort and modern design. The results of this approach also include an innovative manufactured layer made of Batyline and a hydrophobic foam material, called Hedona, which is perfectly adapted to a number of different outdoor conditions.

INNOVATIVE MODELS WITH A HIGH LEVEL OF COMFORT

The collection consists of many innovative models, including “Evolution” with its patented clip system, and the “Transalounge” with its flowing lines and 127° positioning. Other models include the “Miami sun lounger” on wheels, the “Anytime armchair” and matching table with a beautiful stone effect, the “Transabed”, a three-way adjustable reclining chair, and a footstool called “Next”.

FRENCH QUALITY

The company's head office is in Anneyron, near Lyon. LAFUMA Mobilier's production facility comprises five departments: Pipe Bonding, Stitching, Coating, Plastic Injection and the Assembly Line. Products are made by drawing on a combination of human expertise and 60 years of industrial experience and investment in machinery and automated processes. LAFUMA Mobilier takes care to use not only raw materials such as metal and canvas, but also dyes and packaging materials of the highest quality. Most of the materials come from France and the area immediately around the company's headquarters. All of the products are manufactured in France.

DEVELOPING AN EXPORT BUSINESS

The Privilege collection was first presented as part of the “Maison & Objet” trade fair in Paris in September 2016. The feedback was overwhelmingly positive, in particular in the German press and each of the Benelux countries, as well as in the market operators of the key countries in the export market. With its current range, LAFUMA Mobilier is not only looking to take another step in the outdoor furniture market, but also to raise its profile with the help of independent businesses. Part of its strategy is to improve its market opportunities in a competitive environment by developing its European export business, with a focus on sales during the summer months. LAFUMA Mobilier is looking confidently towards the future.

20

exclusive items
of furniture

21 000

of which will be manufactured
in Anneyron in 2017

15

countries in the
sales network

LAFUMA MOBILIER |
Transabed + Next



REPOSITIONING WITHIN THE PREMIUM SEGMENT



“OXBOW is back on track as a premium brand in board sports.”

BRUNO DELAPORTE
GENERAL MANAGER OF OXBOW

OXBOW is a French manufacturer of outdoor apparel and sportswear for board sports, in particular surfing, windsurfing, stand-up paddling and snowboarding. The company was founded in 1985 in Pont-Audemer, Normandy. From the very outset, OXBOW positioned itself as a brand for a wide range of sports, and sought to convey an enthusiasm for each of these sports through its products. 30 years ago, the strategy of offering products for several different sports was still revolutionary. At that time, all of the brand's competitors were still concentrating on a single sport. OXBOW's business model, which covered a wide range of sports, allowed it to occupy several market segments at once.

QUALITY BREEDS SUCCESS

In 1987 OXBOW moved its headquarters to Mérignac, a suburb of Bordeaux. In the same year, the company launched a unique product onto the market that is still used and loved by outdoor sports fans today: the famous and exceptionally high-quality OXBOW sweater, made of dense jacquard. OXBOW's success has always been based on high quality and exclusive materials. The legendary OXBOW sweater was followed by many other unique products, including jeans, gabardine jackets, windbreaker apparel and T-shirts.

Due to its successful growth in France, between 1995 and 2005 OXBOW expanded into international markets, including the Benelux countries, Germany and Spain, in partnership with sports retailers such as Intersport. In 2005 the company became part of the French LAFUMA group, which was in turn taken over by the CALIDA group in 2013.

AN EVOLUTION IN NEOPRENE SUITS

OXBOW's range of neoprene suits has been completely redesigned and is now divided into two categories: "SURF-SCHOOL" for complete novices and advanced beginners, and "PREMIUM" for regular to intensive use. The PREMIUM range, which benefits from optimised technology, works with the body

shape of the surfer wearing it. Restrictions in movement when surfing caused by wetsuit seams have been reduced to a minimum. The latest specially designed, comfortable women's items feature reinforced thigh and hip areas (OXBOW patent), providing greater comfort when lying down. In line with the brand's philosophy, the PREMIUM suits by OXBOW are not only suitable for surfing waves, but also for all other board sports, including windsurfing, kitesurfing and even stand-up paddling.

AIMING AT THE PREMIUM SEGMENT

Both sales channels complement each other perfectly. With a clear focus on high-quality products, OXBOW concentrates on the domestic market, while also striving for further development in key markets such as Germany and the Benelux countries. The aim is to reposition the OXBOW brand in the premium segment, just as it was at the very beginning, and to ensure an even greater emphasis on quality and on sustainably produced materials and fabrics. At the same time, OXBOW's sales network is also being restructured. The company is currently developing a new store concept.

That said, the very heart of the brand and its expertise remains in Mérignac. The team of designers based there creates two collections each year, in their own distinctive style and unique quality. In the coming years, the focus will be on the women's collections.



1985

The brand's anniversary
year and the name
of the premium product
line for men

1.8

million products
manufactured every year

7

athletes are supported
by OXBOW in a range
of different water sports

OXBOW | Wissant

RISE UP TOGETHER AND MOVE FORWARD

After the management of the CALIDA Group had been assumed by Reiner Pichler, the 2016 business year saw a new focus on organic growth. At the 'Rise Up' event in Nottwil, groups of managers from all of the brands exchanged views on content, aims, challenges and implementation stages. This was a dynamic event that highlighted the importance of developing the brands against a backdrop of continually changing market conditions, and also consolidated a common understanding of strategy and

goals. The chosen path requires all employees to demonstrate persistence, creativity, strength and the necessary flexibility to react quickly to market changes. An invigorated, optimistic mood was palpable at the event. The team is ready and eager to set out for new horizons together.



**MEMBER OF THE
CALIDA GROUP
RISE UP TEAM 2016**





CALIDA Group at a glance

SELECTED KPIS

(in CHF million except employees)

	2016	2015	2014	2013	2012
Gross sales	381.6	368.5	423.9	211.0	203.1
as a % of prior-year figure	103.6%	86.9%	200.9%	103.9%	98.5%
Net sales	370.9	359.0	412.4	206.4	198.9
as a % of prior-year figure	103.3%	87.1%	199.8%	103.8%	99.6%
Operating result (EBIT) before exceptional items	22.3	21.5	27.2	23.4	22.2
as a % of net sales	6.0%	6.0%	6.6%	11.3%	11.2%
Operating result (EBIT)	18.3	21.5	27.2	21.0	27.2
as a % of net sales	4.9%	6.0%	6.6%	10.2%	13.7%
Net income	14.8	17.0	23.6	10.6	20.6
as a % of net sales	4.0%	4.7%	5.7%	5.1%	10.4%
Liquidity	40.2	56.4	63.2	75.2	73.9
Current financial liabilities	-7.7	-11.0	-10.7	-23.3	-
Non-current financial liabilities	-6.3	-13.0	-21.3	-17.2	-
Gross debt	-14.0	-24.0	-32.0	-40.5	-
Net liquidity	26.2	32.4	31.2	34.7	73.9
Operating cash flow	23.6	18.3	19.5	19.7	28.6
as a % of net sales	6.4%	5.1%	4.7%	9.5%	14.4%
Free cash flow	8.4	1.5	-5.2	-16.7	37.9
as a % of net sales	2.3%	0.4%	-1.3%	-8.1%	19.1%
Investments in Group companies and associates and non-controlling interests	14.5	-	7.0	21.2	-
Investments in fixed assets	6.6	7.3	8.8	4.6	6.2
Investments in intangible assets	2.9	3.1	3.1	1.5	3.8
Depreciation/amortisation/impairment	10.8	10.6	13.4	8.0	7.6
Shareholders' equity (including non-controlling interests)	173.6	179.3	181.8	166.8 ¹⁾	133.1
Total assets	280.6	302.7	337.8	338.9	173.4
Equity ratio	61.9%	59.3%	53.8%	49.2%	76.8%
Return on equity	8.5%	9.4%	13.6%	7.0%	16.3%
Headcount as at 31 December	2'906	2'953	3'007	3'116	1'586

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

KEY SHARE FIGURES

		2016	2015	2014	2013	2012
Number of registered shares with a par value of CHF 0.10 each ¹⁾		8'121'780	8'091'848	8'053'437	7'995'380	7'945'380
less treasury shares as at 31 December		-15'000	-2'200	-2'200	-2'200	-2'200
Shares with dividend rights as at 31 December		8'106'780	8'089'648	8'051'237	7'993'180	7'943'180
Outstanding options		275'400	213'532	153'943	144'000	164'000
Nominal capital (in CHF)		812'178	16'992'881	16'912'218	16'790'298	16'685'298
Key figures per registered share (average number; in CHF)						
Gross sales		47.08	45.61	52.85	26.89	25.59
Net sales		45.76	44.44	51.41	26.33	25.06
Operating result (EBIT) before exceptional items	basic	2.75	2.67	3.39	2.93	2.79
	diluted	2.75	2.66	3.38	2.92	2.78
Operating result (EBIT)	basic	2.26	2.67	3.39	2.63	3.43
	diluted	2.26	2.66	3.38	2.63	3.41
Net income	basic	1.72	1.97	2.74	1.36	2.59
	diluted	1.72	1.97	2.74	1.36	2.58
Equity (book value per share)		18.54	18.25	18.41	17.46	16.77
Dividend per registered share ²⁾		0.80	0.80	0.80	0.80	0.80
Stock market prices in CHF						
	Highest	36.95	42.50	39.15	29.95	29.95
	Lowest	27.00	31.20	28.40	22.30	22.70
	Year-end	34.80	32.10	36.85	28.15	25.45
Market capitalisation in CHF million						
	Highest	300.1	343.1	315.2	238.0	237.2
	Lowest	218.5	252.5	227.1	178.3	180.4
	Year-end	282.6	259.7	296.8	225.0	202.2
Price/earning ratio		20.2	16.3	13.4	21.6	9.8
Price/book value ratio		1.9	1.8	1.6	1.4	1.5
Price/sales ratio		0.7	0.7	0.7	1.0	1.0
Dividend yield	Highest	2.2%	1.9%	2.0%	2.7%	2.7%
	Lowest	3.0%	2.6%	2.8%	3.6%	3.5%
	Year-end	2.3%	2.5%	2.2%	2.8%	3.1%
Dividend payout ratio		46.5%	41.5%	29.2%	58.8%	30.8%

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

²⁾ 2016: Proposal of the Board of Directors to the General Meeting (consisting of dividend and repayment of par value).

**CONSOLIDATED INCOME STATEMENT
IN ACCORDANCE WITH COST OF SALES METHOD**

	2016	2015	Change
Gross sales	381'558	368'458	+3.6%
Net sales	370'877	358'979	+3.3%
Gross profit	212'115	201'131	+5.5%
as a % of net sales	57.2%	56.0%	
Operating contribution	91'493	88'459	+3.4%
as a % of net sales	24.7%	24.6%	
Operating result (EBIT) before exceptional items	22'251	21'538	+3.3%
as a % of net sales	6.0%	6.0%	
Operating result (EBIT)	18'308	21'538	-15.0%
as a % of net sales	4.9%	6.0%	
Financial result, net	-252	-783	
Earnings before tax	18'056	20'755	-13.0%
as a % of net sales	4.9%	5.8%	
Income taxes	-3'298	-3'766	
Net income	14'758	16'989	-13.1%
as a % of net sales	4.0%	4.7%	

Consolidated financial statements 2016

CALIDA Group



Group statement of financial position

The accounting policies and notes on pages 35 to 69 are an integral component of these consolidated financial statements.

AS AT 31 DECEMBER

	Note	2016	2015
Cash and cash equivalents	1	40'220	56'368
Trade accounts receivable	2	41'268	38'590
Other current receivables	3	8'053	11'232
Current financial assets	7	2'645	1'655
Inventories	4	78'064	79'230
Current tax assets		6'628	6'309
Prepaid expenses and accrued income		3'362	4'551
Current assets		180'240	197'935
Property, plant and equipment	5	19'777	22'730
Intangible assets	6	67'312	67'318
Non-current financial assets	7	5'707	6'210
Other non-current assets	19	285	447
Deferred tax assets	13	7'216	8'052
Non-current assets		100'297	104'757
ASSETS		280'537	302'692
Current financial liabilities	8	7'660	11'119
Trade accounts payable	9	18'825	20'659
Other current liabilities	10	13'535	15'789
Current tax liabilities		821	1'491
Current provisions	12	4'292	7'294
Accrued expenses and deferred income	11	33'382	31'057
Current liabilities		78'515	87'409
Non-current financial liabilities	8	6'338	13'046
Other non-current liabilities	19	8'989	8'892
Non-current provisions	12	4'966	3'673
Deferred tax liabilities	13	8'152	10'324
Non-current liabilities		28'445	35'935
Liabilities		106'960	123'344
Share capital		812	16'993
Treasury shares		-531	-53
Reserves		150'024	130'510
Equity held by the shareholders of CALIDA Holding AG		150'305	147'450
Non-controlling interests	15	23'272	31'898
Shareholders' equity	14	173'577	179'348
SHAREHOLDERS' EQUITY AND LIABILITIES		280'537	302'692

Group income statement

1 JANUARY - 31 DECEMBER

	Note	2016	2015
Net sales	18	370'877	358'979
Gain on the disposal of non-current assets		70	14
Other operating income		3'675	3'300
Operating income		374'622	362'293
Cost of goods sold and third-party services		-133'904	-133'532
Personnel expenses	19	-114'067	-109'068
Other operating expenses	21	-97'161	-87'422
Depreciation, amortisation and impairment	22	-10'805	-10'605
Loss on disposal of non-current assets		-377	-128
Operating expenses		-356'314	-340'755
Operating result		18'308	21'538
Financial income	23	88	45
Financial expenses	23	-863	-973
Exchange differences	23	523	145
Financial result, net		-252	-783
Earnings before tax		18'056	20'755
Income taxes	13	-3'298	-3'766
Net income		14'758	16'989
Attributable to:			
Shareholders of CALIDA Holding AG		13'932	15'916
Non-controlling interests		826	1'073
Earnings per registered share in CHF	24	1.72	1.97
Diluted earnings per registered share in CHF	24	1.72	1.97

