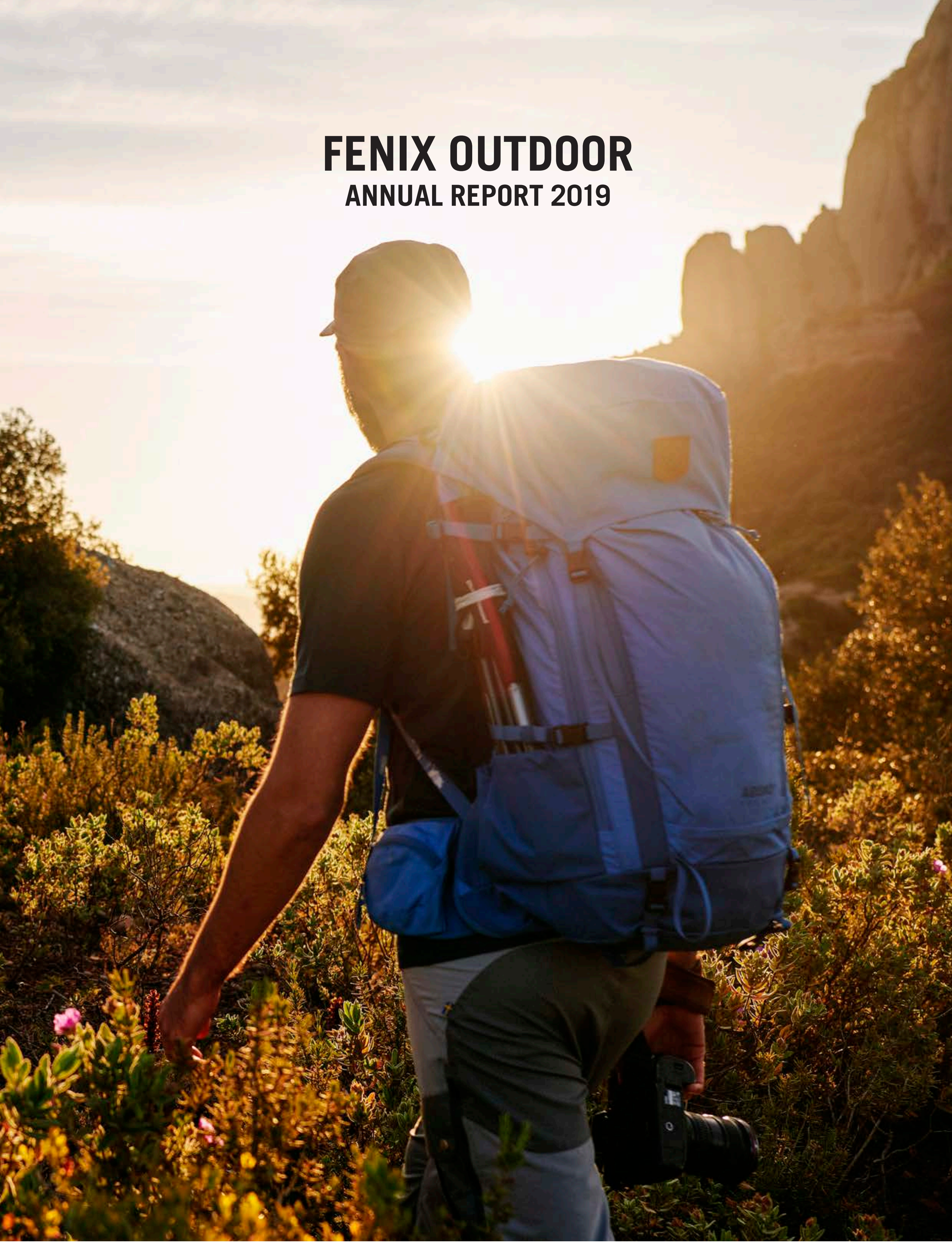
FENIX OUTDOOR
ANNUAL REPORT 2019



FJÄLLRÄVEN TIERRA PRIMUS HANWAG SINCE 1921 BRUNTON ROYAL ROBBINS

FRILUFTS RETAIL EUROPE AB

NATURKOMPANIET PARTIOAITTA FRILUFTSLAND GLOBETROTTER

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OPERATIONS

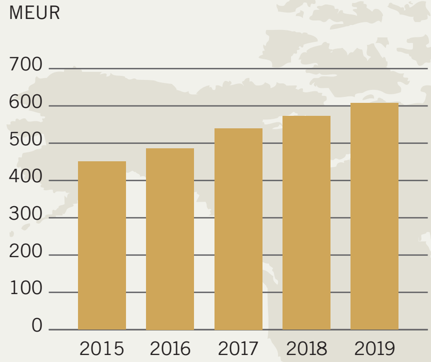
ANNUAL REPORT

The Annual General Meeting of the shareholders of Fenix Outdoor International AG will be held at 14 00 pm on Thursday, May 7 2020, at Hemvärnsgatan 9, Solna.

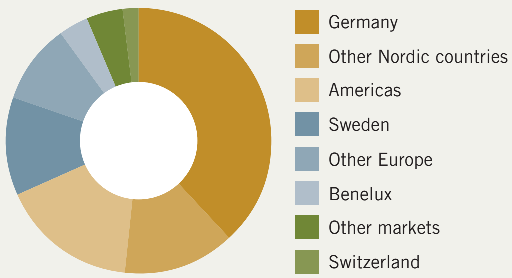
The announcement regarding the Annual General Meeting will be issued through the Official Swedish Gazette (Post och Inrikes Tidningar) and by publication on the Company's website www.fenixoutdoor.com. The fact that notification has been issued is announced in Svenska Dagbladet and Örnsköldsviks Allehanda. Shareholders who wish to attend the Annual General Meeting must notify the Company of their intention no later than 1 p.m. on Monday, May 4, 2020 at the following address: Fenix Outdoor International AGM, Hemvärnsgatan 15, SE - 171 54 Solna. The Company can also be notified by e-mail at info@ fenixoutdoor.se. Notification must include the shareholder's name, address, personal identity number /corporate identity number, phone number (daytime) and the number of shares he or she holds. Shareholders who, through a bank or another trustee, have trustee-registered shares must re-register the shares in their own names to be entitled to participate in the Annual General Meeting. To ensure that this registration is entered in the shareholder register on Thursday, April 30, 2020 shareholders must request that their trustees conduct such registration well in advance of this date. The re-registration may be temporary.

THIS IS

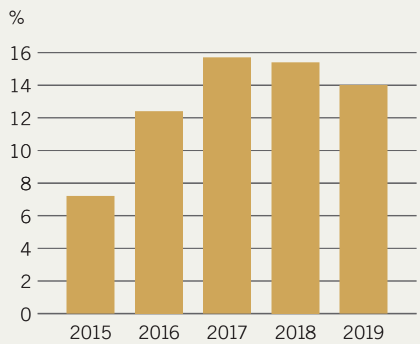
NET SALES



NET SALES PER MARKET



OPERATIONAL MARGIN



FENIX OUTDOOR

The business concept of Fenix Outdoor is to develop and market high quality, lightweight outdoor products through a selected retail network with a high level of service and professionalism, to end-consumers with high expectations.

- **THE BUSINESS CONCEPT** of Fenix Outdoor is to develop and market high quality, lightweight outdoor products through a selected retail network with a high level of service and professionalism, to end-consumers with high expectations.
- **THE CEO AND EXECUTIVE CHAIRMAN** is Martin Nordin, eldest son of the founder Åke Nordin.
- **THE OPERATION** was started in 1960. From year 2000 to now, there has been a major increase in sales from TEUR 27,7 to TEUR 607,1. No major acquisitions were made in 2019.
- **THE PARENT COMPANY** of the group is Fenix Outdoor International AG. The company is listed on NasdaqOMX Stockholm, Large cap.
- **THE GROUP** sells its products around the world. The major markets are Germany, North America and the Nordic countries.
- **THE GROUP** has three operating segments: Brands, Global Sales and Frilufts.

THE FRILUFTS SEGMENT

This segment consists of four outdoor retail chains in Sweden, Germany, Finland and Denmark. In total, there are 80 shops and an additional e-com business.

NATURKOMPANIET

FRILUFTSLAND

PARTIOAITTA

GLOBETROTTER

Frilufts MEUR	Jan–Dec 2019	Jan–Dec 2018
External net sales	281,8	273,2
EBIT	2,8	9,9
Stores	80	74

THE BRAND AND GLOBAL SALES SEGMENTS

This segment contains of six brands, a network of distribution companies around the world, brand retail shops and an additional e-com business in North America, Asia and Europe.

FJÄLL RÄVEN

TIERRA

ROYAL ROBBINS

hanwag SINCE 1921

PRIMUS

BRUNTON

Brands MEUR	Jan–Dec 2019	Jan–Dec 2018
External net sales	164,7	156,1
EBIT	62,7	65,3
Stores	35	28

Global sales MEUR	Jan–Dec 2019	Jan–Dec 2018
External net sales	159,9	141,7
EBIT	26,4	22,5
Stores	28	16

A year of hardship, but 2020 looks even tougher

Normally I use this forum to recap the year that just passed and for talking about the future. I find that the situation this year warrants a different approach. The situation currently means that it makes more sense for me to inform you on how we view the situation and how we are working to mitigate the possible negative effects.