Group Statement of comprehensive income

1 JANUARY – 31 DECEMBER

	2016	2015
Net income	14'758	16'989
Items that might be reclassified to profit and loss, after tax		
Exchange differences recognised in other comprehensive income	-2'221	-15'605
Hedge accounting	1'133	462
Items that cannot be reclassified to profit and loss, after tax		
Remeasurements of the defined benefit plans	476	581
Total other comprehensive income	-612	-14'562
Total comprehensive income	14'146	2'427
Attributable to:		
Shareholders of CALIDA Holding AG	12'873	4'621
Non-controlling interests	1'273	-2'194

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	Non-controlling	Shareholders' equity
1 January 2015	16'912	-53	7'025	142'444	-18'655	130'814	147'673	34'092	181'765
Net income	-	-	-	15'916	-	15'916	15'916	1'073	16'989
Other comprehensive income	-	-	-	994	-12'289	-11'295	-11'295	-3'267	-14'562
Comprehensive income	-	-	-	16'910	-12'289	4'621	4'621	-2'194	2'427
Dividend from capital contribution reserves	-	-	-6'465	-	-	-6'465	-6'465	-	-6'465
Capital increase ¹⁾	81	-	938	-	-	938	1'019	-	1'019
Share-based payments ²⁾	-	-	587	-	-	587	587	-	587
Tax effect of share-based payments ³⁾	-	-	15	-	-	15	15	-	15
31 December 2015	16'993	-53	2'100	159'354	-30'944	130'510	147'450	31'898	179'348
Net income	-	-	-	13'932	-	13'932	13'932	826	14'758
Other comprehensive income	-	-	-	1'283	-2'342	-1'059	-1'059	447	-612
Comprehensive income	-	-	-	15'215	-2'342	12'873	12'873	1'273	14'146
Reduction of par value	-16'226	-	12'981	-	-	12'981	-3'245	-	-3'245
Dividend from capital contribution reserves	-	-	-3'244	-	-	-3'244	-3'244	-	-3'244
Acquisition of non-controlling interests	-	-	-	-4'614	-	-4'614	-4'614	-9'899	-14'513
Capital increase ¹⁾	45	-	779	-	-	779	824	-	824
Share-based payments ²⁾	-	-	718	-	-	718	718	-	718
Tax effect of share-based payments ³⁾	-	-	11	-	-	11	11	-	11
Transactions with treasury shares	-	-478	10	-	-	10	-468	-	-468
31 December 2016	812	-531	13'355	169'955	-33'286	150'024	150'305	23'272	173'577

¹⁾ see note 14²⁾ see note 20³⁾ see note 13

Reserves include legal reserves of CHF 5'756 (2015: CHF 13'847) which cannot be distributed to shareholders.

Group statement of cash flows

1 JANUARY – 31 DECEMBER

	Note	2016	2015
Net income		14'758	16'989
Adjustments for non-cash items			
- Income taxes	13	3'298	3'766
- Depreciation, amortisation and impairment	22	10'805	10'605
- Share-based payments	20	718	587
- Adjustment to defined benefit cost		767	89
- Loss on disposal of non-current assets		307	114
- Financial result, net	23	252	783
Change in net working capital and provisions			
- Restructuring provisions		-1'305	-1'570
- Other provisions		-123	-4'831
- Net working capital		-1'561	-2'515
Taxes paid		-4'354	-5'690
Cash flow from operating activities (A)		23'562	18'327
Interest received		35	44
Investments in property, plant and equipment ¹⁾	5	-6'636	-7'646
Investments in intangible assets	6	-2'899	-3'141
Sale of non-current assets		625	95
Loans granted		-215	-303
Repayment of loans granted		420	543
Cash flow from investing activities (B)		-8'670	-10'408
Interest paid		-422	-581
Proceeds from borrowings from banks		-	1'370
Repayment of borrowings from banks		-10'063	-6'277
Capital decrease by reduction of par value (C)	14	-3'244	-6'465
Dividend from capital contribution reserves (C)		-3'245	-
Options exercised from share-based payments plans		887	1'019
Acquisition of non-controlling interests		-14'513	-
Acquisition of treasury shares	14	-531	-
Cash flows from financing activities		-31'131	-10'934
Impact of exchange rate fluctuations on cash and cash equivalents		91	-3'841
Change in cash and cash equivalents		-16'148	-6'856
Cash and cash equivalents at the beginning of the year		56'368	63'224
Cash and cash equivalents at the end of the year	1	40'220	56'368
Free cash flow (A + B + C)		8'403	1'454

¹⁾ CHF 7'326 refers to investments in 2015 and CHF 320 to payments made for investments in 2014.



Notes to the consolidated financial statements

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

Business

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

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

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

The CALIDA Group is headquartered in Oberkirch (Switzerland) and has around 2'900 employees in total.

Accounting policies

GENERAL

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

CHANGES IN ACCOUNTING POLICIES

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

The following changes, amendments and revisions are applicable for the CALIDA Group from the reporting period 2016 onwards:

Annual improvements	Collective standards (two cycles) with amendments to various IFRS standards with the primary goal of eliminating process inconsistencies and clarifying terminology
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The individual changes did not have any material impact on the consolidated financial statements of the CALIDA Group.

The IASB has published new and amended standards and interpretations. The following changes are potentially relevant and applicable for reporting periods from 2017 onwards:

Standard	Description	Effective date	Adoption planned
Annual improvements	Collective standard with amendments to various IFRS standards with the primary goal of eliminating process inconsistencies and clarifying terminology		2017 ¹⁾
IFRS 15	Revenue from contracts with customers	1 January 2018	2018 ²⁾
IFRS 9	Financial instruments	1 January 2018	2018 ¹⁾
IFRS 16	Leases	1 January 2019	2019 ³⁾

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

²⁾ The application of the new standard will not have a significant impact on the net income of the CALIDA Group. However, the application of IFRS 15 requires reclassifications from operating expenses to sales deductions. If IFRS 15 had been applied in 2016, no material reclassifications would have been required.

³⁾ It is expected that the adoption of this standard will increase the amounts of assets and liabilities by the discounted value disclosed in note 25 "lease obligations".

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of CALIDA Holding AG and its subsidiaries as at 31 December 2016, all of which are prepared in accordance with uniform accounting principles.

The consolidated financial statements of the CALIDA Group include all companies in which the Group holds more than 50% of voting rights, or which it controls in some other way. Newly acquired companies are consolidated from the date that control is obtained. The acquisition method is applied.

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

In business combinations, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at fair value on the acquisition date. The acquisition method requires goodwill to be measured, recognised and subsequently tested for impairment. An impairment loss is recognised for any permanent impairment. A bargain purchase, which arises when the fair value of the identified net assets exceeds the consideration transferred on the acquisition date, is recorded directly in the income statement.

All intercompany transactions, profits and balances are eliminated for consolidation purposes.

Measurement principles

FOREIGN CURRENCY TRANSLATIONS

The annual financial statements of foreign subsidiaries are prepared in the respective local currency, which is also the functional currency of the subsidiary in question. They are translated into Swiss francs for consolidation purposes 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	2016	2015
EUR	1	1.0718	1.0826
USD	1	1.0252	0.9908
HUF	100	0.3500	0.3400
GBP	1	1.2551	1.4688
TND	1	0.4383	0.4877
JPY	100	0.8800	0.8200
HKD	1	0.1322	0.1278
CNY	1	0.1474	0.1526
Average exchange rates for the year	Unit	2016	2015
EUR	1	1.0898	1.0676
USD	1	0.9845	0.9619
HUF	100	0.3500	0.3400
GBP	1	1.3301	1.4700
TND	1	0.4579	0.4892
JPY	100	0.9100	0.7900
HKD	1	0.1268	0.1241
CNY	1	0.1482	0.1542

FAIR VALUE

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

Statement of financial position

CASH AND CASH EQUIVALENTS MITTEL

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

TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

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

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

INVENTORIES

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Land is recognised at cost. Buildings, machines, vehicles and plant facilities are recorded at cost less accumulated depreciation and impairment. Depreciation is recog-

nised on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

The Group has not entered into any finance leases. Maintenance and repair costs are expensed immediately unless they increase the value of the asset. Gains or losses on the disposal of property, plant and equipment are disclosed separately in the income statement.

GOODWILL

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill is recognised as an asset with an indefinite useful life. It is not amortised but subject to an impairment test annually and whenever there are indications of possible impairment.

INTANGIBLE ASSETS

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

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

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

Trademarks

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

Key money

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

IMPAIRMENT OF ASSETS

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

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

FINANCIAL ASSETS

Financial assets are designated to the following two categories:

Financial assets held for trading and derivative financial instruments

Loans and receivables

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

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

Derivative financial instruments

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

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

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

Loans and receivables

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

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

Financial assets are tested for impairment as at each reporting date. An impairment loss is recorded if there is objective evidence of impairment. Examples include insolvency, default or other significant financial difficulty

of the issuer or borrower. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

FINANCIAL LIABILITIES

Financial liabilities are designated to the following two categories:

Financial liabilities held for trading and derivative financial instruments

Other financial liabilities

Derivative financial instruments

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

Other financial liabilities

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

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

TRADE ACCOUNTS PAYABLE

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

PROVISIONS

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

SHARE CAPITAL

Share capital equals the nominal value of all issued shares.

CAPITAL RESERVES

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

TREASURY SHARES

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

Income statement

NET SALES AND REVENUE RECOGNITION

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

EMPLOYEE BENEFITS AND OTHER

DEFINED BENEFIT PLANS

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

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

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

assumptions as to future salary trends, employee turnover and mortality. The actuarial valuations use the most recent generational tables to consider expected mortality.

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

The cost of defined benefit plans are recorded as follows:

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

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

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

EXECUTIVE PARTICIPATION PLAN

Certain members of Executive Management and other executive employees receive equity-settled share-based payments. These are measured at fair value on the grant date using the binomial model. The amount is recorded in personnel expenses on a straight-line basis over the vesting period based on the number of equity instruments that management estimates will actually become vested.

BORROWING COSTS

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

INCOME TAXES

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

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

ments according to uniform Group principles compared to measurements for tax purposes. They are calculated using the balance sheet liability method. Expected tax rates are relevant. Deferred tax assets on tax losses carried forward are only recognised if it is probable that they can be realised by offsetting against future profits. Current and deferred tax assets and liabilities are netted if there is a legally enforceable right to do so and the income taxes were levied by the same tax authority. No deferred taxes are recognised for taxes that would be payable upon distribution of subsidiaries' profits unless the distribution is planned to take place in the foreseeable future.

Estimates and assumptions

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

INVENTORIES

Inventories are written down to reflect losses in value of unsaleable, slow-moving or defective raw materials, semi-finished and finished goods and merchandise. The allowances are determined based on assumptions as to the resaleability of the goods. Management relies on past experience but also considers trends in future sales as well as differences in the resaleability of raw materials compared to seasonal and standard articles within the range. Write-downs totalling CHF 24'305 (2015: CHF 25'522) were recorded as at 31 December 2016.

Inventories were recognised at a net carrying amount of CHF 78'064 (2015: CHF 79'230) as at 31 December 2016. The actual outcome may differ from the assumptions due to changes in the market conditions or economic environment. Such differences would impact the subsequent reporting period.

TRADEMARKS/GOODWILL

Estimates as to the future development and cash flows have to be made to determine the fair value of the trademarks and goodwill acquired. In making these estimates, management considers all of the information available as at the acquisition date. Subsequently testing trademarks and goodwill for impairment again involves making estimates and assumptions about the expected future cash flows. The actual cash flows may differ from the discounted future cash flows based on these estimates. Trademarks and goodwill are carried at CHF 41'553 (2015: CHF 41'805).

KEY MONEY

Key money is recognised at cost. Provided there is an active market and legal basis, key money is not amortised but subject to an annual impairment test. The impairment test involves making estimates and assumptions about the expected future cash flows associated with the use of key money. The actual cash flows may differ from the discounted future cash flows based on these estimates. Key money, which has an indefinite useful life, is carried at CHF 18'834 (2015: CHF 19'370).

NET DEFINED LIABILITY OR ASSET

In accordance with IAS 19, the net defined benefit liability or asset is calculated based on various assumptions about financial and demographic variables. These assumptions are reviewed annually and adjusted if necessary. Changes in assumptions, e.g. the discount rate of future salaries, or circumstances can materially impact the amount of future cost of a defined benefit plan as reported in the income statement or other comprehensive income, and the net defined benefit liability (asset) reported. The defined benefit asset recorded in the statement of financial position as at 31 December 2016 came to CHF 285 (2015: CHF 447) and the defined benefit liability to CHF 8'989 (2015: CHF 8'892).

PROVISIONS

The provisions were determined based on a best estimate, i.e. the amount that the Company would rationally pay to settle the obligation at the end of the reporting

period. The provisions are reviewed at the end of each reporting period. Expenses incurred may vary depending on developments in potential proceedings, including legal rulings. Such changes would affect the subsequent reporting period. The provisions amounted to CHF 9'258 as at 31 December 2016 (2015: CHF 10'967).

DEFERRED TAX ASSETS FROM TAX LOSSES CARRIED FORWARD

Various CALIDA Group companies carry forward substantial tax losses. These lapse after seven years in Switzerland. In some other countries there is no limitation period. Deferred taxes are calculated based on the assumption that temporary differences will be recovered before the tax loss carryforward lapses and can therefore be offset against tax loss carryforwards. Tax effects on tax losses carried forward are also capitalised based on future expected earnings. If there is uncertainty as to the future development of earnings at a given Group company, no deferred tax assets are recognised. Deferred tax assets of CHF 9'664 are recognised on tax loss carryforwards as at 31 December 2016 (2015: CHF 5'155).