2019 was a year of ups and downs. We had many operative challenges, especially in our retail part where we/I had misjudged the effects. There were some major problems in IT, administration and logistics, where we have had major cost overruns. We also faced weather which was not optimal in certain countries. In addition there was a situation of general price pressure where some competitors were trying to buy market shares through price. Our approach is to not play this game. We do not believe that this is a long-term strategy that is correct. Our strategy is to gain market shares and growth through service and quality, both online and through bricks and mortar. As we are a niche player, we do not believe that the long term volumes can be achieved to make reasonable return on investment through a strategy built on buying market shares through price. It is therefore particularly bad that we faced the IT problems in 2019, because it meant that we were not able to live up to our own goals in terms of customer service in some markets. We are now getting there and would under normal circumstances expect 2020 to show improvement.

Our view on 2020

This year is currently looking to become extremely challenging, not only for us but also for everybody in general. The Corona virus has now started to have an effect on our business and the situation is very insecure. We cannot deny the effects it has on our society and the long-term effects it will have on our industry. I prefer to take a positive attitude and believe that we will come through this as a society. I believe that we will learn the importance of openness, flexibility and cooperation on an international level, which will enable us to fight these things in the future. I can only say that I am somewhat disappointed in how this has been handled from the political side of our society. As an outside observer it seems that the seriousness has been somewhat underestimated from many governments, preventing them from taking the necessary actions early enough. A striking fact is that many companies introduced travel restrictions before the governments in different countries did. Many companies, also of their own accord, had people working from home when returning from infected areas, both from holiday as well as from business travel, without any government guidelines.

Current effects

The situation in China has had a major effect on our local JV. We have had six shops closed and sales in January were down by around 85%. Even online sales were down substantially and we estimate that the effect on the annual result will be around 1.5 million Euros. The situation in South Korea will have a negative effect on our operations there. We have had one shop closed and the malls, where the rest of the shops are, were empty. However, the market is recovering, especially online sales. We therefore see no reason for any negative financial effect. In Taiwan we have had no negative effects at all. The rest of Asia has also shown limited negative effects so far.

We have for the spring only seen minor effects on our supply chain. We already had most of our incoming deliveries in our warehouses, of which a substantial part has been sold during

Q1 2020. There are however indications of a need to extend credit terms to customers, with all the risks involved in that. This is to secure the recovery not only for us, but for our retailers too. We have also seen some minor cancellations in the order books for the spring, which is understandable as customers in many countries have faced shop closures as well as fewer customers.

Possible future effects.

Our dependence on China on our total supply chain is fairly low and as China is recovering now, we believe that there will be limited effects.
But the overall situation in Asia will probably have larger negative effects, especially with delays and congestion in shipments due to an imbalance in the container traffic. This might lead to delays and increased costs in shipments, to enable timely delivery of fall/winter goods. We are permanently working on finding solutions on these issues and I am confident that our teams will solve these problems.
A counteracting late development to this is the current lower customer demand and the shop closures, which are balancing these challenges as the volumes shipped from Asia will be lower.

Another cause for concern is the safety of our people. In terms of that, we implemented strict travel restrictions. We did that fairly early and have discovered that the group implemented some of the restrictions up to a week before authorities in different countries did so. We are continuously updating our policies to secure our employees and customers' safety.

For me to write about the actual situation in Europe and in North America at this stage is silly, as when this is printed it will all be outdated. Instead, I will focus on what we are doing and what we believe in.

We are permanently observing the situation so we can both plan long term and be opportunistic. In a situation one has to face that one might have to slaughter some holy cows to survive. We are fortunate enough to have a strong balance sheet so our top priority is to ensure that we remain so. Particularly in the retail part of our business, it has become evident that we are facing some very interesting human versus financial issues. We have a number of employees that are facing some very hard situations and the legal environment differs so much between countries. Some countries have programs in place that make it possible to deal with these issues. The laws are such that we get the support needed to deal with this in a best possible humane way. Other countries have union contracts and laws that have made it much harder to deal with. We have absolutely no wish to send our employees out into unemployment, but in some countries that might be our only option in spite of our need to retain them, as they are vital to our post-Corona recovery. We also face a situation where some countries have laws that enable or force flexibility for us to deal with our rental contracts in a case like this; in other countries, the situation is harder. As far as we can see now is that the country where we believed these problems to become hardest, Germany, is actually the country which was best prepared for this on both accounts.

So, given our limited experience of what the world will look like in a recovery post-Corona situation we hope more for a situation similar to South Korea than to China. But I believe different countries will recover in different ways. We also believe and hope that in the inevitable recession people will behave in the same way we have experienced in most recessions so far. Meaning that people will focus more on quality leisure activities closer to home instead of travelling, which would make our industries' recovery faster.

Martin Nordin, CEO

FIVE-YEAR SUMMARY, GROUP

MEUR	2019	2018	2017	2016	2015
INCOME STATEMENT					
Net sales	607,1	572,4	539,9	486,2	451,0
Depreciation/amortisation	-43,1	-14,2	-12,7	-13,1	-13,0
EBITDA	128,0	102,6	97,6	73,6	45,6
Operating profit	84,9	88,4	84,9	60,5	32,6
Net financial income	-0,6	0,1	-2,7	-1,9	-0,8
Profit/loss after financial items	84,4	88,5	82,2	58,6	31,8
Tax	-23,1	-21,1	-21,5	-10,4	-10,0
Net profit for the year	**61,3**	**67,4**	**60,7**	**48,2**	**21,8**
BALANCE SHEET					
Fixed assets	250,4*)	119,2	100,6	79,4	74,2
Inventories	159,7	133,3	132,7	121,1	116,3
Accounts receivable - trade	45,1	42,9	39,8	39,9	23,4
Other current assets	10,3	5,4	4,9	4,8	15,4
Cash and cash equivalents, current investments	88,9	101,9	93,7	76,8	58,0
Total assets	**554,4**	**402,7**	**371,7**	**322,0**	**287,3**
*) Fixed assets 2019 includes Right-of-use assets from adopting IFRS 16					
Equity attributable to the Parent Company´s shareholders	319,1	285,6	230,8	186,7	147,8
Minority shareholdings	0,1	0,1	0,0	2,6	2,3
Provisions etc	15,9	13,0	13,8	9,5	5,2
Non-current liabilities, interest-bearing	100,4*)	12,0	1,9	0,0	0,0
Other non-current liabilities	1,4	1,0	1,0		
Current liabilities					
Interest-bearing	47,8*)	12,9	50,7	52,2	64,8
Non-interest-bearing	69,7	78,1	73,5	71,0	67,3
Total equity and liabilities	**554,4**	**402,7**	**371,7**	**322,0**	**287,3**
*) Interest-bearing 2019 includes Lease liabilities from adopting IFRS 16					
CASH FLOW					
Cash flow from operating activities	61,4	79,1	68,6	51,6	21,1
Cash flow from investment activities	-23,1	-31,6	-36,6	-11,8	-4,3
Cash flow after investment	**38,3**	**47,5**	**32,0**	**39,8**	**16,8**
KEY RATIOS					
Growth in sales, %	6,1	6,0	11,0	7,8	90,0
Profit margin, %	13,9	15,5	15,2	12,0	7,1
Return on total assets, %	18,3	23,3	24,6	19,9	11,9
Return on equity, %	20,3	26,1	29,1	28,8	16,6
Equity/assets ratio, %	57,6	70,9	62,1	58,0	51,4
Average number of FTE employees	2 476	2 492	2 270	2 128	2 008
DATA PER SHARE					
Number of shares, thousands per 31/12	35 060	35 060	35 060	35 060	35 060
Gross cash flow per B-share, EUR	7,76	6,06	5,45	4,55	2,60
Earnings per B-share, EUR	4,55	5,01	4,51	3,58	1,63
Equity per B-share, EUR	23,71	21,43	17,15	13,87	10,98
Market value 31/12, EUR	112	84	99	71	44
P/E ratio	25	17	22	20	27
Dividend per B-share	-	1,17	1,02	0,84	0,54

DEFINITIONS: EBITDA: operating profit, excluding depreciation and write-downs of tangible and intangible assets. PROFIT MARGIN: Profit/loss after financial items as a percentage of net sales. RETURN ON TOTAL ASSETS : Profit/loss after financial items plus interest expenses as a percent of average total assets. RETURN ON EQUITY: Net income as a percent of average equity. EQUITY/ASSETS RATIO: Equity as a percent of total assets. GROSS CASH FLOW PER SHARE : Profit after tax plus depreciation/amortization divided by average number of shares. EARNINGS PER SHARE: Net profit divided by average number of shares. EQUITY PER SHARE: Equity divided by average number of shares. P/E ratio : Market value at year-end divided by profit per average number of shares.