Scope of consolidation

SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2016

Company ¹⁾	Registered office	Activity		Share capital in local currency	Capital share / voting rights in %
CALIDA AG	Oberkirch/Sursee, Switzerland	Sales/logistics	CHF	10'000'000	100%
CALIDA Austria GmbH	Vienna, Austria	Sales	EUR	100'000	100%
CALIDA Belgium SPRL	Forest, Belgium	Sales	EUR	18'550	100%
CALIDA Finance AG	Sursee, Switzerland	Financial services	CHF	100'000	100%
CALIDA France SAS	Paris, France	Sales	EUR	16'639'200	100%
CALIDA GmbH	Lörrach, Germany	Sales	EUR	102'258	100%
CALIDA Handels GmbH	Lörrach, Germany	Sales	EUR	100'000	100%
CALIDA Management AG	Oberkirch, Switzerland	Management services	CHF	100'000	100%
CALIDA Netherlands BV	Rotterdam, Netherlands	Sales	EUR	18'000	100%
CALIDA Produktionsgesellschaft mbH	Rajka, Hungary	Production	HUF	477'300'000	100%
AUBADE SA	Oberkirch, Switzerland	Sales	CHF	500'000	100%
AUBADE Paris SAS	Paris, France	Sales/logistics	EUR	15'754'230	100%
AUBADE Denmark ApS	Hellerup, Denmark	Sales	DKK	80'000	100%
AUBADE Handels GmbH	Lörrach, Germany	Sales	EUR	100'000	100%
AUBADE Paris (UK) Ltd.	Hemel Hempstead, UK	Sales	GBP	100	100%
AUBADE Paris & Cie SCS	Monte Carlo, Monaco	Sales	EUR	100'000	100%
BELAUBADE SA	Forest, Belgium	Sales	EUR	362'000	100%
Société de Lingerie Azur	Monastir, Tunisia	Production	TND	10'000	100%
SOLAUBADE SURL	Madrid, Spain	Sales	EUR	300'000	100%
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	71.5%
MILLET Outdoor Products (Nanjing) CO. Ltd.²⁾	Nanjing, China	Production / Sales	CNY	15'000'000	71.5%
L.M.O. SRL.	Montebelluna, Italy	Sales	EUR	10'000	71.5%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	71.5%
LAFPROM HK Ltd.	Kwun Tong, Hong Kong	Logistics	HKD	10'000	70.1%
LAFPROM Tunisie	Sousse, Tunisia	Production	TND	100'000	71.5%
LAFUMA America Inc.	Lafayette, USA	Sales	USD	24'500	71.5%
LAFUMA BV	Leusden, Netherlands	Sales	EUR	113'445	71.5%
LAFUMA Group GmbH	Bissingen / Teck, Germany	Sales	EUR	285'000	71.5%
LAFUMA Group SL	Barcelona, Spain	Sales	EUR	475'000	71.5%
LAFUMA Hong Kong Ltd.	Kwun Tong, Hong Kong	Sales	HKD	10'000	70.8%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	71.5%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY	10'000'000	71.5%

in CHF 1'000

Company ¹⁾	Registered office	Activity		Share capital in local currency	Capital share / voting rights in %
LAFUMA Mobilier SAS	Anneyron, France	Production / Sales	EUR	9'262'561	71.5%
LALLEMAND SAS	Vieux d'Izenave, France	Production / Sales	EUR	925'540	71.5%
MILLET Mountain Group (Switzerland) AG	Oberkirch, Switzerland	Sales	CHF	100'000	71.5%
MILLET Mountain Group SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	71.5%
OXBOW SAS	Mérignac, France	Sales	EUR	50'000	71.5%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	71.5%

¹⁾ Only active companies are listed.²⁾ Name changed in fiscal year 2016.

Companies merged in 2016:

– OXBOW Distribution SAS, absorbed by OXBOW SAS

Companies becoming inactive in 2016:

– KANION Sp. z. o.o, in liquidation

Notes to the consolidated financial statements

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

1. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand and bank balances	40'220	56'368
Total	40'220	56'368

The effective interest rate for bank balances and current bank deposits was between 0.0% and 0.1% (2015: 0.0% and 0.1%).

2. TRADE ACCOUNTS RECEIVABLE

	2016	2015
Trade accounts receivable from third parties	46'932	44'284
Trade accounts receivable from related parties	32	18
Allowances	-5'696	-5'712
Total, net	41'268	38'590

The receivables are carried at fair value. No interest is charged for the first 80 to 120 days after the invoice date. Thereafter, interest is charged on the amount outstanding at a rate of between 5% and 10% p.a. Trade accounts receivable can be broken down into those that are past due and those that are not past due based on the individual terms agreed with the customer.

The ageing analysis is as follows:

	2016	2015
Not past due	32'259	29'079
Past due by 1-60 days	7'281	6'141
Past due by 61-120 days	587	1'762
Past due by more than 120 days	1'141	1'608
Total, net	41'268	38'590

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

	2016	2015
Balance as at 1 January		
Additions	-5'712	-6'607
Utilisation	-2'426	-1'476
Reversals	2'397	1'401
Exchange rate differences	13	370
Balance as at 31 December	32	600
Balance as at 31 December	-5'696	-5'712

in CHF 1'000

Currencies of relevance for trade accounts receivable:

	2016	2015
CHF	1'507	1'560
EUR	33'323	30'265
USD	2'514	2'307
JPY	2'169	2'130
HKD	710	1'562
GBP	111	227
Others	934	539
Total, net	41'268	38'590

3. OTHER CURRENT RECEIVABLES

	2016	2015
Receivables from government authorities	4'603	6'665
Receivables from pension funds	25	18
Prepayments to suppliers	997	1'489
Other receivables	2'428	3'060
Total	8'053	11'232

4. INVENTORIES

	2016	2015
Raw materials	8'405	7'892
Semi-finished goods	8'959	6'261
Finished goods	60'700	65'077
Total, net	78'064	79'230

Inventories include allowances of CHF 24'305 (2015: CHF 25'522) for outmoded and unsaleable goods.

5. PROPERTY, PLANT AND EQUIPMENT

Historical cost

	Land and buildings	Machinery	Fixtures and fittings	IT equipment and operating software	Furniture and store fittings	Vehicles	Assets under construction	Total
1 January 2015	50'616	14'050	14'299	4'575	36'054	882	564	121'040
Additions	1'130	1'188	247	660	3'652	87	362	7'326
Disposals	-277	-304	-	-732	-2'055	-62	-	-3'430
Reclassifications	227	-	115	11	137	-	-490	-
Exchange rate differences	-2'050	-2'282	-48	-334	-3'653	-28	-45	-8'440
31 December 2015	49'646	12'652	14'613	4'180	34'135	879	391	116'496
Additions	839	1'660	99	1'070	2'244	173	551	6'636
Disposals	-887	-783	-	-62	-1'741	-134	-	-3'607
Reclassifications	66	-	-	-	339	-	-405	-
Exchange rate differences	65	-193	-55	-52	-327	-18	-5	-585
31 December 2016	49'729	13'336	14'657	5'136	34'650	900	532	118'940

Accumulated depreciation and impairment

1 January 2015	40'050	9'623	13'939	3'690	27'863	492	-	95'657
Depreciation	1'564	1'297	183	610	4'087	136	-	7'877
Disposals	-202	-292	-	-731	-2'014	-47	-	-3'286
Exchange rate differences	-1'208	-1'891	-109	-306	-2'905	-63	-	-6'482
31 December 2015	40'204	8'737	14'013	3'263	27'031	518	-	93'766
Depreciation	2'611	1'262	130	747	3'840	133	-	8'723
Disposals	-369	-644	-	-62	-1'637	-120	-	-2'832
Exchange rate differences	47	-147	-34	-45	-301	-14	-	-494
31 December 2016	42'493	9'208	14'109	3'903	28'933	517	-	99'163
Net carrying amount as at 31 December 2016	7'236	4'128	548	1'233	5'717	383	532	19'777
Net carrying amount as at 31 December 2015	9'442	3'915	600	917	7'104	361	391	22'730

Property, plant and equipment of CHF 2'394 (2015: CHF 2'523) has been pledged (refer to note 26).

6. INTANGIBLE ASSETS

Historical cost

	Goodwill	Brands, licences and patents	Customer lists	Software	Key money	Other intangible assets	Total
1 January 2015	41'244	40'204	4'938	11'240	26'417	1'410	125'453
Additions	-	27	-	1'349	614	1'151	3'141
Disposals	-	-157	-	-3'217	-	-20	-3'394
Reclassifications	-	-	-	619	-	-619	-
Exchange rate differences	-4'110	-4'021	-494	-1'065	-2'471	-120	-12'281
31 December 2015	37'134	36'053	4'444	8'926	24'560	1'802	112'919
Additions	-	3	-	1'386	25	1'485	2'899
Disposals	-	-10	-	-104	-989	-75	-1'178
Reclassifications	-	-	-	36	-	-36	-
Exchange rate differences	-373	-363	-44	-106	-219	16	-1'089
31 December 2016	36'761	35'683	4'400	10'138	23'377	3'192	113'551

Accumulated amortisation and impairment

1 January 2015	21'517	13'348	4'478	9'461	2'384	479	51'667
Amortisation	-	52	174	1'367	382	27	2'002
Impairment	-	-	-	-	726	-	726
Disposals	-	-153	-	-3'217	-	-20	-3'390
Exchange rate differences	-2'152	-1'436	-446	-1'024	-261	-85	-5'404
31 December 2015	19'365	11'811	4'206	6'587	3'231	401	45'601
Amortisation	-	45	80	1'401	386	11	1'923
Impairment	-	-	-	-	159	-	159
Disposals	-	-10	-	-80	-857	-75	-1'022
Exchange rate differences	-197	-124	-43	-74	-15	31	-422
31 December 2016	19'168	11'722	4'243	7'834	2'904	368	46'239
Net carrying amount as at 31 December 2016	17'593	23'961	157	2'304	20'473	2'824	67'312
Net carrying amount as at 31 December 2015	17'769	24'242	238	2'339	21'329	1'401	67'318

GOODWILL

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

	2016	2015
MILLET Mountain Group	10'635	10'742
FURNITURE Division	6'958	7'027
Total	17'593	17'769

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 MILLET Mountain Group/FURNITURE division an average sales growth rate of 7.8% / 6.7% (2015: 6.5% / 5.0%) and a pre-tax discount rate of 14.5% / 14.1% (2015: 13.6% / 14.0%) 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 1.5% (2015: 2.0%), which does not exceed the long-term growth rate of the respective market in which the CGU is active.

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

BRANDS

The CALIDA Group owns several brands with indefinite useful lives based on their high degree of recognition and long tradition as well as the marketing strategies aimed at maintaining the position of the brands. These brands are tested for impairment annually at the level of the cash generating units (CGU), which is the respective operating segment.

The main brands are MILLET (CHF 9.1m, 2015: CHF 9.2m), LAFUMA Mobilier (CHF 8.0m, 2015: CHF 8.0m) and AUBADE (CHF 3.4m; 2015: CHF 3.4m). The average growth rates for the planning periods are 7.8% / 6.7% / 4.4% (2015: 6.5% / 5.0% / 3.2%), the growth rate for the periods beyond that is estimated at 1.5% (2015: 2.0%). The pre-tax discount rates are 14.5% / 14.1% / 11.9% (2015: 13.6% / 14.0% / 11.5%).

KEY MONEY

Key money for retail space for AUBADE, CALIDA, MILLET Mountain Group and OXBOW is recognised as an asset with an indefinite useful life at a carrying amount of CHF 18'834 (2015: CHF 19'370). The recoverable value is determined per store based on a value-in-use calculation which uses cash flow forecasts based on individual business plans per store and assumes that sales will grow at a rate of 1.5% (2015: 2.0%) after the planning period. A pre-tax discount rate of 11.9% – 16.8% (2015: 11.5% – 18.3%) is applied.

7. FINANCIAL ASSETS

	2016	2015
Derivative financial instruments	2'636	1'654
Loans to third parties	9	1
Total current financial assets	2'645	1'655
Derivative financial instruments	587	683
Loans to third parties	5'120	5'527
Total non-current financial assets	5'707	6'210

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

Loans to third parties mainly relate to security deposits paid for rental agreements. The terms of the loans match the terms of the respective rental agreement.

8. FINANCIAL LIABILITIES

Net liquidity – the difference between interest-bearing debt and cash and cash equivalents – decreased in the reporting period from CHF 32.4 million to CHF 26.2 million. Financial liabilities break down as follows:

	2016	2015
Current financial liabilities to banks	7'660	10'985
Derivative financial instruments	–	134
Current financial liabilities	7'660	11'119
Non-current financial liabilities to banks	6'338	12'954
Derivative financial instruments	–	92
Non-current financial liabilities	6'338	13'046
Total financial liabilities	13'998	24'165

To partly finance the acquisition of LAFUMA Group, the Group entered into a syndicated loan agreement. This loan is disclosed as a current/non-current financial liability to banks based on the repayment schedule.

The CALIDA Group has the following syndicated loan facility as at the reporting date 31 December:

Debtor: CALIDA Holding AG CALIDA Finance AG CALIDA AG	Currency		Interest rates	Term	Loan volume 2016	Of which drawn 2016	Loan volume 2015	Of which drawn 2015
Acquisition loan loan	EUR	LIBOR + margin ¹⁾	2013-2018		12'862	12'862	19'487	19'487
Revolving credit facility ²⁾	EUR/CHF	LIBOR + margin ¹⁾	2013-2018		63'436	-	53'652	-
Total syndicated loan					76'298	12'862	73'139	19'487

¹⁾ Depending on leverage.

²⁾ Due to scheduled amortisation of the acquisition loan, the limit of the revolving credit facility increased.

The acquisition loan within the syndicated loan facility was used to finance the acquisition of the LAFUMA Group, the revolving credit facility safeguards CALIDA's long-term financing and was unused as at the reporting date.

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

9. TRADE ACCOUNTS PAYABLE

	2016	2015
Trade accounts payable	18'825	20'659
Total	18'825	20'659

Trade accounts payable break down by currency as follow as at reporting date:

	2016	2015
CHF	3'627	3'609
EUR	11'783	11'260
USD	875	2'288
JPY	803	1'598
Others	1'737	1'904
Total	18'825	20'659

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

10. OTHER CURRENT LIABILITIES

	2016	2015
Liabilities to government authorities	6'588	8'732
Liabilities to commercial agents	378	379
Other liabilities	6'569	6'678
Total	13'535	15'789

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

11. ACCRUED EXPENSES AND DEFERRED INCOME

	2016	2015
Invoices not yet received	11'911	13'573
Accrued personnel expenses	12'344	11'079
Other accrued expenses and deferred income	9'127	6'405
Total	33'382	31'057

12. CURRENT AND NON-CURRENT PROVISIONS

	Transfer fees	Restructuring	Personnel provisions	Litigation	Other provisions	Total
1 January 2015	1'443	4'092	3'616	2'694	6'931	18'776
Additions	-	762	1'065	1'258	316	3'401
Utilisation	-	-2'027	-1'240	-800	-829	-4'896
Reversal	-294	-697	-1'153	-835	-1'705	-4'684
Exchange rate differences	-50	-446	-201	-275	-658	-1'630
31 December 2015	1'099	1'684	2'087	2'042	4'055	10'967
Additions	81	1'450	1'097	356	1'279	4'263
Utilisation	-	-1'172	-653	-947	-961	-3'733
Reversal	-12	-399	-1'042	-320	-439	-2'212
Exchange rate differences	-5	25	-4	-5	-38	-27
31 December 2016	1'163	1'588	1'485	1'126	3'896	9'258
Current provisions 2016	388	1'327	610	1'126	841	4'292
Non-current provisions 2016	775	261	902	-	3'028	4'966
Provisions 2016	1'163	1'588	1'512	1'126	3'869	9'258
Current provisions 2015	366	1'410	261	2'042	3'215	7'294
Non-current provisions 2015	733	274	1'826	-	840	3'673
Provisions 2015	1'099	1'684	2'087	2'042	4'055	10'967

TRANSFER FEES

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

RESTRUCTURING

The restructuring provision covers cost for the reorganisation of operating sites and the distribution network as well as for closure of own retail stores.

In the reporting period notably provisions for the restructuring of the distribution and logistic organisation in Hong Kong as well as for stopping the own distribution activities of MILLET Mountain Group in the US were added.

PERSONNEL PROVISIONS

Personnel provisions relate to provisions for a long-term employee profit-sharing plan required under French law ("Participation des salariés") and the long-term participation plans. The "Participation des salariés" plan is determined using a legally prescribed formula based on the local entity's profit in the commercial accounts, reduced by a pre-defined equity discount. The provision for the long-term participation plans contain the potential future claims arising from this plan.

LITIGATION

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

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

OTHER PROVISIONS

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

13. INCOME TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Receivables	436	1'035	-9'461	-7'360
Inventories	3'091	4'498	-1'497	-1'209
Property, plant and equipment	1'520	1'591	-2'029	-2'281
Intangible assets	62	64	-5'600	-7'178
Other assets	753	1'553	-1'889	-1'403
Provisions	2'889	3'174	-951	-1'002
Defined benefit obligation	1'473	1'436	-3	-90
Other liabilities	1'411	1'547	-805	-1'802
Tax losses carried forward	9'664	5'155	-	-
Total deferred tax assets/(liabilities)	21'299	20'053	-22'235	-22'325
Netting	-14'083	-12'001	14'083	12'001
Total deferred tax assets/(liabilities) as disclosed	7'216	8'052	-8'152	-10'324

UNRECOGNISED TAX LOSS CARRYFORWARDS

	2016	2015
Unrecognised tax loss carryforwards lapse:		
in 1 year	1'112	683
in 2 to 5 years	5'422	4'239
in more than 5 years	4'560	4'361
do not lapse	63'478	64'953
Total unrecognised tax loss carryforwards	74'572	74'835

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.

	2016	2015
Tax expense recorded in the income statement		
Current income taxes	-4'705	-3'399
Deferred income taxes	1'407	-367
Total tax expense recorded in the income statement	-3'298	-3'766
Tax effect recorded in other comprehensive income		
Deferred income taxes from hedging	12	-32
Deferred income taxes from remeasurement of defined benefit plans	-46	-281
Total tax effect recorded in other comprehensive income	-34	-313
Tax effect recorded directly in equity		
Current income taxes from share-based payments	18	-
Deferred income taxes from share-based payments	-7	15
Total tax effect recorded directly in equity	11	15

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 (2016: 26.2%; 2015: 29.6%) 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):

	2016	in %	2015	in %
Earnings before taxes	18'056		20'755	
Tax expense based on expected tax rate	-4'725	26.2	-6'147	29.6
Effect of changes in the tax rates	551		-258	
Non-deductible expenses and/or non-taxable income	-509		1'895	
Unrecognised tax losses in the current period	-2'064		-1'908	
Utilisation of unrecognised tax loss carryforwards	280		289	
Capitalization of loss carryforwards	4'335		3'000	
Other effects ¹⁾	-1'166		-637	
Actual tax expense recorded in the income statement	-3'298	18.3	-3'766	18.1

¹⁾ Include CHF -867 (2015: CHF -684) of a French business tax. In accordance with French legislation, a portion of the business tax is computed based on added value and consequently, this component is reported as income tax.

14. SHAREHOLDERS' EQUITY - GROUP

CAPITAL DECREASE BY REDUCTION OF THE PAR VALUE

The General Meeting held on 21 April 2016 authorised a capital decrease by reducing the par value per share by CHF 2.00 from CHF 2.10 to CHF 0.10.

A share of CHF 0.40 of the par value reduction per share, or a total of CHF 3'245 was distributed to the shareholders after 13 July 2016. A share of CHF 1.60 of the par value reduction per share, or CHF 12'981 in total was allocated to the capital contribution reserves.

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

	2016	2015
8'121'780 registered shares with a par value of CHF 0.10 each (2015: 8'091'848 registered shares with a par value of CHF 2.10 each), issued and fully paid up	812	16'993

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 21 April 2016 approved a dividend of CHF 0.40 (2015: CHF 0.80) per registered share to be paid from the capital contribution reserve. The dividend of CHF 3'244 was paid out after 28 April 2016. Taking into consideration premiums of CHF 983 and the allocation of CHF 1.60 per share due to par value reduction, the capital contribution reserves of CALIDA Holding AG amount to CHF 15'351 (please refer also to the "Financial statements of CALIDA Holding AG").

CONDITIONAL CAPITAL

In the reporting period, a conditional capital increase of CHF 45 (2015: CHF 81) or 29'932 registered shares (2015: 38'411 registered shares) was carried out at an average issue price of CHF 28.09 per share (2015: CHF 26.62). The

premium, representing the excess over par value after deduction of transaction costs, was allocated to the capital reserves (2016: CHF 778; 2015: CHF 938).

Conditional capital of CHF 24 (2015: CHF 563) was available as at 31 December 2016, equivalent to 238'220 registered shares (2015: 268'152 registered shares) with a par value of CHF 0.10 each (2015: CHF 2.10).

TREASURY SHARES

As of the reporting date CALIDA Holding AG holds 15'000 treasury shares. The average acquisition price of these shares acquired during the reporting period was CHF 35.40 per share.

The 2'200 treasury shares held at 1 January 2016 were appropriated to satisfy employee stock options during the reporting period. The average exercise price was CHF 28.05.

15. NON-CONTROLLING INTERESTS

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

The following table provides a breakdown:

	2016	2015
Non-controlling interests ¹⁾	28.5%	40.1%
Share of net income	826	1'073
Share of the shareholders' equity	23'272	31'898

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:

	2016	2015
Statement of financial position		
Assets	153'560	161'460
Liabilities	52'512	63'098
Net assets	101'048	98'362
Income statement		
Net sales	182'098	173'880
Net income/(loss)	1'498	2'797
Cash flow statement		
Cash flow from operating activities	6'077	-3'326
Change in cash and cash equivalents	1'460	-5'807

16. SIGNIFICANT SHAREHOLDERS

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

	2016	2015
Shareholder group of Kellenberger family members	34.7%	34.5%
Veraison Capital AG	16.3%	0.0%
Micalux S.A., Luxembourg	0.0%	16.3%
Vontobel Fonds Services AG ¹⁾	9.0%	7.5%
Shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG	6.8%	5.7%
Swisscanto Fondsleitung AG ²⁾	5.0%	4.1%

¹⁾ Includes 545'732 registered shares of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ In accordance with reporting to SIX Swiss Exchange as at 3 November 2016 and 20 June 2015.

17. DIVIDEND DISTRIBUTION

The Board of Directors will submit a proposal to the Annual General Meeting of CALIDA Holding AG on 9 May 2017 to issue a dividend for the reporting period 2016 of CHF 0.80 per registered share from the capital contribution reserve (2015: CHF 0.40).

18. SEGMENT REPORTING

As chief operating decision maker, the CALIDA Group Executive Management determines the business activities and monitors internal reporting to assess performance and make decisions about resources to be allocated. Following the integration of the LAFUMA Group, 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 Outdoor.

OTHER ACTIVITIES

Besides corporate functions, some smaller activities of the LAFUMA Group are not allocated to an operating segment.

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 costs of goods sold and allocated sales and marketing costs (e.g. costs of the sales organisation, rents for sales areas).

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

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

in CHF 1'000

2016	CALIDA Division	AUBADE Division	MILLET Mountain Group	FURNITURE Division	OXBOW Division	Other activities	CALIDA Group
Net sales	130'618	58'308	111'437	41'834	27'540	1'140	370'877
Operating profit contribution	35'997	14'158	22'068	12'623	5'503	1'144	91'493
Non-allocated operating costs							-73'185
Operating result							18'308
Financial result, net							-252
Earnings before tax							18'056
Amortisation and depreciation	-3'739	-1'706	-3'961	-925	-363	-111	-10'805
thereof impairment	-	-	-	-	-159	-	-159
Investments	4'048	794	2'970	1'388	335	-	9'535

2015	CALIDA Division	AUBADE Division	MILLET Mountain Group	FURNITURE Division	OXBOW Division	Other activities	CALIDA Group
Net sales	128'158	57'008	106'064	37'708	27'962	2'079	358'979
Operating profit contribution	35'561	15'340	20'643	11'045	4'961	909	88'459
Non-allocated operating costs							-66'921
Operating result							21'538
Financial result, net							-783
Earnings before tax							20'755
Amortisation and depreciation	-4'119	-2'201	-2'101	-928	-1'145	-111	-10'605
thereof impairment	-	-	-	-	-726	-	-726
Investments	4'568	1'674	2'932	1'101	192	-	10'467

GEOGRAPHICAL REPORTING

Net sales	2016	2015
France	149'422	143'256
Germany	69'142	64'729
Switzerland	62'423	61'478
Other Europe	56'018	56'098
Asia	25'107	22'996
USA	6'182	6'779
Other markets	2'583	3'643
Total	370'877	358'979

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2016	2015
France	70'276	72'023
Switzerland	10'115	10'014
Hungary	2'704	3'618
Germany	1'809	1'874
Other markets	2'185	2'519
Total	87'089	90'048

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

19. PENSION PLANS AND PERSONNEL EXPENSES

Personnel expenses of the CALIDA Group break down as follows:

	2016	2015
Wages and salaries	-83'984	-81'832
Social security expenses	-19'585	-19'721
Expenses for defined benefit plans	-1'869	-1'167
Expenses for defined contribution plans	-1'070	-960
Share-based payments	-718	-587
Other personnel expenses	-6'841	-4'801
Total	-114'067	-109'068

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

SWITZERLAND

Pension plans are governed by the Federal act on Occupational Retirement, Survivors and Disability Pension Plans (BVG/LPP), which requires pension plans to be managed by a separate and legally independent entity. The governing body of the pension plan (Employee Benefit Committee) is responsible for general management, drafting the pension fund regulations, defining the investment strategy and determining how the benefits will be funded. The Employee Benefit Committee comprises employee and employer representatives.

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

The major risks of relevance for the pension fund are the investment risk, interest rate risk, invalidity risk and risk of longevity. The pension fund of the Swiss Group companies has taken out reinsurance to cover these risks. The policy is limited to a fixed term, with the first possible ordinary termination date for both parties at the end of 2019.

FRANCE

Employees in France receive a lump sum retirement indemnity ("indemnité de fin de carrière", IFC). The amount due is based on the number of years of service at the company, the salary and the rank of the retiree. Entitlement lapses

if the employee leaves the company before retirement. The plan for AUBADE is funded, while the plans for MILLET Mountaing Group, FURNITURE Division and OXBOW Division are not.

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

	2016	2015
Breakdown of the net defined benefit liability		
Present value of the DBO	-55'862	-54'457
Fair value of plan assets	47'158	46'012
Net defined benefit asset/(liability)	-8'704	-8'445
of which recorded in other non-current assets	285	447
of which recorded in other non-current liabilities	-8'989	-8'892
The net defined benefit liability developed as follows:		
As at 1 January	-8'445	-9'298
Cost of defined benefit plans, through profit or loss	-1'946	-1'275
Remeasurements, in other comprehensive income	522	862
Employer contributions	1'125	1'121
Exchange rate differences	40	145
As at 31 December	-8'704	-8'445
PRESENT VALUE OF THE DBO		
As at 1 January	54'457	64'226
Service cost	1'869	1'550
Past service cost	-	-383
Interest expense	433	716
Employee contributions	1'064	1'071
Benefit payments	-3'018	-1'877
Actuarial (gains)/loss	1'105	-19
Derecognition retirees	-	-10'579
Exchange rate differences	-48	-248
As at 31 December	55'862	54'457
of which relating to Switzerland:		
Present value of the DBO	53'394	52'116
Active employees	75%	76%
Retirees	25%	24%
Average duration in years	17.9	18.1

FAIR VALUE OF PLAN ASSETS

	2016	2015
As at 1 January	46'012	54'928
Interest income at discount rate	356	609
Employer contributions	1'125	1'121
Employee contributions	1'064	1'071
Benefits paid	-3'018	-1'877
Return on plan assets (excluding the interest income discount rate)	1'627	843
Derecognition retirees	-	-10'579
Exchange rate differences	-8	-104
As at 31 December	47'158	46'012

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

	2016	2015
Service cost in personnel expenses	-1'869	-1'167
Net interest in financial expenses	-77	-108
Total	-1'946	-1'275

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

	2016	2015
Remeasurement of the net defined benefit liability		
- Changes in financial assumptions	1'224	-1'944
- Changes in demographic assumptions.	-1'407	-
- Experience adjustments	-922	1'963
Return on plan assets (excluding the interest income discount rate)	1'627	843
Total remeasurement of the net defined benefit liability, before tax	522	862

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

	2016	2015
Discount rate	0.6%	0.8%
Estimated future salary increases	1.0%	1.0%

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

SENSITIVITY

A change in these significant actuarial assumptions would have the following (weighted) impact on the DBO: an increase/decrease of 0.5% in the discount rate would lead to a decrease/increase of -7.6%/+8.8% (2015: -8.2%/+9.4%) in the DBO. A decrease/increase of 0.5% in the salary increase would lead to an increase/decrease of + 0.4%/-0.5% (2015: +0.5%/-0.6%) 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:

	2016	2015
Shares	11.8%	11.9%
Bonds	13.9%	14.6%
Real estate	6.0%	5.3%
Receivables from an insurance company (collective foundation)	68.3%	68.2%
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 1'122 for the fiscal year 2017.