Fenix Outdoor group at a glance

Making adventure last: 1960

In the 1950s, 14-year-old Åke Nordin from Örnsköldsvik in northern Sweden spent more time outdoors than he did indoors. After many long mountain treks, Åke decided that the backpacks of that time were unsatisfactory. He took matters into his own hands, building a wooden frame. With this frame the weight was evenly spread across his back, so that the pack did not end up uneven, uncomfortable and pear-shaped. It also meant he could carry more weight with ease. Åke's innovation quickly caught on and in 1960 his new company Fjällräven became the first one to make and distribute framed backpacks for commercial use.

Fjällräven is Swedish for Arctic Fox, honoring the small and highly adaptable predator that lives in the Swedish mountains under the harshest conditions. From the small town of Örnsköldsvik, Fjällräven and Fenix Outdoor have now expanded to every corner of the world. The fundamental idea of the company remains the same: To provide functional, durable, and timeless equipment that makes the outdoors more enjoyable for all. We continue to find smart, innovative solutions to make every adventure unforgettable.

An idea that carried weight

Åke made his first framed backpack in his basement with his mother's sewing machine. Using strong cotton fabric for the pack, he attached the wooden frame using leather straps, with calfskin for the support straps. Not only was the pack more comfortable and distributed weight evenly, it also increased ventilation between his back and the pack. Soon after, during a trip up north, Åke's invention caught the attention of the indigenous Sami people, who spent weeks at a time high up in the mountains. They asked Åke to build them a backpack and after that a tent. Fjällräven was born.

Functionality

The Brands of Fenix Outdoor work hard to develop functional equipment by carefully considering everything from new, smarter solutions to improved material. Our goal is to offer outdoor equipment that allows you to spend more time enjoying nature.

Durability

A Fenix Outdoor product is a guarantee that you will not need to buy a new product for a long time. Our users know that our products live up to strict requirements and last for a long time. Many products last for generations. This long life cycle depends on many factors – for example, production experience, superior choice of material, product assembly and strict quality controls during the production process.

Dependability

When we design our products, we choose material and solutions that combine to give you a safe, dependable product you will be able to use outdoors. We are aware that our equipment might be used in situations where there is not a lot of room for error.

Our responsibility

Fenix Outdoor is growing and constantly moving into new markets. This makes it all the more important for us to take responsibility for every decision we make, whether we are in our home in Örnsköldsvik in northern Sweden or another corner of the world. One of the most important aspects of this is our responsibility toward everyone that works in the development and production of our equipment.

Business

The Fenix Outdoor Group's business was originally based on the development and sales of the products from Fjällräven, the first brand of the group. In 2001, the group acquired the retail chains Naturkompaniet and Friluftsbolaget, now merged under the name Naturkompaniet. In addition, the brand Tierra, which develops and sells innovative, high-tech garments for outdoor activities, was acquired. In 2002, Fenix Outdoor acquired the brand Primus, a world-leading developer and producer of outdoor stoves and accessories. In September 2004, we acquired the German footwear brand Hanwag.

IMPORTANT DATES IN FENIX HISTORY

1950
The wooden frame. 14-year-old Åke Nordin creates his own wooden frame for a mountain tour. The Sami people are impressed and start placing orders.

1960
Fjällräven. Åke starts Fjällräven and launches the revolutionary backpack frames in aluminum.

1968
The Greenland Jacket and G-1000. The industry is introduced to a durable and versatile new fabric.

1978
Kånken. Launched to protect school children's' backs. In 2008 the Kånken becomes the world's first climate-compensated backpack.

1983
The company is listed on the OTC list of the Stockholm Stock Exchange.

2001
Fjällräven acquires Tierra AB, Friluftsbolaget AB and Naturkompaniet AB.

2002
The Fjällräven group changes name to Fenix Outdoor and Primus AB is acquired.

The Brands segment expanded in 2009 by the acquisition of Brunton, which develops and sells navigation equipment. In 2011, the retail segment, Frilufts, expanded with the acquisition of the Finnish retail chain Partioaitta. In 2014 the German retailer Globetrotter was acquired and the expansion of Frilufts continued in 2017 when the Danish retailer Friluftsland was acquired. In 2018 the US-based outdoor and travel apparel, Royal Robbins, was added to the group. In addition, the group has acquired and started up distribution companies all over the world, including in Europe, Asia and North America.

Parent company

The parent company was redomiciled from Sweden in June 2014. The parent is now Fenix Outdoor International AG, based in Zug, Switzerland. The company is listed on Nasdaq OMX, Stockholm, Large Cap.

Business idea and goals

Fenix Outdoor business idea is to develop and market high quality, lightweight outdoor products through a selected retail network with a high level of service and professionalism, to end-consumers with high expectations.

Goal

- Be a global leader in the development and sale of equipment and clothes for an active outdoor life.

Financial goal

- Achieve an annual growth of at least 10 per cent, aligned with the company's long-term plan.
- Achieve a long-term profit before tax of at least 10 per cent.

Strategies

Fenix Outdoor Group will achieve its goals through:

- Continued expansion within the segments Brands and Global Sales, through organic growth and acquisitions.
- Organic growth based on a strong global retail network with strong brands. Owning and operating a retail network increases control of the value chain through close contact with the end consumer, which enables a faster response to trends and changing consumer demands. The retail stores also showcase the brands' assortments.

Brand strategy, marketing and sponsoring

The group works actively to protect and develop its brands and retail operations, which are described in more detail on pages 12–25. Brand management includes active brand protection through legal activities to preserve and strengthen the brands.

Activities to strengthen the brands include the hiking event Fjällräven Classic, Fjällräven Polar expedition and Hanwag's Alpine experience.

Since 1986, Fjällräven has been a royal warrant holder from His Majesty the King of Sweden, and, according to a TNS-SIFO survey ”Super brands”, Fjällräven is one of Sweden's strongest brands.

Innovation and product development

Åke Nordin's invention of the framed backpack was the beginning of both Fjällräven and Fenix Outdoor. The group has since continued developing products for an active outdoor life based on the customer's needs. An example of this is Primus's stove development. The Primus OmniFuel™ camping stove can be used with almost any type of fuel, and the stove systems with Primus Eta Technology have an efficiency of 80 per-cent, which halves fuel consumption compared to other camping stoves.

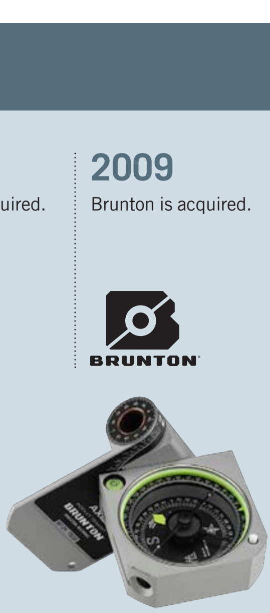
The Fjällräven Thermo™ tent was the first tent in the world made out of synthetic fabric and the double weave principle. The iconic Fjällräven Kånken® backpack is one of the world's bestselling backpacks, and is considered and protected as a piece of art by the Swedish society of craft and design. Fjällräven's own Eco-Shell is a high function shell material giving complete protection in wet-weather and tough conditions. Its functionality without the use of harmful perfluorinated compounds (PFCs) in the impregnation has led to industry awards and recognition.

Other innovations include the G-1000® fabric and the “Ice grip” sole from Hanwag.

2004
Hanwag is acquired.

SINCE 1921

2009
Brunton is acquired.



2011
The Finnish outdoor retail chain Partioaitta Oy is acquired

PARTIOAITTA

2013
Brands open flagship stores in New York and Amsterdam. Death of Fjällräven founder Åke Nordin, at the age of 77.

2014-15
The Frilufts group is established. Globetrotter Ausrüstung GmbH is acquired.

GLOBETROTTER

2017
The Danish outdoor retail chain Friluftsland A/S is acquired.

FRILUFTSLAND

2018
The US-based outdoor and travel apparel company Royal Robbins is acquired.

ROYAL ROBBINS

In 1894, D.W. Brunton created the Pocket Transit. This product is used by outdoor enthusiasts as well as geologists, foresters, and other professionals.

Organization and employees

The Fenix Outdoor group's organization aims to achieve economies of scale within administration and to centrally coordinate the activities within its business units. This entails realizing synergies through central core functions such as IT, finance, HR, corporate social responsibility (CSR), and also shared logistical services from three major central warehouses in the Netherlands, Germany and the US.

The average number of FTE employees in the group totaled 2 476 in 2019.

Products

The range includes apparel, daypacks, backpacks, sleeping bags, tents, stoves, bags, outdoor shoes and boots and navigation equipment. The products are high quality, durable, lightweight and classically designed. Product development adapts to the demands of the consumers and professional users. The brands are also trusted names, with considerable expertise and history in product design, materials, and production.

The philosophy is to offer optimal and functional products based on functional design. In addition to continuous development of the brands' product ranges, Fenix Outdoor also focuses on investing in the brands. The products are primarily sold to external and internal outdoor retailers through wholly-owned distribution companies.

Distribution

The Brand segment runs distribution companies concentrated in sales of one brand and operates business to consumer sales through brand retail stores in Europe (3) and North America (34). The Brand segment also operates online sales in all major markets.

The Global sales segment consists of

ORGANIZATIONAL STRUCTURE

The group is divided into three business segments: Brands, Global Sales and Frilufts. These segments are supported by a corporate entity responsible for Admin, IT, CSR and Logistics.

Fenix multibrand distribution companies represented in major markets. In 2019 the Taiwanese distribution company of Fenix Outdoor products was acquired. Fenix Outdoor Taiwan is operating 4 brand retail shops in Taiwan.

The local leading outdoor retail chains, 100 per cent-owned by Frilufts Retail Europe AB, are: Naturkompaniet AB (Sweden), Partioaitta Oy (Finland), Globetrotter Ausrüstung GmbH (Germany) and Friluftsland A/S (Denmark) - the Frilufts segment. The Frilufts segment has a total of 80 stores, with 34 in Sweden, 19 in Finland, 17 in Germany and 10 in Denmark. Each of the Frilufts companies also has its own online operation. ●

BRANDS

Segment Brands, MEUR	2019	2018
Net sales	164,7	156,1
Operating profit	62,7	65,3
Investment	5,0	3,3
Average number of FTE employees	793	773
Net sales per geographical market:		
Sweden	11,9	13,6
Other Nordic countries	1,3	5,1
Germany	58,4	64,5
Benelux	14,9	14,5
Other Europe	18,3	13,0
Americas	57,4	43,0
Other markets	2,5	2,4
Total	**164,7**	**156,1**

FRILUFTS

Segment Frilufts, MEUR	2019	2018
Net sales	281,8	273,2
Operating profit	2,8	9,9
Investment	9,2	4,8
Average number of FTE employees	1 237	1 247
Net sales per geographical market:		
Sweden	60,1	56,3
Other Nordic countries	48,8	42,9
Germany	172,2	174,0
Benelux	0,2	-
Other Europe	0,5	-
Total	**281,8**	**273,2**

GLOBAL SALES

Segment Global Sales, MEUR	2019	2018
Net sales	159,9	141,7
Operating profit	26,4	22,5
Investment	1,7	1,9
Average number of FTE employees	232	184
Net sales per geographical market:		
Switzerland	11,2	10,4
Other Nordic countries	33,1	37,5
Benelux	7,2	6,7
Other Europe	40,7	38,0
Americas	43,1	31,3
Other markets	24,6	17,6
Total	**159,9**	**141,7**

Keeping nature in business forever

With nearly 60 years of successful business experience, Fjällräven aims to become the world's most sustainable and premium outdoor brand.

History

Nature enthusiast Åke Nordin started Fjällräven in 1960 in the Swedish town of Örnsköldsvik. Motivated by his desire to make outdoor recreation warmer, healthier and more comfortable, Nordin developed a business that continues to grow today. Fjällräven's successful history rests on a series of bestselling and highly innovative products, including The Greenland Jacket and Fjällräven Expedition Down Jacket, the Kånken backpack for children and, since 2018, using Brattland Wool from Brattlandgården farm in northern Sweden, a wool product with a fully transparent production chain.

Long-term goal

The long-term goal for Fjällräven is to strive to become the most sustainable and premium global outdoor brand, offering equipment of unrivaled quality and function while being at the forefront of sustainability. Being the best at outdoor clothing and equipment, in harmony with nature, means identifying ever more innovative and sustainable solutions. No matter how much time and effort it takes, Fjällräven is in it for the long haul, with the aim of keeping nature in business forever.

Focus areas 2020

For Fjällräven this is about the continuous development of our product range to meet the growing demands of outdoor enthusiasts worldwide. Furthermore, we want to expand our premium and sustainable brand experience, through our numerous events around the world, our global digital presence and physical retail environments. Fjällräven will also be ramping up efforts on user-focused distribution, whilst digitalizing our operations to make us more efficient and data driven.

We will keep leveraging the growth we are experiencing in the North American and Asian markets to allow us to restructure our brand position in many European markets to be more user focused. We will continue to strengthen our own channels and key partner relationships with key outdoor-focused customers.

For summer 2020, we are upping the ante on our product offering for warmer climates, introducing lightweight, breathable garments to cater for activities in the warmer corners of the globe. Already awarded Gold Winner at the SS20 ISPO trade show, Abisko Midsummer Trousers is a leading example of this product focus within trekking. On the Everyday Outdoor side, the High Coast family undergoes a broad revamp with an updated aesthetic, lighter and more stretchable garments, as well as versatile daypacks.

For winter 2020, we are introducing the Fjällräven 1974 Expedition series, building on the iconic Expedition Down Jacket that Åke Nordin created after an uncomfortably cold night in the early 1970s, with the aim of never feeling frozen again. With the extension of the program, the Expedition series now includes jackets and parkas that will keep users around the world comfortable, whether they need insulation thick or thin; synthetic or down; or whether they are doing winter touring or morning commutes. A true all-encompassing city-to-nature functionality.

In 2019, Fjällräven joined forces with the fashion industry in the UN global Climate Change Action Initiative the "Fashion Industry Charter for Climate Action", and by doing so committed to ambitious emission reduction targets that will complement and further inspire our sustainability strategy until 2025. Our goal is to surpass the Charter's targets. With a stable long-term supplier base, we will focus on optimizing our production and material choices from a sustainability perspective. Fjällräven has also decided to expand the Save the Arctic Fox program to become the Arctic Fox Initiative, with more projects that put nature first and make it even more accessible. ●

ROYAL ROBBINS®

Passion and teamwork for sustainable travel

With its emphases on employee diversity and sustainability, Royal Robbins is dedicated to delivering great products to active travelers for smarter, more responsible travel.

Brand Characteristics:
Located in downtown San Francisco, California, we are a passionate, diverse and sustainably minded band of makers. And while we are a tight and nimble group, we have become an important global brand in the travel apparel space. It’s our strong culture of passion, teamwork and focus on the active travelers needs that provides us a unique and powerful competitive advantage.

It’s the people at Royal Robbins that make it all happen. Jen, Annelene, Emily and Max for example, are valued not only for their teamwork, but for the unique personal values and insights that they bring to the brand. And they clearly do more than just deliver great products. They’re focused on our mission to enable travelers to travel smarter and more responsibly. Our diversity is a major factor in our success on this journey.

Activities in 2019

During our first full year as part of Fenix Outdoor, the brand achieved its plan and has laid the groundwork for becoming a world-class leader in the active travel space. The main outcome of this work was about harnessing the power of the Fenix collaborative business platforms, allowing us to invest in our product development and marketing to fully capitalize on our opportunities. Across our company, a performance mindset combines with this powerful back-end platform to give us a lasting competitive advantage. We unite our people and platforms within a meaningful company culture that combines creativity, determination and financial discipline. This culture drives our team to ensure that everything we do contributes to consumer connections, innovative products and building long-term brand equity.

Outlook 2020:

To sustain Royal Robbins’ brand performance, we will invest in our future, navigate the competitive landscape and succeed in an ever-changing environment by leveraging a growth strategy that fortifies our approach to winning.

First, we will lead in innovation. By building relationships with expert travel guides and diving deep into the needs of active travelers. Next, we will connect and serve consumers directly, opening “Travel Outfitting” store environments that have never been seen before, and new, better digital experiences that deliver the inspiration and knowledge that our consumers want. And finally, we will expand into new categories of products for the active traveler, leveraging our experience in the space and Fenix sourcing platforms. Thanks to our team’s grit, responsiveness and collaboration, we are well positioned to succeed together in the new decade. ●

Expedition Full Zip Hoody in Turquoise
Round Trip drirelease® Short Sleeve in Turquoise
Jammer Zip ‘N’ Go in Asphalt

Vista Dry Short Sleeve in Light Pelican
City to Mountain Graphic Tee in Charcoal Heather
Active Traveler Short in Falcon

Kickback Organic Cotton Henley in Lizard
Spotless Traveler Cargo Pant in Lizard

Ultimate Travel Jacket in Turbulence, **Covert Cord Organic Cotton** in Blue Teal,
Vacationer Hemp Terry Crew in Light Taupe, **Sightseeker Hemp Pant** in Coyote.

TIERRA

Inspiring people to stay out longer

Tierra has spent 35 years engineering clothes that keep climbers and outdoor enthusiasts dry, warm and comfortable.

Brand characteristics

For over 35 years TIERRA have engineered clothes that keep the users dry, warm and comfortable for freedom to experience nature whatever the conditions.

TIERRA's mission is to develop technical clothes for the long run, by finding materials and solutions that are sustainable both for us users and the planet. So we can stay out, longer. Forever.

TIERRA has its' origin in Kinna, a small village in the Western part of Sweden. Tierra was founded in 1983 by a Swedish man called Anders, who saw the opportunities of shell garments and outdoor clothes. But the event that truly formed TIERRA into the brand it is today was the first all-Swedish expedition to Mount Everest in 1991. Without any direct experience in making clothes for high summits, Tierra got the mission to develop clothes for the expedition. Luckily, the challenge was accepted and accomplished with success, and ever since we have made clothes for countless expeditions, adventurers and professional users.