20. SHARE-BASED PAYMENTS

Call options on registered shares in CALIDA Holding AG are granted as part of the performance-related variable compensation for members of the Board of Directors, 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 2016

Number of options	Term	Exercise in CHF	Settlement date
6'000	01.03.2012 – 31.03.2017	28.05	vested
6'000	01.04.2013 – 31.03.2018	26.65	vested
14'000	01.04.2013 – 31.03.2019	26.65	01.04.2017
18'600	01.04.2014 – 31.03.2019	30.75	vasted
14'800	01.04.2014 – 31.03.2019	30.75	01.04.2017
24'000	01.04.2014 – 31.03.2020	30.75	01.04.2018
17'900	01.04.2015 – 31.03.2020	36.65	vested
17'900	01.04.2015 – 31.03.2020	36.65	01.04.2017
18'200	01.04.2015 – 31.03.2020	36.65	01.04.2018
44'000	01.04.2015 – 31.03.2021	36.65	01.04.2019
17'800	01.04.2016 – 31.03.2021	33.40	01.04.2017
17'800	01.04.2016 – 31.03.2021	33.40	01.04.2018
18'400	01.04.2016 – 31.03.2021	33.40	01.04.2019
40'000	01.04.2016 – 31.03.2022	33.40	01.04.2020
275'400	Total		

The CALIDA Group recorded personnel expenses of CHF 718 in connection with stock option plans in 2016 (2015: CHF 587).

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

	Number of options 2016	Ø Exercise price CHF 2016	Number of options 2015	Ø Exercise price CHF 2015
Outstanding as at 1 January	213'532	32.60	153'943	28.53
Granted in the reporting period	94'000	33.40	98'000	36.65
Exercised in the reporting period ¹⁾	-32'132	28.09	-38'411	26.62
Outstanding at 31 December	275'400	33.40	213'532	32.60
Vested at 31 December	48'500	32.09	25'332	28.69

¹⁾ The weighted average share price on the exercise date of options was CHF 34.56 (2015: 39.64).

The exercise price of options outstanding as at the end of the reporting period was between CHF 26.65 and CHF 36.65 (2015: CHF 26.65 and CHF 36.65), while the average term to maturity was 3.62 years (2015: 3.80 years). Options granted in the reporting period had an average weighted fair value of CHF 8.88 (2015: CHF 10.33).

The fair value of allocated options was determined on the grant date using the 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:

	2016	2015
Share price in CHF	34.65	40.50
Exercise price in CHF	33.40	36.65
Expected volatility in %	33.3%	32.6%
Expected lifetime in years	4.14	5.45
Risk interest in %	0.0%	0.0%
Expected dividend in CHF	0.80	0.80

The expected volatility is determined based on past price trends for the CALIDA share. The swap rate for the relevant term of the option on the grant date is considered as the risk-free interest rate (at least 0.0%).

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

21. OTHER OPERATING EXPENSES

	2016	2015
Sales and marketing expenses	-26'140	-19'743
Rental expenses	-24'355	-23'904
General administrative expenses	-18'848	-18'301
Other expenses	-27'818	-25'474
Total	-97'161	-87'422

The increase in sales and marketing expenses mainly relates to investments in the brands CALIDA and AUBADE.

22. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Notes	2016	2015
Depreciation of property, plant and equipment	5	-8'723	-7'877
Amortisation of intangible assets	6	-1'923	-2'002
Impairment of intangible assets	6	-159	-726
Total		-10'805	-10'605

23. FINANCIAL RESULT, NET

	2016	2015
Interest income from financial assets	88	45
Total financial income	88	45
Net interest on defined benefit plans	-77	-107
Interest expense from financial liabilities	-585	-817
Bank fees and other financial expenses	-201	-49
Total financial expenses	-863	-973
Net gains on exchange differences	523	145
Total exchange differences	523	145
Total financial result	-252	-783

24. EARNINGS PER REGISTERED SHARE

	2016	2015
Net income, attributable to the shareholders of CALIDA Holding AG	13'932	15'916
Number of shares as at reporting date	8'121'780	8'091'848
Less weighted average capital increase	-16'548	-13'326
Average number of shares outstanding	8'105'232	8'078'522
Earnings per registered share in CHF	1.72	1.97
Diluted earnings per registered share in CHF	1.72	1.97

The dilutive effects were calculated based on the average number of outstanding call options and the average share price. The outstanding options with an exercise price below the average share price (determined at daily closing price) are taken into account in determining dilutive effects. The average number of potential registered shares included in the calculation was 5'262 (2015: 17'648).

25. LEASE OBLIGATIONS

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

	2016	2015
in up to 1 year	17'803	17'839
2 to 5 years	43'792	44'933
more than 5 years	13'926	14'662
Total	75'521	77'434

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

26. PLEDGED ASSETS

	2016	2015
Pledged land and buildings at carrying amounts	2'394	2'523
Liens on property	27'000	27'000
Current financial liabilities to banks secured by real estate	6'375	6'496
Non-current financial liabilities to banks secured by real estate	6'338	12'991
Pledged bank balances	4'202	5'190

In connection with the new syndicated loan facility, the Group pledged real estate of CALIDA AG with a carrying amount of CHF 2'394 (2015: CHF 2'523) and shares in LAFUMA SA.

27. TRANSACTIONS WITH RELATED PARTIES

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

GROUP COMPANIES

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

Members of the Board of Directors and Executive Management	2016	2015
Short-term benefits	4'705	4'576
Long-term benefits	-72	-795
Post-employment benefits	457	254
Share-based payments	426	397
Total	5'516	4'432

Remuneration (incl. social security contributions of CHF 700) is disclosed as short-term benefits. Long-term benefits relate to changes in the long-term participation plans. Post-employment benefits refer to pension plans. The amounts shown for share-based payments reflect the expenses recorded in the reporting period from options allocated in the years 2012 to 2016 (2015: 2011 to 2015); refer to note 20. For further disclosures according to article 13 et seq. Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), please refer to the remuneration report of CALIDA Holding AG.

The CALIDA Group draws on the legal advisory services of several law firms, including Meyerlustenberger Lachenal, Zurich, in which Dr Thomas Lustenberger, Chairman of the Board of Directors of CALIDA Holding AG, was a partner. As per 31 December 2015 he resigned from the partnership and has not obtained any earnings for the reporting period from the law firm. Meyerlustenberger Lachenal rendered services costing CHF 239 (2015: CHF 88) in the reporting period. Of this, CHF 0 (2015: CHF 0) was outstanding as at 31 December 2016.

SIGNIFICANT SHAREHOLDERS

The reported receivables from third parties of CHF 32 (2015: CHF 18) as at 31 December 2015 relate to a company controlled by a significant shareholder; sales of CHF 336 (2015: CHF 353) were generated with this company in the reporting period.

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

28. FINANCIAL RISK MANAGEMENT

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

FINANCIAL INSTRUMENTS

Financial assets are allocated to the following categories:

	2016	2015
Cash and cash equivalents	40'220	56'368
Trade accounts receivable	41'268	38'590
Loans (current and non-current)	5'129	5'527
Other financial assets ¹⁾	2'428	3'060
Total - at amortised cost	89'045	103'545
At fair value through profit and loss (derivate financial instruments - level 2)	3'223	2'337
Total	92'268	105'882

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

Financial liabilities are allocated to the following categories:

	2016	2015
Financial liabilities (current and non-current)	13'998	23'939
Trade accounts payable	18'825	20'659
Accrued liabilities and deferred income ¹⁾	6'947	7'057
Other current liabilities ²⁾	11'911	13'573
Total - at amortised cost	51'681	65'228
At fair value through profit and loss (derivative financial instruments - level 2)	-	225
Total	51'681	65'453

¹⁾ Not including liabilities to government authorities of CHF 6'588 (2015: CHF 8'732).

²⁾ Not including accrued personnel expenses and other accruals of CHF 21'471 (2015: CHF 17'484).

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

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

CREDIT RISKS

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

Trade accounts receivable are subject to active risk management. Doubtful accounts are assessed for impairment individually. Indications of possible impairment include significant financial difficulty or insolvency of the customer as well as situations where financial restructuring is probable or the customer has already defaulted. Due to the varied customer structure, there are no generally applicable credit limits across the Group. However, customers' creditworthiness is tested systematically, taking into account the financial situation, past experience and/or other factors. The likelihood of risk concentrations in this area is limited by the fact that the Group's customer base is broad, geographically diversified and spread across five divisions.

The CALIDA Group does not hold any specific collateral for trade accounts receivable as at year-end 2016 (2015: none). Trade accounts receivable are partly secured via credit insurance.

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

LIQUIDITY RISKS

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

Syndicated loan facility

The acquisition loan within the syndicated loan facility was used to finance the mandatory takeover bid and subsequent second capital increase at LAFUMA, which was paid up in mid-February 2014. The revolving credit facility safeguards CALIDA Group's long-term financing and was unused as at the reporting date.

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

	2016	2015
Cash and cash equivalents	40'220	56'368
Confirmed credit lines	93'126	86'344
Credit lines used	-14'991	-25'140
Total	118'355	117'572

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

31 December 2016

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

31 December 2015

	Carrying amount	Contractual payments	< 1 year	1-5 years
Financial liabilities	23'939	24'897	11'629	13'268
Trade accounts payable	20'659	20'659	20'659	-
Derivative financial instruments				
Cash inflows		-79'451	-49'182	-30'269
Cash outflows		76'874	47'633	29'241
Net	-2'112	-2'577	-1'549	-1'028
Other current liabilities ¹⁾	7'057	7'057	7'057	-
Accrued liabilities and deferred income ²⁾	13'573	13'573	13'573	-

¹⁾ Not including liabilities to government authorities of CHF 6'588 (2015: CHF 8'732).

²⁾ Not including accrued personnel expenses and other accruals of CHF 21'471 (2015: CHF 17'484).

In the reporting period CHF 6'539 were amortised as due according to the current agreement for the syndicated loan facility (2015: CHF 6'277).

INTEREST RATE RISKS

The Group's current liabilities to banks and time deposits bear interest at floating rates. The CALIDA Group is exposed to fluctuations in market interest rates, which can affect income and shareholders' equity.

Interest-bearing liabilities with floating rates expose the Group to a cash flow risk, while changes in interest rates on fixed-rate liabilities can have a material direct impact on the income statement and shareholders' equity.

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

Change in interest rates

	Currency	2016	2015
+/-20 basis points	EUR	+/- 28	+/- 23
+/-15 basis points	CHF	+/- 17	+/- 26

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.

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

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

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

In the reporting period gains from hedging instruments in the amount of CHF 911 (2015: CHF 4'460) were reclassified from other comprehensive income to cost of goods sold and third-party services.

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 2016	3'223	-	44'504	12'712
31 December 2015	2'337	-225	49'182	30'269

A change in the USD/EUR closing rate of +/-10.0% would lead to a change of CHF -4'975/+6'357 (2015: CHF -7'223/+8'828) in the derivatives, which would be recorded in other comprehensive income, assuming the hedge was fully effective.

If the euro were to depreciate by 5.0% against the Swiss franc as at 31 December 2016, but all other parameters remained unchanged, earnings before taxes would have decreased by CHF 174 (2015: increase of CHF 144). Vice versa, if it were to appreciate by the same amount, the results would have decreased by the amount of the increase described above.

CAPITAL MANAGEMENT

Sufficient liquidity is available for ordinary business operations in the fiscal year 2017 and thereafter based on the cash inflow from operating activities and confirmed credit lines. The Company can also issue securities if required.

Capital management at the CALIDA Group focuses on safeguarding the Group's ability to continue as a going concern, generating an appropriate return for shareholders and optimising financial ratios while considering cost of capital. The CALIDA Group can adjust the dividend payout, return capital to shareholders or issue new shares to reach these targets. No adjustments or changes were made to the capital management objectives or policies in the reporting periods 2016 or 2015.

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

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

	2016	2015
Shareholder's equity	173'577	179'348
Total capital	280'537	302'692
Equity ratio	61.9%	59.3%

29. SUBSEQUENT EVENTS

The consolidated financial statements were approved by the Audit & Risk Committee on 24 February 2017 and released for publication by the Board of Directors on 27 February 2017. The consolidated financial statements are subject to approval by the Annual General Meeting scheduled for 9 May 2017.

Between 31 December 2016 and the date on which these consolidated financial statements were approved by the Board of Directors the following event took place:

As at 23 February 2017 CALIDA Group signed a share purchase agreement to acquire Reich Online Services GmbH in full as per 1 March 2017. This company is a specialist in e-commerce and, amongst other activities, operator of the CALIDA online shop in Germany. In fiscal year 2016 total sales of Reich Online Services GmbH amounted to approx. CHF 15m.

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



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 27 February 2017

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 consolidated statement of financial position as at 31 December 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 29-69) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, 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.

Inventory - valuation

Area of focus As of 31 December 2016 total inventory amounts to 28% of the balance sheet total. At CALIDA Group inventory consists of raw material (11% of total inventory), unfinished products (11% of total inventory), and finished products (78% of total inventory) which is disclosed in note 4. As outlined in the accounting policy disclosed in the consolidated financial statements, CALIDA Group distinguishes within finished products between standard and seasonal products. Standard products can be sold during a longer period of time. However, seasonal products have been produced for a particular season in a particular year and, consequently, if not sold during this season, there is an inherent risk that the article may no longer be sold. We focused on this area because the inventory balances are material to the financial statements, involve a high level of judgement and are subject to inherent risks related to seasonal changes in the underlying market environment. CALIDA disclosed information about the inventory valuation in the section "estimates and assumptions" as well as in note 4 of the consolidated financial statements. CALIDA Group uses assumptions and past experience to determine the amount of allowance required for the different product groups.

Our audit response During our audit we focused on the allocation of products to the standard or seasonal category. In addition, we assessed the method to determine the allowance required for all different inventory categories. Finally, we assessed the disclosures given in the section "estimates and assumptions" as well as in the notes of the consolidated financial statements.

Goodwill and intangible assets with indefinite useful life - valuation

Area of focus Goodwill and intangible assets with indefinite useful life represent 22% of the balance sheet total and 35% of total equity. Intangible assets with indefinite useful life consist of brands and key money. Management performs an annual impairment test using a number of different assumptions. This process is significant to our audit as the process involves judgement and is complex. Goodwill as well as brand are tested for impairment at the level of the respective divisions which also represent operating segments. Key money is tested for impairment at the respective shop level. CALIDA Group disclosed information about the impairment test in the section "estimates and assumptions" as well as in note 6 of the consolidated financial statements.