Innovativeness, the urge to constantly improve and the mindset that nothing is impossible has thus become part of Tierra's DNA

Key products

TIERRAs Collection is divided in two parts, Mountain and Apparel. In the Mountain line we find products made for serious mountaineering. Key products are Roc Blanc jacket and pants for winter activities and Back Up jacket and pant for summer activities. Since about 5 years also our program of stretch pants plays an important role, which is a healthy addition to the shell garments. Ace pant and Lt Track pant are most popular during winter and Pace pant and Off-Course pant are appreciated during summer activities. During 2019 TIERRA launched a program with insulation jackets, shorts and skirt called Belay series. Materials used in Belay series is partly biobased polyester fabric, isolated with Swedish wool.

In the Apparel line we find products for less demanding activities. Also here shell garments plays an important role. During winter, Malmagen male Coat has been much appreciated and during spring and fall Packoat and Balmacaan coats has kept the users dry and comfortable in the city rain.

Activities in 2019

The launch of the Belay series was an important mile stone for TIERRA. It was the end of a 4 year long project in order to use Swedish wool in the products. Belay hooded jacket was nominated gear of the year by the Swedish magazine Sportfack, winners are announced April 2020. Another interesting launch was Lite Track Pant short, developed in close dialogue with Naturkompaniet. The shorter version of the popular pant target users that normally have hard time finding trekking pants with a good fit.

After a first year with distribution in Taiwan during 2018, Rockland Taiwan decided to increase the TIERRA assortment in their stores in Taipei during 2019. In Denmark, Friluftsland is doing a good job with a well selected TIERRA assortment since fall 2018. Focusing on Shell garments and pants. In Germany, Globetrotter made a big campaign around the TIERRA resorted program, products made from left over materials. The resorted campaign was a perfect opportunity to talk about TIERRA as a brand.

Outlook 2020

During spring 2020 TIERRA will launch a youth collection, developed in dialogue with Frilufts Retail. The collection is aiming for the users with an active outdoor life but are not yet big enough to fit in adult sizes. The collection will be distributed through Naturkompaniet in Sweden and Globetrotter in Germany. When winter 20/21 is around the corner, TIERRA will introduce the first more technical shell jackets and pants in Gore Tex with PFC free water repellency finish, made for skiing, ski mountaineering and alpine climbing. The Belay series is growing with more styles in biobased materials insulated with Swedish wool.

Happy news are that Globetrotter will create seven TIERRA shop in shops during fall 2020. The shop in shop will make TIERRA more visible and is a great platform to talk about the TIERRA core values and products. ●



Rising to the challenge

For Hanwag, 2019 was a year of exciting product launches and a hugely successful brand mountaineering event. But the challenges of customer demographics and diversifying market trends mean we can't afford to rest on our laurels.

Activities 2019

We can't say it any other way: 2019 was a positive and challenging year. Not only did we successfully introduce two mountain boots with a revolutionary sole concept – the new Hanwag Alverstone GTX and the class-leading Hanwag Ferrata II GTX – we also went through perhaps THE most successful event Hanwag has ever organized as a brand: for the first time in history, the Hanwag Alpine Experience ended with all four groups of mountaineers finishing their routes on the highest point in Germany, the Zugspitze. The Hanwag Alpine Experience is an event that was created several years ago in order to bring together end consumers, journalists, retailers, sales agents, marketeers, suppliers, friends and partners with just one idea in mind: to climb a mountain together and share their experience and passion for mountain sports. For the first time, we were really lucky with the weather – and had a group of 40 participants all smiling when reaching the summit. Experience: The best way to promote our brand and our products!

OutDoor by ISPO was another highlight in last year's calendar. It was the first time for this show in its new location of Munich, close to Hanwag's headquarters in Vierkirchen. Expectations were high for this major B2B event, and we were presenting Hanwag together with all the other Fenix brands in a brand-new booth. We received very positive feedback across the board. However, there is always room for improvement and we will continue to challenge expectations for brand presentations such as these, especially in the context of starting to ramp up customer focus and in dealing with increasingly complex market settings.

Future challenges

We are facing two major challenges that dominate our daily business:

1. Demographic statistics tell us that our group of customers is growing older, and the group of elderly people overall is growing as well. But at the same time, they are more active than ever, living the active life of people in their 40s when they are in their 60s. This is especially so of mountain enthusiasts. Thus, we must ensure that we have the right message and image for this group of people, no matter the age. Because we know that if we have convinced someone with our product in the early years of their life, this individual will stay with the brand. And that is not only a challenge but also a huge opportunity for us.

2. When looking at the market situation, we see that customers' demands are diversifying – from lightweight to trail-running to urban outdoor – so we have to provide them with the right product portfolio. This is where our tradition and history with all the knowledge we gained from the past has to meet the future. No more, no less.

Focus 2020

Speaking about the future, we are very much looking forward to 2020. This will be our 99th year in business, and preparations for our 100th anniversary will begin.

Challenges aside: our centenary marks more than just a birthday. For Hanwag, it represents the intersection between the past and the future. We can bring along everything we have learned in the past ten decades and transform this into a future plan, taking into account all the demands that our modern society and customer make of us. Here's to another 100 years of Hanwag! ●

A sustainable, durable and reliable duo

Primus and Brunton aim to provide long-lasting and sustainable equipment that our customers can rely on in any environment, to enjoy the outdoor life.

Brand Characteristics

Primus and Brunton share strong foundations, as two engineering-driven brands, each over 100 years old, which focus on quality equipment in respective segments.

Both brands share a common vision of providing sustainable and highly functional equipment for conscious and demanding users who must be able to trust the products in any environment. These goals are supported and secured by producing in our own factories, where the brands have control of quality, skills and production and use this in communication of the brands to help them stay unique.

Primus develops and sells stoves, lanterns, fuel and accessories for cooking within the segments of Expedition, Trekking and Campfire. Our long-term goals are to focus on sustainable products and business models for our conscious users, as well as demanding retailers/specialists. The products are sold globally to more than 50 markets with a wide potential distribution in all markets.

Brunton is focused on developing the best navigational equipment on land for recreational and professional users. In 2019, the brand experienced high demand for our professional Transit compasses, due to intense global activity within the mining, forestry and governmental/institutional sectors. Brunton aims to remain the leader within traditional navigation on land for recreational and professional use and we have the innovation pipeline for this, as well as our own efficient production facility.

Key Products

Primus's core products groups are stoves, lanterns and fuel. There are core products in each of the three segments: Expedition, Trekking and Campfire. These segments are the target groups and key user fundaments, as well as the basis for our distribution channel strategy. The latest product launch in 2019 was focused on Campfire, with the Kuchoma portable BBQ grill being highly anticipated. The product combines the lightweight gas canisters normally used for trekking/hiking with a powerful and light camping grill. In 2020, the outdoor market eagerly awaits the new, innovative Firestick trekking stove, which won several industry awards when it was first presented to buyers and media during trade shows in the summer of 2019.

Brunton has seen increasing global demand for our family of Transit compasses, which are used by geologists, military, mining and forestry professionals. In this area there are very few possible competitors due to the high degree of engineering competence and craftsmanship needed to produce and develop these products. In 2020, a new "Standard" Transit will for the first time be delivered to the market. It increases accuracy and it brings a new level of robust and durable construction.

Activities in 2019

In 2019 both Brunton and Primus have strengthened their sales organizations, supply chain, production quality and production efficiency. In general, both brands have seen increasing demand for their key products. They are able to handle that as both brands have high-quality, in-house production standards. In North America, the organization has been reinforced.
In Europe the sales have generally been very strong, even though many countries had fire bans in 2019, due to the preponderance of wild fires in the dry and hot climate. These fire bans were also very common in North America.

Outlook 2020

The innovation level remains high and we have well-stocked pipelines of new products coming from the brands. This will be seen in the launch in retail in 2020; especially from Primus. Both brands have long-term innovation and product development plans. The strategy for both Primus and Brunton is to keep their own production and R&D capabilities. This is in order to keep key skills in-house and secure production quality and innovationstandards, through this taking global leadership in their respective segments. For the future, the goal is that these hardware brands will work closely with one another to benefit from each other's resources and knowledge in different markets. ●


PRIMUS

Wandertage, Globetrotter, Leipzig, Germany.

Globetrotter workshop in Leipzig, Germany.


Partioaitta, Finland

Building for the future

For the four retail chains that make up Frilufts, 2019 was a year of building solid foundations for the future. Investment in new stores, business platforms and sustainability each brought their own challenges and opportunities.

Frilufts Retail Europe AB

Frilufts Retail Europe AB consists of four retail chains operating within the outdoor segment: Naturkompaniet AB, Sweden, Partioaitta OY, Finland, Globetrotter GmbH, Germany, and Friluftsland A/S, Denmark.

The company has a total of 79 stores: 34 in Sweden (including two franchise stores), 19 in Finland, 16 in Germany (including one franchise store), and 10 in Denmark. Each company also has its own e-commerce store. Frilufts Retail Europe AB (Frilufts Retail), a 100% subsidiary of Fenix Outdoor International AG was established in 2015.