Our audit response

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

Post employment benefit

Area of focus CALIDA Group operates a separate pension plan for its Swiss employees which covers longevity, death and disability risk as required by law. CALIDA Group discloses information about the pension plan in note 19 of the consolidated financial statements. The pension plan holds its own plan assets as well as re-insurance policies for certain risks to cover the pension liabilities. The process to determine the post employment benefit liability is significant to our audit as it is complex and involves judgement. In addition, changes to the post employment benefit liability may be accounted through the profit or loss statement or other comprehensive income which adds to the complexity.

Our audit response

Our audit work for post employment benefits included census data testing to evaluate the completeness of all employees as well as retirees in the calculation. We further assessed the assumptions used for the actuarial calculations and compared those with external data available. We also tested underlying salaries and pension savings on a sample basis and we assessed whether plan assets have been valued at fair value. Finally, we evaluated the disclosures made in the consolidated financial statements.



Other information in the annual report

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

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

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



Responsibility of the Board of Directors for the consolidated financial statements

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

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



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

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

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



Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert

Financial statements 2016

CALIDA Holding AG



Balance sheet

AS AT 31 DECEMBER

	Note	2016	2015
Cash and cash equivalents		9'178	14'949
Other short term receivables			
from third parties		97	88
from investments		7	9
Accrued income and deferred liabilities		-	7
Current assets		9'282	15'053
Loans to investments		6'537	15'076
Investments	1.1	162'590	147'077
Non-current assets		169'127	162'153
ASSETS		178'409	177'206
Interest bearing short term liabilities	1.2	6'431	6'496
Other short term payables			
to third parties		38	20
to investments		1'044	1'251
Accrued liabilities and deferred income		2'251	2'835
Current liabilities		9'764	10'602
Interest bearing long term liabilities	1.2	6'431	12'991
Non-current liabilities		6'431	12'991
Liabilities		16'195	23'593
Share capital	1.3	812	16'993
Capital contribution reserves	1.5	15'351	4'631
General legal reserves		7'500	7'500
Retained earnings		139'082	124'542
Treasury shares	1.6	-531	-53
Shareholders' equity		162'214	153'613
SHAREHOLDERS' EQUITY AND LIABILITIES		178'409	177'206

Income statement

1 JANUARY - 31 DECEMBER

	Note	2016	2015
Dividend income		15'300	26'700
Reversal of impairment loss recorded on investments	1.1	1'000	1'300
Other financial income		1'922	2'550
Other operating income		6	8
Income		18'228	30'558
Administrative expenses		-2'393	-2'008
Financial expenses		-1'305	-2'616
Taxes		-	-
Expenses		-3'698	-4'624
Net income		14'530	25'934

Statement of changes in shareholders' equity

	Share capital	Capital contribution reserves	General legal reserve	Retained earnings	Treasury shares	Shareholders' equity
1 January 2014	16'790	14'192	7'500	82'429	-53	120'858
Capital increase	122	1'880	-	-	-	2'002
Dividend from capital contribution reserves	-	-6'417	-	-	-	-6'417
Net income	-	-	-	16'179	-	16'179
31 December 2014	16'912	9'655	7'500	98'608	-53	132'622
Capital increase	81	1'441	-	-	-	1'522
Dividend from capital contribution reserves	-	-6'465	-	-	-	-6'465
Net income	-	-	-	25'934	-	25'934
31 December 2015	16'993	4'631	7'500	124'542	-53	153'613
Reduction of par value	-16'226	12'981	-	-	-	-3'245
Capital increase	45	983	-	-	-	1'028
Dividend from capital contribution reserves	-	-3'244	-	-	-	-3'244
Appropriation of treasury share for employee stock options	-	-	-	10	53	63
Acquisition of treasury shares	-	-	-	-	-531	-531
Net income	-	-	-	14'530	-	14'530
31 December 2016	812	15'351	7'500	139'082	-531	162'214

Notes to the financial statements

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

Accounting principles

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

Recognition and measurement principles

LOANS TO INVESTMENTS

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

INTEREST-BEARING LIABILITIES

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

short term, while those longer one year are disclosed as long term liabilities.

TREASURY SHARES

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

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

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

1. Notes to the financial statements

1.1 INVESTMENTS

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

Company ¹⁾	Registered office	Activity		Capital	Capital and voting share	
					31.12.2016	31.12.2015
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, 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	Activity	Capital	Capital- and voting share	
				31.12.2016	31.12.2015
SPTF AZUR SA	Sursee, Switzerland	Holding	CHF	100'000	100.0%
LAFUMA SA	Annecy-le-Vieux, France	Holding	EUR	56'885'352	71.5%
indirectly:					
AUBADE Paris SAS	Paris, France	Sales/logistics	EUR	15'754'230	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%
SOLAUBADE SURL	Madrid, Spain	Sales	EUR	300'000	100.0%
MILLET Outdoor Products (Nanjing) CO. Ltd.²⁾	Nanjing, China	Production / Sales	CNY	15'000'000	71.5%
L.M.O. SRL.	Montebelluna, Italy	Sales	EUR	10'000	71.5%
L.W.A. SA	Wavre, Belgium	Sales	EUR	66'931	71.5%
LAFROM HK Ltd.	Kwun Tong, Hong Kong	Logistics	HKD	10'000	70.1%
LAFROM Tunisie	Sousse, Tunisia	Production	TND	100'000	71.5%
LAFUMA America Inc.	Lafayette, USA	Sales	USD	24'500	71.5%
LAFUMA BV	Leusden, Netherlands	Sales	EUR	113'445	71.5%
LAFUMA Group GmbH	Bissingen / Teck, Germany	Sales	EUR	285'000	71.5%
LAFUMA Group SL	Barcelona, Spain	Sales	EUR	475'000	71.5%
LAFUMA Hong Kong Ltd.	Kwun Tong, Hong Kong	Sales	HKD	10'000	70.8%
LAFUMA Hungaria KFT	Sarvar, Hungary	Production	HUF	51'350'000	71.5%
LAFUMA MILLET KK	Tokyo, Japan	Sales	JPY	10'000'000	71.5%
LAFUMA Mobilier SAS	Anneyron, France	Production / Sales	EUR	9'262'561	71.5%
LALLEMAND SAS	Vieux d'Izenave, France	Production / Sales	EUR	925'540	71.5%
MILLET Mountain Group (Switzerland) AG	Oberkirch, Switzerland	Sales	CHF	100'000	71.5%
MILLET Mountain Group SAS	Annecy-le-Vieux, France	Sales	EUR	3'921'068	71.5%
OXBOW SAS³⁾	Mérignac, France	Sales	EUR	50'000	71.5%
SHERPA Logistique SAS	Saint-Rambert d'Albon, France	Logistics	EUR	373'570	71.5%

¹⁾ Only active companies are listed.

²⁾ Name changed in the reporting period.

³⁾ The company has absorbed OXBOW Distribution SAS in the reporting period.

In the reporting period impairment losses of CHF 1'000 were reversed (2015: CHF 1'300).

1.2 INTEREST-BEARING LIABILITIES

All interest bearing liabilities have their origin in the syndicated loan agreement. The loan is denominated in euro and the variance to the prior year is due to the amortisation in accordance with the contract and the foreign currency valuation.

1.3 SHARE CAPITAL

The General Meeting held on 21 April 2016 authorised a capital decrease by reducing the par value per share by CHF 2.00 from CHF 2.10 to CHF 0.10.

A share of CHF 0.40 of the par value reduction per share, or a total of CHF 3'245 was distributed to the shareholders after 13 July 2016. A share of CHF 1.60 of the par value reduction per share, or CHF 12'981 in total was allocated to the capital contribution reserves.

The share capital of CHF 812 (2015: CHF 16'993) consists of 8'121'780 (2015: 8'091'848) registered shares with a par value of CHF 0.10 (2015: CHF 2.10). As at balance sheet date, 29'932 registered shares (2015: 38'411 registered shares) were not yet registered in the commercial register.

1.4 CONDITIONAL CAPITAL

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

In the reporting period, a conditional capital increase of CHF 45 (2015: CHF 81) or 29'932 registered shares (2015: 38'411 registered shares) was carried out. A premium of CHF 983 (2015: CHF 1'441) from the capital increase was added to the capital contribution reserves.

Conditional capital of CHF 24 (2015: CHF 563) was available as at 31 December 2016, equivalent to 238'220 registered shares (2015: 268'152 registered shares) with a par value of CHF 0.10 each.

1.5 CAPITAL CONTRIBUTION RESERVES

The capital contribution reserves consist of additional paid-up capital from past capital increases, reduces by past dividend distributions. From a taxation point of view the dividend from capital contribution reserves is treated like a repayment from capital reduction. The Federal Tax Administration (FTA) has acknowledged

the disclosed capital contribution reserves in accordance with Art. 5 para. 1 VStG.

1.6 TREASURY SHARES

As per balance sheet date CALIDA Holding AG holds 15'000 treasury shares. The average acquisition price of these shares acquired during the reporting period was CHF 35.40 per share.

The 2'200 treasury shares held at 1 January 2016 were appropriated to settle employee stock options during the reporting period. The average exercise price was CHF 28.05.

2. Further information

2.1 FULL TIME EQUIVALENTS

CALIDA Holding AG does not have any employees (2015: 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 at the reporting date.

	2016	2015
Shareholder group of Kellenberger family members	34.7%	34.5%
Veraison Capital AG	16.3%	0.0%
Micalux S.A., Luxembourg	0.0%	16.3%
Vontobel Fonds Services AG ¹⁾	9.0%	7.5%
Shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG	6.8%	5.7%
Swisscanto Fondsleitung AG ²⁾	5.0%	4.1%

¹⁾ Includes 545'732 registered shares of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ In accordance with reporting to SIX Swiss Exchange as at 3 November 2016 and 20 June 2015.

2.3 PLEDGED ASSETS

As at 31 December 2016, shares in LAFUMA SA of CHF 58'362 (2015: CHF 58'362) were pledged to the bank consortium in connection with financing the takeover of the LAFUMA Group

2.4 CONTINGENT LIABILITIES

Guarantee obligations in favour of third parties of up to CHF 70'298 (2015: CHF 67'139) have been issued for Group companies in connection with bank financing as at 31 December 2016. Claims of CHF 12'862 (2015: CHF 19'487) had been made as at the reporting date 31 December 2016. As at 31 December 2016 the Company had also issued a rent guarantee in favour of a third party for one AUBADE store in the UK (2015: two stores).

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

Numbers as per 31 December

	Registered shares 2016	Employee options 2016	Total 2016	Registered shares 2015	Employee options 2015	Total 2015
Thomas Lustenberger (Chairman)	74'680	-	74'680	74'680	-	74'680
Share of voting rights	0.9%		0.9%	0.9%	-	0.9%
Marco Gadola (Vice Chairman)	-	-	-	-	-	-
Beat Grüning (Member)	39'174	-	39'174	34'174	-	34'174
Share of voting rights	0.5%		0.5%	0.4%	-	0.4%
Hans-Kristian Hoejsgaard (Member)	-	-	-	-	-	-
Erich Kellenberger (Member)¹⁾	2'807'845	-	2'807'845	2'776'245	-	2'776'245
Share of voting rights	34.7%		34.7%	34.5%		34.5%
Stefan Portmann (Member)²⁾	-	-	-	-	-	-
Jean-Paul Rigauddau (Member)²⁾	-	-	-	-	-	-
Marianne Tesler (Member)	-	-	-	-	-	-
Felix Sulzberger (CEO and member)³⁾	n/a	n/a	n/a	75'084	-	75'084
Share of voting rights				0.9%		0.9%
Reiner Pichler (CEO)⁴⁾	500	-	500	n/a	n/a	n/a
Share of voting rights	0.0%		0.0%			
Philippe Bernaud (General Manager AUBADE)	-	44'000	44'000	-	44'000	44'000
(Potential) share of voting rights		0.5%	0.5%		0.5%	0.5%

Numbers as per 31 December	Registered shares 2016	Employee options 2016	Total 2016	Registered shares 2015	Employee options 2015	Total 2015
Daniel Gemperle (COO & Group Projects)	-	26'000	26'000	-	22'067	22'067
(Potential) share of voting rights		0.3%	0.3%		0.3%	0.3%
Andreas Lindemann (General Manager CALIDA)	-	34'000	34'000	-	33'365	33'365
(Potential) share of voting rights		0.4%	0.4%		0.4%	0.4%
Manuela Ottiger (CHRO)	-	12'000	12'000	-	6'000	6'000
(Potential) share of voting rights		0.1%	0.1%		0.1%	0.1%
Thomas Stöcklin (CFO)	4'000	46'000	50'000	4'000	36'000	40'000
(Potential) share of voting rights	0.0%	0.6%	0.6%	0.0%	0.5%	0.5%

¹⁾ Shareholder group of Kellenberger family members.

²⁾ From 21 April 2016.

³⁾ Until 31 March 2016 and 21 April 2016 respectively.

⁴⁾ from 1 April 2016.

2.6 GRANTED EMPLOYEE STOCK OPTIONS 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 the Executive Management (apart from the CEO). Each option is associated with the right to call one share. The exercise price of the granted options in 2016 is CHF 33.40 (2015: 36.65). The fair value of allocated options was determined on the grant date using the binomial model and the definitive access to the options depends on vesting conditions (ongoing employment).

	Number of options 2016	Fair value 2016	Number of options 2015	Fair value 2015
Employee stock option granted to the members of Executive Management	46'000	394	54'000	543

The recognition in profit or loss of the employee stock options granted takes place in the company that is the contractual employer of the member of the Executive Management.

2.7 SUBSEQUENT EVENTS

The financial statements were released for publication by the Board of Directors on 27 February 2017. The financial statements are subject to approval by the Annual General Meeting scheduled for 9 May 2017.

Between 31 December 2016 and the date on which these financial statements were approved by the Board of Directors the following event took place:

As at 23 February 2017 CALIDA Group signed a share purchase agreement to acquire Reich Online Services GmbH in full as per 1 March 2017. This company is a specialist in e-commerce and, amongst other activities, operator of the CALIDA online shop in Germany. In fiscal year 2016 total sales of Reich Online Services GmbH amounted to approx. CHF 15m.

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

General legal reserves

	2016	2015
Balance carried forward from prior year	7'500	7'500
Reversal	-7'000	-
Balance carried forward to new account of the general legal reserves	500	7'500

Retained earnings

	2016	2015
Balance carried forward from prior year	124'542	98'608
Allocation from general legal reserves	7'000	-
Transactions with treasury shares	10	-
Net income	14'530	25'934
Retained earnings at year-end/balance to be carried forward to new account	146'082	124'542

Capital contribution reserves

	2016	2015
Balance carried forward from prior year	14'369	3'190
Allocation to capital contribution reserves	982	14'423
Capital contribution reserves at the disposal of the General Meeting	15'351	17'613
Dividend from capital contribution reserves	-6'497	-3'244
Balance carried forward to new account of the capital contribution reserves	8'854	14'369

The general legal reserves exceed the legal required amount after the completion of the capital decrease through reduction of the par value per share effective as per 30 June 2016. In order to maintain the flexibility for the appropriation of earnings, the Board of Directors proposes to reallocate the exceeding amount to retained earnings.

The Board of Directors will submit a proposal to the General Meeting of CALIDA Holding AG on 9 May 2017 to issue a dividend for the fiscal year 2016 of CHF 0.80 per registered share from the capital contribution reserves.

All shares outstanding as at 31 December 2016 are eligible for the dividend. The exact amount of the dividend may change slightly due to potential new shares issued to employees from conditional capital. Treas-

ury shares held on the date of the dividend payment are not eligible for dividends; as a result, the total dividend amount payable depends on the number of treasury shares held on the distribution date. The dividend can be distributed without withholding tax. Natural persons living in Switzerland are not liable for income tax on the dividend. Assuming the General Meeting approves the dividend, payment will be made after 16 May 2017.



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



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 27 February 2017

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 and notes (pages 75-81), for the year ended 31 December 2016.



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 2016 comply with Swiss law and the company's articles of incorporation.



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

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



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

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

Investments in subsidiaries

Area of focus CALIDA Holding AG holds investments in subsidiaries that represent 91% of the total assets on standalone level. The various investments are disclosed in note 1 of the separate financial statements of CALIDA Holding AG. Total investments are material to the entity and may be subject to changes in value. Accordingly, management performs regular impairment considerations and calculations to determine the value of each single investment.

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



Report on other legal requirements

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

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

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

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert

Remuneration report 2016

CALIDA Holding AG



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

Introduction

The CALIDA Holding AG's remuneration report describes the remuneration system applied and provides detailed information on the remuneration of members of the Board of Directors (BoD) and Executive Management for the fiscal years 2016 and 2015.

This report meets the requirements set out in SIX Swiss Exchange's Directive on Information relating to Corporate Governance (DCG) dated 1 September 2014 as well as the requirements of articles 13 to 16 of the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), which entered into force on 1 January 2014.

1. Principles

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

The remuneration system is based on the following principles:

Remuneration should be fair and in line with the market

Remuneration should be linked to the Company's success

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

Remuneration should be transparent

2. Remuneration regulations

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

APPROVAL PROCESS

Decision on:	CEO	NCC	BoD	AGM
Remuneration of Executive Management members (without CEO)	Proposal	Request	Decision	
Remuneration of the CEO	-	Request	Decision	
Remuneration of the BoD and its committees	-	Proposal	Decision	
Maximal total remuneration for Board of Directors and Executive Management		Proposal	Request	Binding vote
Remuneration report		Proposal	Approval	Consultative vote

The NCC consisted of Hans-Kristian Hoejsgaard as Chairman and Beat Grüning and Marianne Tesler as members during the reporting period. They were elected at the Annual General Meeting on 21 April 2016.

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

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

3. Remuneration system

3.1 DEFINITION OF THE REMUNERATION FOR THE BOARD OF DIRECTORS

The members of the Board of Directors generally receive fixed compensation in cash 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 (gross):

Chairman	104
Vice Chairman	62
Member	52
Committee member ¹⁾	25

Executive member of the Board of Directors are compensated for their role through their ordinary salary.

¹⁾ In order to not exceed the maximum compensation of the Board of Directors approved by the Annual General Meeting held on 9 May 2015, the members of the Strategic Committee waived their additional remuneration.

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

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

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

3.2 DEFINITION OF THE REMUNERATION FOR THE EXECUTIVE MANAGEMENT

The determination of the remuneration of the members of Executive Management bases on criteria, such as function, level of responsibility and experience on 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 CALIDA Group in terms of industry, structure, size, geographical operations, profitability, market

capitalisation and complexity. Generally, no external advisors are consulted with regard to the definition of remuneration. The remuneration system for Executive Management is aligned with the Group strategy and linked to relevant KPIs as well as the share price. This allows a transparent definition of Executive Management's remuneration.

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

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

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

The articles of incorporation of CALIDA Holding AG provide for the possibility of a non-compete clause of up to three years for departing members of Executive Management. There were no such contractual clauses in force as at 31 December 2016 or in the past.

Externally contracted member of Executive Management

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

3.3 RELATED PARTIES

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

3.4 ELEMENTS OF REMUNERATION

Fixed remuneration for the Board of Directors and the Executive Management

The components of fixed remuneration are disbursed in cash.

Variable remuneration

Short-term, variable remuneration of the Executive Management

In the reporting period, operating earnings targets – defined by the Board of Directors during the budgeting process – served as the basis for measuring short-term variable components. The variable components based on short-term targets are capped at CHF 800 (gross) for the CEO, with a minimum value of CHF 0 in accordance with the range set for the earnings targets. The variable components for other members of Executive Management are capped at 52 percent of the fixed component, with a minimum value of 0 percent.

The achievement of the operating targets 2016 led to an average variable remuneration of the Executive Management (with the exception of the CEO) of 129%.

The former CEO Felix Sulzberger is entitled to short-term, variable remuneration for the first quarter 2016 on a pro rata basis, which bases on target achievements for fiscal year 2016 (200%). During the period in which he was released from his duties from 1 April to 31 December 2016 the target achievement for the short-term, variable remuneration is contractually fixed at 100%, again pro rata.

For the current CEO Reiner Pichler the operating target achievement 2016 has been contractually fixed at 100%.

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

Long-term, variable remuneration of the Executive Management (without CEO)

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

The granted options vest in tranches from one to four years and lapse within two years of the last vesting period. Options are exercisable as long as members of the 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

A long-term incentive plan that is tied to the long-term development of the share price in order to compensate accordingly. This plan takes the form of a phantom stock plan. The plan entitles the CEO to CHF 200 for each CHF 2.50 increase in the share price. According to the plan, a first payment of CHF 100 becomes due when the share price of CALIDA Holding AG sustainably exceeds a certain threshold. The first threshold shall be the average share price of the first quarter of 2016 (31.00) plus CHF 2.50, followed by incremental steps of CHF 2.50 for subsequent thresholds. A second payment of CHF 100 becomes due when the share price is still above the threshold two years after the date at which it was sustainably exceeded. Should the share price at that time be below the threshold, the bonus can still be achieved if the share price sustainably exceeds the threshold again. The 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 bonus is only due once each time a threshold is exceeded on a sustainable basis, i.e. no second payment is made if the price slips below the threshold before rising again. The remuneration from the long-term incentive plan is in cash and is disbursed in the first month in the half year following the date on which the threshold was exceeded on a sustainable basis.

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

(Current and former members)

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

¹⁾ Since new election by the General Meeting on 21 April 2016.

²⁾ Until the General Meeting on 21 April 2016.

³⁾ Includes remuneration to CEO Reiner Pichler from 1 April 2016. According to art. 28 of the articles of incorporation of CALIDA Holding AG an additional amount after the approval of the maximum total remuneration provides in this case.

⁴⁾ CEO until 31 March 2016. Released from duties from 1 April 2016 until the end of the notice period as at 31 December 2016.

⁵⁾ 46'000 call options on registered shares in CALIDA Holding AG with a par value of CHF 0.10 each; 1 option is equivalent to 1 subscription right for a registered share at an exercise price of CHF 33.40; the definitive options purchased depend on vesting conditions being met, e.g. continued employment, measurement using binomial model.

⁶⁾ Includes employer contributions to social security and pension contributions (BVG).

in CHF 1'000

2015

	Fixed remuneration	Variable remuneration		Contributions in kind	Pension expenses ³⁾	Total
	Cash (gross)	Short-term	Long-term			
		Cash (gross)	Options ²⁾			
Thomas Lustenberger (Chairman)	129	-	-	-	9	138
Marco Gadola (Vice-Chairman)	87	-	-	-	7	94
Beat Grüring	77	-	-	-	6	83
Christian Haas ¹⁾	29	-	-	-	1	30
Hans-Kristian Hoejsgaard	77	-	-	-	6	83
Erich Kellenberger	52	-	-	-	2	54
Marianne Tesler	52	-	-	-	2	54
Non-executive members of the Board of Directors	503	-	-	-	33	536
Felix Sulzberger	-	-	-	-	-	-
Total Board of Directors	503	-	-	-	33	536
Total Executive Management	1'793	1'137	543	750	34	4'882
Thereof: CEO Felix Sulzberger	660	660	-	750	7	2'341
Number of current member of the Executive Management:	6					

¹⁾ Until 22 July 2015.²⁾ 54'000 call options on registered shares in CALIDA Holding AG with a par value of CHF 2.10 each; 1 option is equivalent to 1 subscription right for a registered share at an exercise price of CHF 36.65; the definitive options purchased depend on vesting conditions being met, e.g. continued employment, measurement using binomial model.³⁾ Includes employer contributions to social security and pension contributions (BVG).

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



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To the General Meeting of
CALIDA Holding AG, Oberkirch

Zurich, 27 February 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of CALIDA Holding AG (pages 90-91) for the year ended 31 December 2016.



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 2016 of CALIDA Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Judith Galliker
Licensed audit expert



Corporate Governance Report 2016

CALIDA Group

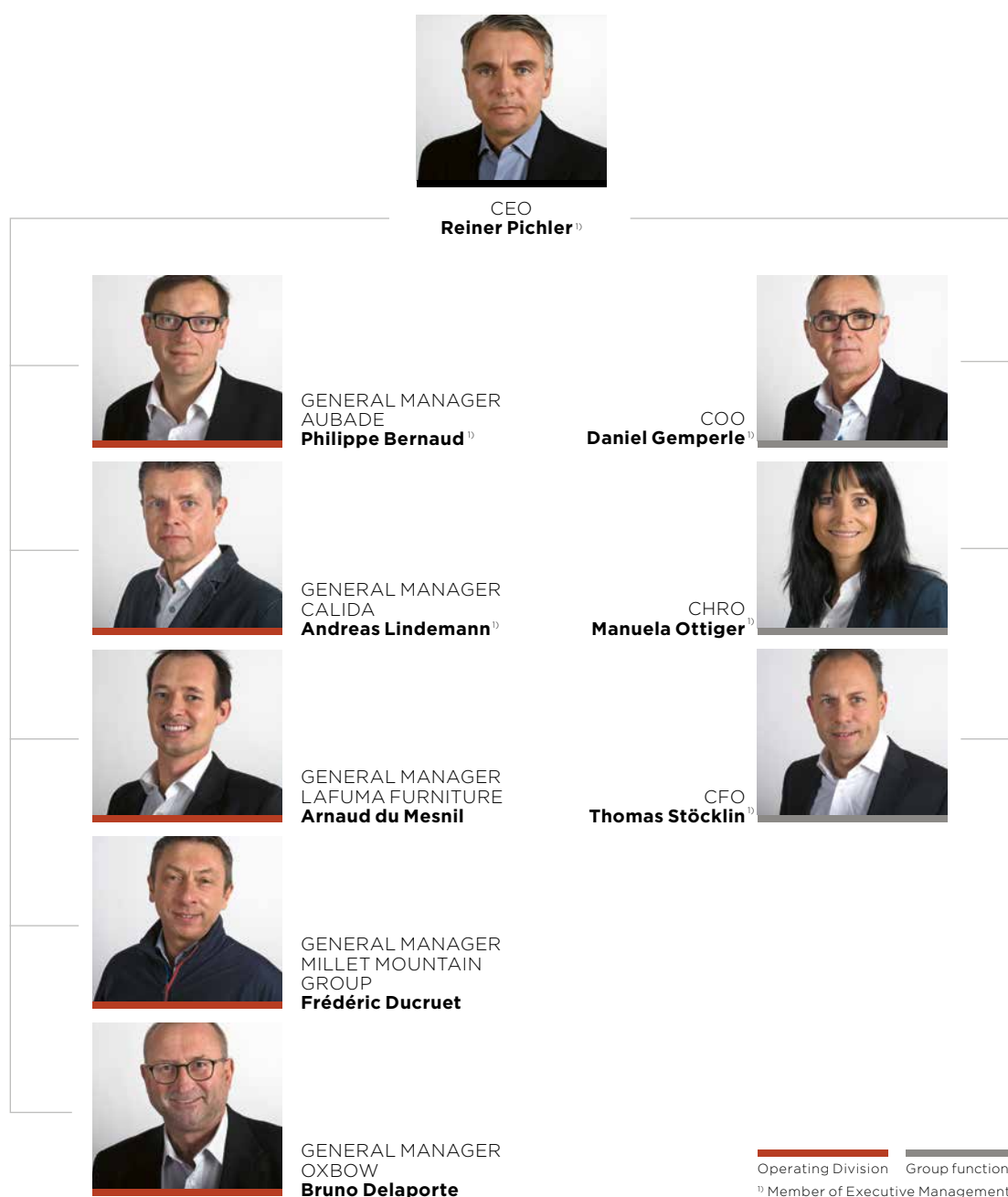


1. Group structure and shareholders

1.1 GROUP STRUCTURE

1.1.1 Overview of the Group's operating structure

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



1.1.2 Listed companies in the consolidated group

The registered shares of CALIDA Holding AG ("the Company"), with registered offices in Oberkirch (Switzerland), are traded on the international reporting standard of the SIX Swiss Exchange (ISIN CH0126639464, ticker symbol CALN). Market capitalisation came to approx. CHF 282.6m as at the reporting date 31 December 2016.

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 145.8m as at the reporting date 31 December 2016.

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" in the "Consolidated financial statements 2016 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 at 31 December 2016.

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

¹⁾ Includes 545'732 registered shares of the shareholder group of Fondation Ethos, Pictet Funds SA and Vontobel Fonds Services AG.