Activities, 2019

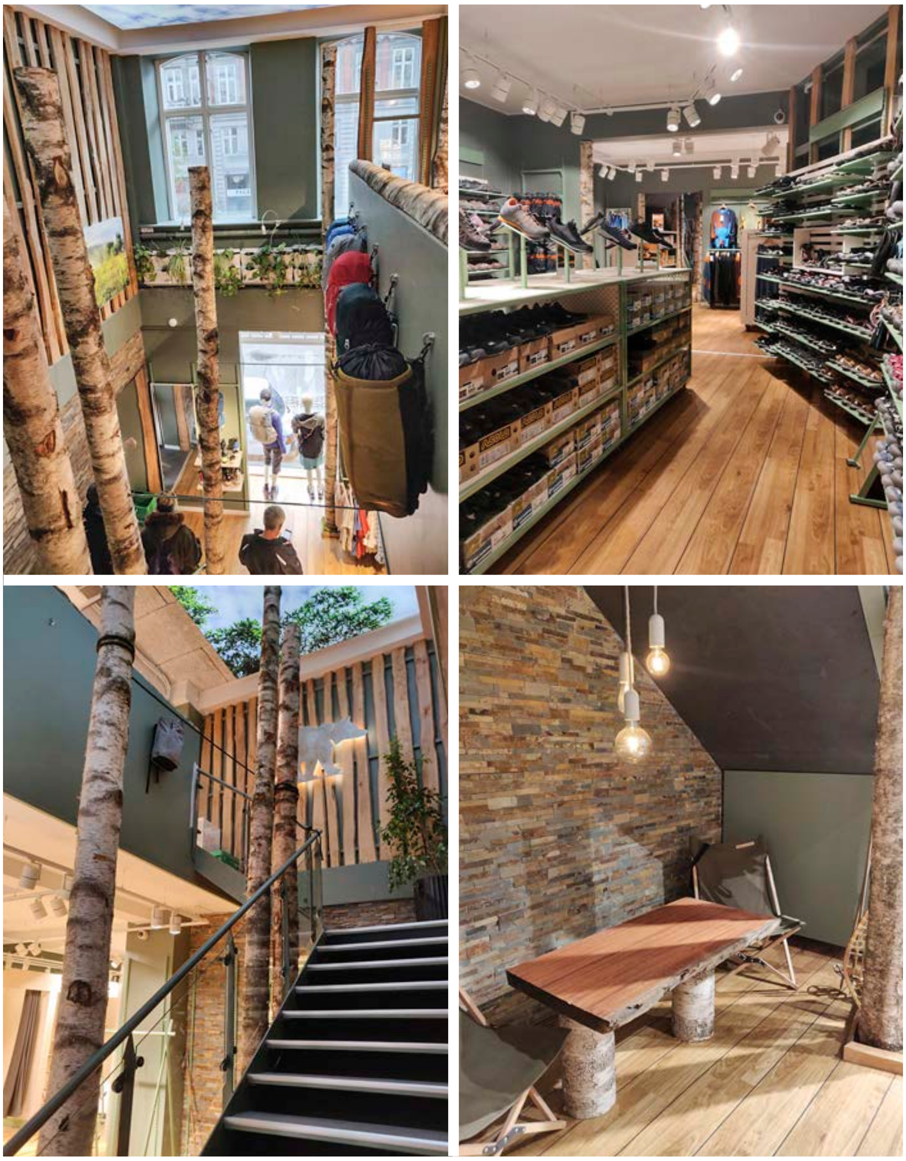
In Germany, Globetrotter launched its new business platform, Microsoft Dynamics AX, and carried out an integration to a new Warehouse Management System in the central warehouse in Ludwigslust. This took a lot of resources and energy from the organization. We struggled with many go-live challanges that had a negative impact on our customer service and sales performance. Most of the issues are now solved and we are back to a normal operational mode.

Side by side with this, Globetrotter opened up five new stores in five new cities. In these new stores the Frilufts Retail store concept was used and we also launched a community area for our loyalty club members, as well as care and repair stations. Globetrotter also celebrated 40 years as a company and as part of this celebration we also updated the logotype and graphic design to the Frilufts Retail standard.

Naturkompaniet's positive trend continued during 2019. The dedicated work within sustainability continued and the company won several sustainability awards. A tent rental concept was successfully launched and it helped to bring newcomers to the outdoor sector into nature to spend their first night in a tent. The store network was extended with one new store in Kungsbacka, Gothenburg. A comprehensive renovation of the flagship store in Gothenburg was carried out, while the store in Norrköping was relocated and totally upgraded according to the new store concept.

Partioaitta had a solid year. The new stores launched in 2018 performed well and the loyalty club continued to develop positively. The store in Oulu was moved and re-opened in August. In Saariselkä, in the far north of Finland, the building where the store is located was bought from the landlord and during 2020 the development of apartments for loyalty club members will start. The target is to inspire and bring more people into nature. Partioaitta continues focusing on sustainability and won several awards during the year. The strategy for 2020 is to continue the positive trend and continue focusing on our strengths.

Friluftsland had an intense year, with



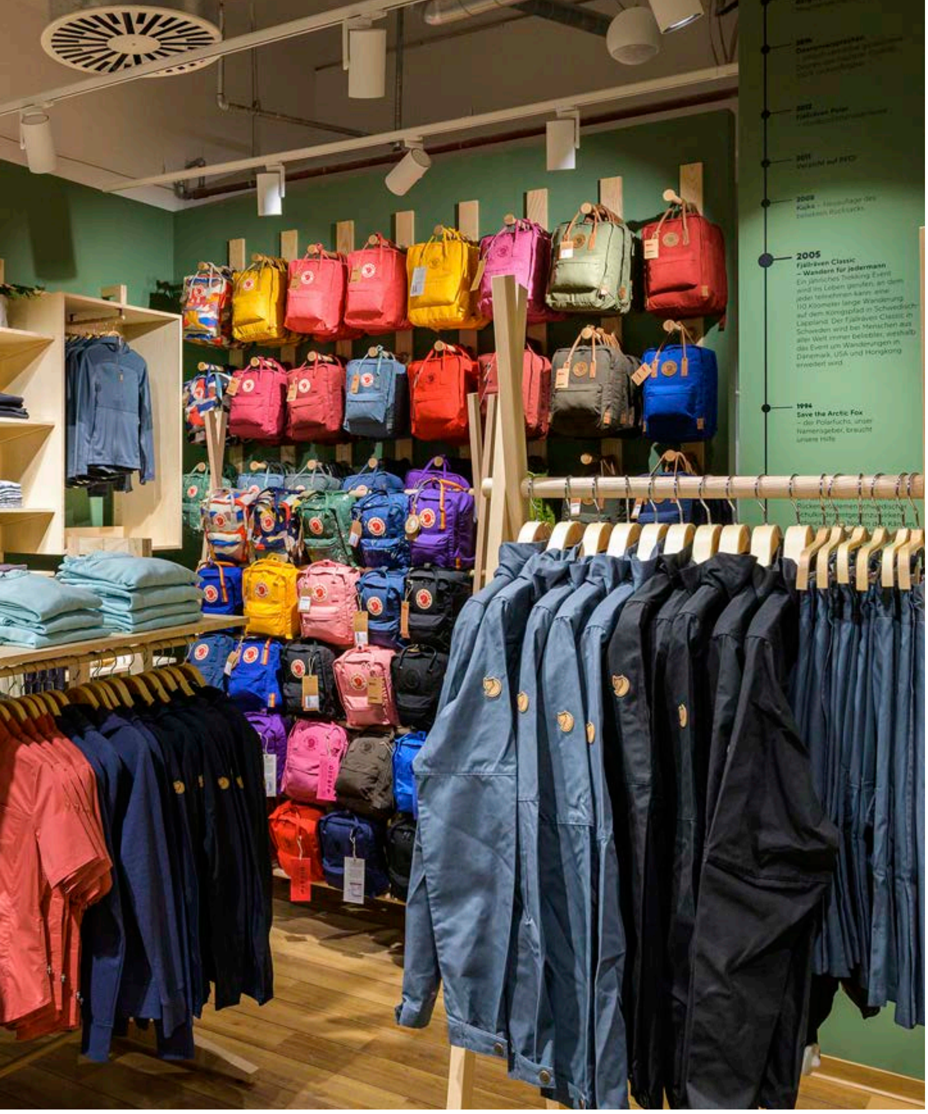
Interior from Friluftsland store in Copenhagen, Denmark.

Interior from Globetrotter store, Leipzig, Germany.

the appointments of a new CEO and E-com manager, the renovation of our flagship store in Copenhagen and adapting operations to capitalise on renovating 70% of the store network in 2018. With a highly competitive and price aggressive market we have hired a visual merchandiser and assigned a CSR officer. These two initiatives and several others follow our plan to be the premium retailer in Denmark and to stay out of the price war in the Danish outdoor market.