²⁾ In accordance with reporting to SIX Swiss Exchange as at 3 November 2016.

electronic publication platform at: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=CALIDA>.

Shareholdings of members of the Board of Directors and Executive Management are presented in detail within the relevant section of the notes to the financial statements 2016 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.

The Company makes disclosures about significant shareholders if it receives disclosure notifications in the reporting period pursuant to article 20 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 $\frac{1}{3}$, 50 or 66 $\frac{2}{3}$ percent.

All disclosure notifications of shareholdings in CALIDA Holding AG are available on the disclosure office's

2. Capital structure

2.1 CAPITAL AS AT 31 DECEMBER 2016

The ordinary share capital of the Company amounts to approx. CHF 812k, divided into 8'121'780 registered shares with a par value of CHF 0.10 each. The ordinary share capital entered in the commercial register was approx. CHF 809k as at 31 December 2016, corresponding to 8'091'848 registered shares.

The available conditional capital amounts to approx. CHF 24k. This equates to 238'220 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 2016 of CALIDA Holding AG, which form part of this annual report, contains details of the changes in capital for the last three reporting periods.

2.4 SHARES AND PARTICIPATION CERTIFICATES

The number of shares and their par value are shown in section 2.1 above. The Company only has one share class, meaning that the ratio of par value to voting power remains constant. Each registered share has a par value of CHF 0.10 and gives the shareholder unrestricted entitlement to the dividend. The capital is fully paid up. The Company has not issued any participation certificates.

2.5 DIVIDEND-RIGHT CERTIFICATES

The Company has not issued any dividend-right certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

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

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

2.6.2 Reasons for granting exceptions in the reporting year

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 in the notes to the consolidated financial statements 2016 of the CALIDA Group, which form part of this annual report.

3. Board of Directors

3.1 MEMBERS OF THE BOARD OF DIRECTORS (BOD)

a) Name, nationality, education and professional background

DR THOMAS LUSTENBERGER

Chairman of the Board of Directors

Nationality	Swiss
Year of birth	1951
Joined the BoD	16 June 2000
Term of office	until the Annual General Meeting for the fiscal year 2016
Committee	Strategic Committee, Chairman
Education	University of Berne (Dr. iur.), Harvard Law School (LL.M.)
Professional background	Consultant of the law firm Meyerlustenberger Lachenal, Zurich (Partner from 1987 to 2015)
Other activities and vested interests	Board member of various non-listed companies.

MARCO GADOLA

Vice Chairman of the Board of Directors

Nationality	Swiss / French
Year of birth	1963
Joined the BoD	7 April 2011
Term of office	until the Annual General Meeting for the fiscal year 2016
Committee	Audit & Risk Committee, Chairman
Education	University of Basel (lic. rer. pol; MBA), London School of Economics (Accelerated Management Development Programme)
Professional background	Since March 2013 CEO and member of Executive Management of the Straumann Group; July 2012 to February 2013 CEO Asia Pacific of the Panalpina Group; 2008 to June 2012 CFO and member of Executive Management of the Panalpina Group; 2005 to 2008 CFO/Chief Operations Officer and member of Executive Management of the Straumann Group; 2001 to 2005 Group CFO and member of Executive Management of the HERO Group; 1992 to 2001 various positions in the Hilti Group, including in the USA, Spain and Germany
Other activities and vested interests	Board member and Chairman of the Audit Committee of MCH Group, Basel

BEAT GRÜRING

Nationality	Swiss
Year of birth	1961
Joined the BoD	4 May 2005
Term of office	until the Annual General Meeting for the fiscal year 2016
Committee	Nomination & Compensation Committee, member; Strategic Committee, member
Education	Higher Business and Management College, Berne (Business Economist FH)
Professional background	Co-owner and CEO of the Tally Weijl Group, Basel, since 1984
Other activities and vested interests	–

HANS-KRISTIAN HOEJSGAARD

Nationality	Danish
Year of birth	1958
Joined the BoD	13 May 2014
Term of office	until the Annual General Meeting for the fiscal year 2016
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	Since 2011 Oettinger Davidoff AG, Basel, CEO, member of the Board of Directors since 2014; 2008 to 2009 Timex Group B.V., New York, CEO and Member of the Board of Directors of Timex India; 2003 to 2007 Georg Jensen A/S, Copenhagen, CEO; 1998 to 2002 Lancaster Group (Coty), Paris, CEO; 1993 to 1998 Guerlain (LVMH) Hong Kong, Regional Managing Director, Asia Pacific; 1986 to 1993 Seagram International, Italy, Hong Kong, Thailand
Other activities and vested interests	Chairman of the Foundation Board of the Pension Fund of Oettinger Davidoff AG, Basel; Board member Art in General, New York (non-profit)

ERICH KELLENBERGER

Nationality	Swiss
Year of birth	1948
Joined the BoD	22 September 1986
Term of office	until the Annual General Meeting for the fiscal year 2016
Education	Leicester Polytechnic (Textil Ing.)
Professional background	Various operational functions in the CALIDA Group from 1970 to 2001
Other activities and vested interests	Chairman of the Board of Directors of Blue Lemon AG, Lucerne; Chairman of the Board of Directors of Dama AG, Oberkirch; Board member of further non-listed companies

STEFAN PORTMANN

Nationality	Swiss
Year of birth	1967
Joined the BoD	21 April 2016
Term of office	until the Annual General Meeting for the fiscal year 2016
Committee	Strategic Committee, member
Education	University of Wales (Master in Science of Marketing), University of Maryland (MBA)
Professional background	2004 - 2014 Executive Management Schild AG, Lucerne; 1992 - 2004 Executive Management / various management positions Herren Globus/Globus, Zurich and Spreitenbach
Other activities and vested interests	Board member Stöckli Swiss Sports AG, Wolhusen; Board member RealLook AG, Zurich; Board member Pro Juventute, Zurich; Board member Staff Finder AG; Board member Flaschenpost Services AG, Zurich

JEAN-PAUL RIGAUDEAU

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

MARIANNE TESLER

Nationality	French
Year of birth	1946
Joined the BoD	10 May 2006
Term of office	until the Annual General Meeting for the fiscal year 2016
Committee	Nomination & Compensation Committee, member
Education	Université Libre de Bruxelles (degree in Political Science and Administration and Journalism); Université de Paris Dauphine (Graduate of the "Institut d'Administration d'Entreprises")
Professional background	Since 2008 CEO Art Partner Inc.; 2006–2008 CEO Damon Dash Enterprises and Rachel Roy, New York; 2004–2006 international development of the multi-brand concept for Antichi Pelletieri; 1999–2004 CEO Givenchy Haute Couture and Ready-to-Wear; 1996–1999 CEO Nike France; 1995–1996 Vice President Supply Chain Whirlpool Europe; 1994–1995 Controller Whirlpool North America; 1990–1994 CFO and deputy general manager Whirlpool France; 1985–1990 Philips
Other activities and vested interests	Trustee of the International House, New York/USA

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, in which Dr Thomas Lustenberger,

Chairman of the Board of Directors of CALIDA Holding AG, was a partner. As per 31 December 2015 he resigned from the partnership and has not received any remuneration for the reporting period from the law firm. Meyerlustenberger Lachenal invoiced the CALIDA Group for fees totalling CHF 239k in the reporting period.

The shareholder group of the Kellenberger family members, which holds 34.7% of the share capital entered in the commercial register, is represented by Erich Kellenberger on the Board of Directors of CALIDA Holding AG. CALIDA AG generated revenue of CHF 336k with Blue Lemon AG, which is controlled by Erich Kellenberger. The transactions were conducted at arm's length.

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

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

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

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

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

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

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

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

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

3.4 ELECTION AND TERM OF OFFICE

3.4.1 Principles of the election procedure

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

3.4.2 Initial election and remaining term of office

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

3.5 INTERNAL ORGANISATIONAL STRUCTURE

3.5.1 Allocation of tasks within the Board of Directors

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

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

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

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

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

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

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

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

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

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

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

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

Monitor implementation of the external auditors' recommendations;

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

Perform any other tasks delegated by the Board of Directors.

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

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

Manage the selection process and formulate proposals regarding the CEO;

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

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

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

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

Examine, recommend and monitor implementation of option and participation plans for members of the Board, the CEO, the 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 newly installed a strategic committee in the reporting period. This committee shall support and accompany the Executive Management by focusing the strategy towards organic growth.

3.5.3 Working methods of the Board of Directors and its committees

Ordinary Board meetings are held at least four times each year. One of the meetings is a strategy meeting and a longer session is scheduled accordingly. The meetings usually last for between half a day and one and a half days. The Board of Directors also meets as

often as necessary beyond the scope of ordinary meetings. Extraordinary meetings are held at the request of the Chairman or one of the members of the Board of Directors. They are scheduled to enable a majority of Board members to participate. When organising meetings, members who are not able to attend in person can request to participate in the discussions and resolutions by telephone, if necessary. In the reporting period, five ordinary meetings (one as a telephone conference) as well as four extraordinary telephone conferences and one extraordinary meeting were held.

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

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

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

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

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

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

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

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

The Chairman also assumes special tasks as the contact person for the CEO and Executive Management. Eleven 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 the Executive Management, which also includes a CFO and other executives required for general management. 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 notes to the financial statements 2016 of the CALIDA Group in the “Financial risk management” section.

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

4. Executive Management

4.1 MEMBERS OF EXECUTIVE MANAGEMENT (EM)

Name, nationality, education and professional background

REINER PICHLER

Chief Executive Officer (CEO)

Nationality	Swiss/German
Year of birth	1962
Joined EM	1 April 2016
Education	Master Tradesman Munich (Einzelhandelskaufmann)
Professional background	2014–2015 CEO s.Oliver Group; 1994–2013 CEO Holy Fashion Group; 1992–1994 Managing Director Sales DACH at the Gruppo Finanziaro Tessile; 1984–1991 div. Management Positions in the Sales Department of Hugo Boss
Other activities and vested interests	Président et Directeur Général of LAFUMA SA, Annecy-le-Vieux / F; Member of the Board of Directors of Viu Ventures AG, Zurich; Member of the Advisory Board of Hess Natur-Textilien GmbH, Butzbach / D

PHILIPPE BERNAUD

General Manager AUBADE

Nationality	France
Year of birth	1969
Joined EM	1 March 2010
Education	Diplôme d'Etudes Comptables et Financiers
Professional background	1995–2010 various positions in the finance department, most recently Head of Finance and Head of Retail of the AUBADE Division; 1993–1995 Head of accounting at an energy company; 1992–1993 auditor at a marketing company
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux / F

DANIEL GEMPERLE

Chief Operations Officer (COO)

Nationality	Swiss
Year of birth	1959
Joined EM	1 August 2011
Education	University of Applied Sciences, Apparel & Technology, Mönchengladbach / D (Ing. FH)
Professional background	1999–2011 member of Executive Management of the CALIDA Division 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 apparel company; 1984–1988 responsible for operations at a Swiss apparel group (retail and production)
Other activities and vested interests	Member of the Board of Directors of LAFUMA SA, Annecy-le-Vieux / F

ANDREAS LINDEMANN**General Manager CALIDA**

Nationality	Swiss
Year of birth	1962
Joined EM	1 Januar 2003
Education	University of Applied Sciences and Arts, Lucerne (Business Economist FH), Swiss Academy of Accounting, Zurich (Swiss Certified Accountant)
Professional background	2003–2010 CFO and member of Executive Management of the CALIDA Group; 1998–2002 member of Executive Management (CFO and Head of Management Services) of a Swiss media group; 1995–1998 Head of Finance and Accounting in the Duty Free division of a multinational tobacco company; 1989–1995 auditor for a global auditing and advisory firm
Other activities and vested interests	Member of the Board of Directors of Auto AG Holding, Rothenburg

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

Nationality	Swiss
Year of birth	1971
Joined EM	28 March 2014
Education	SIB Schweizerisches Institut für Betriebsökonomie (certified HR Manager)
Professional background	Since 2012 owner and CEO of Ottiger Consulting; 2003 to 2011 Head of HR and member of Executive Management of the CALIDA Division; 1994 to 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 / F; Member of the Board of the foundation "Lebensraum Gebirge"

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

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

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

These details are provided in section 4.1.

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

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

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

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

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

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

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

4.4 MANAGEMENT CONTRACTS

In 2014, Manuela Ottiger was appointed CHRO. A contractual agreement to this end was entered into with Ottiger Consulting GmbH, Eich, a company controlled by Manuela Ottiger.

The contract provides for Manuela Ottiger to personally fulfil the function as member of Executive Management and therefore does not constitute a management contract.

5. Compensation, shareholdings and loans

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMMES

For details of the content and method of determining the compensation and shareholding programmes, please refer to the 2016 remuneration report of CALIDA Holding AG (pages 87 to 91 of this annual report).

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 2016 remuneration report of CALIDA Holding AG (pages 87 to 91 of this annual report).

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 the 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 (without 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 members of the Board of Directors and Executive Management.

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

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

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

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

6. Shareholders' participation

6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

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

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

6.1.2 Not applicable

6.1.3 Reasons for granting exceptions in the year under review

There are no restrictions on voting rights

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

There are no restrictions on voting rights

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

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

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

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

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

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

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

The Board of Directors ensures that the shareholders have the possibility to instruct the independent proxy on each of the proposals presented at the time of the convocation. It also ensures that shareholders have the possibility to issue general instructions i) on new proposals added to the agenda (including those on rejected remuneration proposals in accordance with article 15 para. 3 of the articles of incorporation and (ii) on proposals relating to unannounced agenda items (proposal to convene an Extraordinary General Meeting or conduct a special audit)

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.

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 at least one million 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

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.

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.

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 the fiscal year 2006 (2 May 2007). The statutory auditors were re-elected for another year at the General Meeting for the fiscal year 2015.

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 the 2013 fiscal year (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 the fiscal year 2020.

8.2 AUDIT FEES

Audit fees of approx. CHF 593k (allocated to the appropriate period) were payable to the statutory auditors Ernst & Young AG for the audit of the separate and consolidated financial statements 2016. The non-recurring audit related fees amount to CHF 25k.

8.3 ADDITIONAL FEES

Additional fees of CHF 10k 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

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 annual report dated 31 December 2016. Requested reports are sent out with the invitation to the Annual General Meeting. An electronic version is available on our website (see below) from 3 March 2017. Shareholders can request a copy of the half-year report in summer 2017.

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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