Outlook 2020

The retail market is fierce, with a lot of bankruptcies and shifts happening in all markets. We are carefully monitoring this and making sure that we are well positioned for the future. The weather was not optimal for business during Q4 2019, so we are looking forward to a more normal winter, if not, we are better prepared for 2020. In Germany, we suffered a lot from the change of business system, target for 2020 is to overcome the remaining hurdles and improve our performance. Our retail concepts are well positioned and strong. We will continue to build on the positioning that we have in each market meanwhile starting and carrying out several of the strategic actions that we have decided on in the 2025 plan. ●



Interior from Partioaitta store, Helsinki, Finland

COMPANY FACTS

GLOBETROTTER AUSRÜSTUNG GMBH

In 1979, two outdoor enthusiasts founded Germany's first store for outdoor pursuits and expedition equipment. From the outset they looked for the best, most functional products for outdoor life and for travelling to the most far-flung corners of the world. Their shop in Hamburg's Wandsbek district quickly became a meeting point for globetrotters and adventurers. Today, Globetrotter has a large e-commerce business and 16 stores (one franchise).

NATURKOMPANIET AB

Naturkompaniet's oldest subsidiary, Scoutvaror AB, was founded in 1931 by the Swedish Scouts. In 1951, the name was changed to Friluftsmagasinets Scoutvaror AB and in 1991 the stores changed their name to Naturkompaniet. Today, Naturkompaniet is Sweden's largest outdoor retailer, with 34 stores (two franchises) and a fully operational e-commerce site. Naturkompaniet sells equipment for outdoor and travel activities from the world's leading brands. The vision is to promote outdoor recreation and health by providing equipment to facilitate and enrich outdoor life.

PARTIOAITTA OY

Partioaitta OY was founded in 1928 by the Finnish Scouts and in English the company's name means Scout Shops. Partioaitta was established through a merger of several different scouting organizations and today is Finland's largest outdoor retailer, with 19 stores and an e-commerce site. Fenix Outdoor acquired the company in May 2011.

FRILUFTSLAND A/S

Friluftsland was established in Denmark in 1980 by two 19-year-old boy scouts who were dissatisfied with the service and range of outdoor products on offer. The first store had a sales area of 16 square meters and during winter it was only open in the afternoon. Nowadays, Friluftsland is an omnichannel chain with 10 stores and a web shop which focuses on premium quality products, staff and services. This profile means the company fits very well with Frilufts Retail Europe AB, which acquired the company in October 2017.

ANNUAL REPORT – MANAGEMENT REPORT

The Board of Directors of Fenix Outdoor International AG, Corporate Identity Number CHE-206.390.054, with its registered offices in Zug, Switzerland, hereby present the annual report and consolidated financial statements for the financial year 2019. Fenix Outdoor International AG is listed on Nasdaq OMX Stockholm, Large Cap.

Fenix Outdoor International AG publishes annual reports in English and Swedish. The English version is legally binding.

OPERATIONS

The group is organized into three business segments: Brands, Global Sales and Frilufts.

- Brands include Fjällräven, Tierra, Primus, Hanwag, Brunton and Royal Robbins. It also includes Brandretail (the e-com and brand retail shops) and the distribution companies concentrated in sales of only one brand.
- Global Sales includes distribution companies selling more than one Fenix brand.
- Frilufts includes the retailers Naturkompaniet AB, Partioaitta Oy, Globetrotter Ausrüstung GmbH and Friluftsland A/S.

The three business segments are supported by common functions for management, CSR/CSO, finance, HR, IT and logistics.

LARGEST OWNER

The main owner of Fenix Outdoor International AG is Martin Nordin, holding 52,9% of the total voting rights and 15,4% of the total capital.

SIGNIFICANT EVENTS

Besides the operational business, which in total shows a stable performance versus last year, much focus has been allocated to the ERP- and logistic shift for the German retail operations. No major aquisiitions have been made, but the Fjällräven distributor in Taiwan was acquired during the year.

SALES AND PROFIT

The group's net sales increased by 6,1% to MEUR 607,1 (572,4). The operating profit decreased to MEUR 84,9 (88,4).

Overall, the Brands and Global Sales segments continued to grow with good profitability. However, higher costs in general resulted in lower operating margin compared to last year. A main driver for the sales growth was the North American market.

Frilufts' sales volumes was affected by the weather and a focus on updating internal processes and infrastructure. The largest company within the Frilufts, Globetrotter, showed lower sales on like for like basis. In combination with direct and indirect costs from the implementation of a new ERP system and the new logistic set up the company lost in EBIT compared to the year before.

PROSPECTS FOR 2020

Fenix Outdoor is cautious going into 2020, but the warm weather in 2019 has still not resulted in any major negative impact in the development of the order books' growth for 2020. The Group will during 2020 launch new digital platforms to support the business. Fenix outdoor is also hoping to gain the effects and make the saving from our new logistical structure. There will, however, be a slowdown in the establishment of new shops in both Germany and in North America. In Germany to get a full year evaluation of the new stores the Group can make better decisions. In the US to optimize the operating model. Finally the Group can not ignore the effects of the Corona virus and the effects it may have on world trade.

EMPLOYEES

The average number of employees, as well as salaries, remuneration and social security contributions, are reported in Note 6. The board's proposal to the Annual General Meeting regarding remuneration to Senior Executives is declared in the compensation report on pages 52-53.

LIQUIDITY AND FINANCIAL POSITION

The group's total cash and cash equivalents totaled MEUR 88,9 (101,9) as of December 31, 2019. The group's interest-bearing liabilities increased to MEUR 148,2 (24,9), whereof MEUR 126,0 is related to adopting IFRS 16 Leases. The group's total equity attributable to the Parent Company's shareholders at the end of the year was MEUR 319,1 (285,6), which corresponds to an equity ratio of 57,6% (70,9%).

RISK FACTORS

- **Cyclical risks.** Historically, upswings and downturns in the economy have not had any significant impact on the group's sales or earnings trend, even though the risk may have increased by the larger retail share of the operations, including a changing shopping behaviour.
- **Weather-related and seasonal risks.** Certain parts of the group's product range and sales are affected by weather conditions. Portions of the winter collection, mainly available in the markets with a colder climate, are negatively affected by warm and late winters.
- **Trend risks.** The group does not consider itself to be a group of fashion products, but the business is affected by long-term trends such as the positive active and outdoor life trend. Some markets in warmer climates which have a different product mix are still more impacted by single product trends compared to other more traditional outdoor markets.
- **Currency risks.** The group's net sales in different currencies are distributed as following: SEK 11%, EUR including DKK 57%, USD 14% and other currencies 18%. A major portion of the Brand segment's purchases take place in USD, even though certain brands make a large share of purchases in EUR. The Frilufts and Global Sales companies mainly buy in local currency. The group's policy is to hedge its short USD position from purchase orders, through forward contracts lasting up to a year. Further information regarding the group's risk management can be found in the section Accounting Principles and in Notes 3 and 19.
- **Vendor risk.** The group is not totally dependent on any major single vendor even though some brands are more exposed in the short run.

RESEARCH AND DEVELOPMENT

The group does not engage in research in the traditional sense. Since its beginning, one of the brands' primary success factors has been the ability to continually develop new products and improve existing ones. This holds true for each of the group's brands. The products are tested in both laboratory environments and in authentic conditions through regular events, such as the Fjällräven Classic, Fjällräven Polar and Hanwag's Alpine experience.

Principles applied in the reporting of development costs and information regarding monetary amounts are presented in a separate section in Note 2, Accounting and Valuation Principles.

CAPITAL EXPENDITURES

The group's capital expenditures totaled MEUR 26,3 (32,1). The investments are primarily attributable to IT (including ERP system) capital expenditures relating to stores within Brands and Frilufts and the finalizing of the B2C logistics center in Ludwiglust.

CORPORATE GOVERNANCE REPORT

The company's corporate governance complies with the NASDAQ OMX listing agreement and the Swedish Code of Corporate Governance, with the exceptions stated below. The Articles of Association defines the company's business name, operations, registered offices, number of board members, amount of share capital, etc.

THE SWEDISH CODE OF CORPORATE GOVERNANCE

This report complies with the Swedish Code of Corporate Governance. Exceptions to the code are explained in the relevant sections.

Annual General Meeting

The Group's highest decision-making body is the Annual General Meeting, which usually takes place at the end of April or the beginning of May. The Board of Directors, the Chairman, the Compensation Committee and independent proxies are elected at each Annual General Meeting. Auditors are appointed.
The annual financial statements are adopted and resolutions are undertaken regarding discharge from liability. In addition, the appropriation of profits and compensation to the Senior Executives and the Board of Directors are approved. Each shareholder, listed in the shareholders' register on a specified date prior to the meeting, and who has also registered to attend the Annual General Meeting, is entitled to attend the meeting and vote for their combined ownership of shares. Shareholders may be represented by proxy. Fenix Outdoor International AG complies with Swiss company laws and regulations.

The Nomination Committee and proposals for the Annual General Meeting Fenix Outdoor International AG intends to deviate from the code's provisions regarding the Nomination Committee. The reason for doing so is that the Nordin family, along with its related companies, represents 61,4% of the company nominal share value, corresponding to 85,1% of the votes at the Annual General Meeting, if all their shares are represented at the meeting. In light of this concentration of shareholders, having a Nomination Committee has not been seen as necessary. However, the company strives for gender balance on the board. Proposals regarding Chairman of the Board at the Annual General Meeting, board elections, the appointment of the auditor are thus submitted by the company's larger shareholders and presented in the notice of the Annual General Meeting and on the company's website. The remunerations paid to the members of the board are stated in the compensation report.

Duties of the board
The board of Fenix Outdoor International AG consists of six members elected individually at the Annual General Meeting. Information about the board and the Managing Director can be found on the website and in the compensation report. The board has held five minuted meetings. At the board meeting following the election, resolutions are adopted regarding the formal work plan of the board and the Managing Director, aiming to ensure that the board has the information required. An economic and financial report is submitted at each regular meeting. The board convenes annually with the company's auditors in order to review the audit and the activities undertaken during the year. As there are no special committees, except for the Compensation Committee, within Fenix Outdoor International AG; thus the Board, in its entirety, addresses all matters except for matters relating to remuneration. The members of the remuneration committee are Ulf Gustafsson and Susanne Nordin. Total remuneration to members of the board is determined by the Annual General Meeting according to the proposals submitted by the company's largest shareholders. Over the course of the year, the board has monitored the company's financial reporting, as well as its systems for internal control, to ensure that the operations are efficient and in line with laws and regulations, and that the financial reporting is reliable. The board has examined and evaluated the accounting and financial reporting procedures, and has followed up and evaluated the work, qualifications and independence of the external auditors.

Risk assessment
The board and management work continuously with risk assessment and risk management in order to ensure that the risks to which the company is exposed are taken care of within the framework ultimately established by the board.

Control activities
The board and management have determined a set of control activities for operational processes. These are based on risk assessments and on ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to its operations, as well as the application of internal guidelines. Included in the control structure are such measures as the authorization hierarchy, the delegation of responsibilities and the company management's review of financial information. The controls are also there to ensure that any material errors are rectified.

Information and communication
The internal dissemination of information and external communication are regulated on an overall level.

Evaluations
The internal control of financial reporting is evaluated on a continuous basis. The board receives quarterly reports showing financial outcomes and comments on the operations provided by the management. At each board meeting, the financial situation is addressed and the board checks that the internal controls relating to financial reports and reporting to the board are functioning adequately. A board evaluation is conducted on annual basis to secure that the board is receiving adequate material and information to take the best possible decisions.

Attendance at Board meetings Fenix Outdoor International AG in 2019

Directors	Attendance, regular and extraordinary meetings
Martin Nordin, Chairman	5
Mats Olsson	5
Ulf Gustafsson	5
Sebastian von Wallwitz	5
Susanne Nordin	5
Rolf Schmid	5

INFORMATION
The company's information to shareholders and other stakeholders is provided in the annual report, the interim reports, press releases and via the company's website, www.fenixoutdoor.se. Financial reports and press releases from the past years and information regarding corporate governance are also available on the website.

NUMBER OF SHARES AND VOTES
The total number of shares in the company are 35 060 000, of which 24 000 000 are Class A shares, nominal value 0.1 CHF/share and 11 060 000 are Class B shares, nominal value 1.0 CHF/share. The company's largest shareholders are listed on the website. The company held, as per 2019-12,31, 119 598 B-shares in its own books (per 2018-12-31, 6 700 B-shares). There are no outstanding options as per 2019-12-31.

OWNERSHIP STRUCTURE
Fenix Outdoor International AG had 5 899 shareholders at the end of 2019. The ownership participation of the ten largest shareholders constituted 76,7% of the total capital. A list of the major shareholders can be found on page 55.

RESULTS AND FINANCIAL POSITION
For information regarding the Group's and the parent company's results and financial position, we refer to the consolidated and parent income statement, balance sheet, cash flow statement and notes on pages 28-50.

PROPOSED APPROPRIATION OF PROFITS IN PARENT

	31.12.2019 TEUR
Profit reserves at the beginning of the period	**129 304**
Impact change presentation currency	-1 086
Net profit of the year	42 419
Profit reserves at the end of the period	**170 637**
Allocation to the general legal profit reserves	-
Profit to be carried forward	**170 637**

PROPOSAL FOR DISTRIBUTION OF DIVIDENDS

Capital contribution reserves TEUR	**395 956**
Impact change presentation currency	-15 832
Dividends TEUR	-
Capital contribution reserves	**380 124**

THE BOARD'S STATEMENT ON THE PROPOSED DIVIDEND
The Board proposes to the Annual General Meeting that no dividend shall be paid this year. Last year SEK 1,2 per A-Share and SEK 12,0 per B-share.

CONSOLIDATED INCOME STATEMENT

Amounts in TEUR	Note	2019	2018
Net sales	5	607 138	572 408
Other operating income	7	9 309	10 372
		616 447	**582 780**
Cost of goods sold		-251 414	-241 479
Other external expenses		-120 801	-131 847
Personnel expenses	6	-116 323	-108 324
Depreciation/amortisation	11, 12, 13	-43 131	-14 162
Result from participations in associated companies	8	1 434	2 141
Other operating expenses	7	-1 308	-678
Operating profit	**5**	**84 904**	**88 431**
Financial income	9	2 717	2 408
Financial expenses	9	-3 252	-2 318
Profit/loss before tax		**84 369**	**88 521**
Tax	10	-23 055	-21 093
Net profit for the year:		**61 314**	**67 428**
Net profit for the year attributable to:			
Parent Company's shareholders		61 230	67 390
Non-controlling interests		84	38
Earnings per share after tax attributable to the Parent Company's shareholders during the year after dilution and before dilution in EUR			
A shares		0,458	0,501
B shares		4,58	5,01
Weighted average of outstanding shares, A		24 000 000	24 000 000
Weighted average of outstanding shares, B		10 977 482	11 060 000
Proposed dividend per share (EUR) - A shares		-	0,117
Proposed dividend per share (EUR) - B shares		-	1,170

STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in TEUR	2019	2018
Net profit for the year after tax	61 314	67 428
Not to be reclassified in the income statement in the future		
Re-measurements of post employment benefit obligations	-217	31
Taxes	48	-7
To be reclassified in the income statement in the future		
Change in translation reserve during the period	-1 040	-2 356
Cash flow hedges	-155	68
Taxes	34	-15
Total other comprehensive income for the year:	**-1 330**	**-2 279**
Total comprehensive income for the year	**59 984**	**65 149**
Total comprehensive income attributable to:		
Parent Company's shareholders	59 900	65 111
Non-controlling interests	84	38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December, Amounts in TEUR	Note	2019	2018
ASSETS			
Fixed assets			
Intangible fixed assets	11	40 818	36 871
Tangible fixed assets	12	67 773	63 338
Right-of-use assets	13	124 711	-
Investments in associated companies	14	3 345	3 649
Deferred tax assets	10	12 453	14 082
Other non-current financial assets	14	300	300
Other non-current receivables	14	1 042	965
Total fixed assets		**250 442**	**119 205**
Current assets			
Inventories	15	159 712	133 292
Accounts receivable trade and other receivables	16	45 063	41 385
Tax receivables		1 462	1 472
Prepaid expenses and accrued income	20	8 778	5 435
Cash and cash equivalents	18	88 943	101 862
Total current assets		**303 958**	**283 446**
TOTAL ASSETS		**554 400**	**402 651**
EQUITY AND LIABILITIES			
EQUITY			
Equity and reserves attributable to the Parent Company's shareholders			
Share capital		12 378	12 378
Other contributed capital		39 765	39 765
Other components of equity		-5 397	-2 808
Retained earnings		272 375	236 255
Total equity attributable to the Parent Company's shareholders		**319 121**	**285 590**
Non-controlling interest		149	65
Total equity		**319 270**	**285 655**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	12 862	10 549
Employee benefits	21	1 269	1 001
Other non-current provisions	22	1 730	1 415
Non-current lease liabilities	13, 23	100 429	-
Interest bearing liabilities	23	-	12 000
Other non-current liabilities		1 371	1 021
Total non-current liabilities		**117 661**	**25 986**
Current liabilities			
Other current liabilities	24	45 646	44 965
Current tax liabilities		2 154	4 560
Current lease liabilities	13, 23	25 615	-
Interest bearing liabilities	23	22 191	12 911
Accrued expenses and deferred income	25	21 863	28 574
Total current liabilities		**117 469**	**91 010**
TOTAL EQUITY AND LIABILITIES		**554 400**	**402 651**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in TEUR	Share capital	Other contributed capital	Cash flow hedge reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total Equity
01-01-2018	**12 378**	**39 765**	**-914**	**-2 072**	**-399**	**182 053**	**230 811**	**27**	**230 838**
Net profit for the year						67 390	67 390	38	67 428
Other comprehensive income for the year			53	-2 356		24	-2 279	-	-2 279
Total comprehensive income for the year	-	-	53	-2 356		67 414	65 111	38	65 149
Dividends						-12 813	-12 813		-12 813
Transfer of cash flow hedge reserve to inventories			2 480				2 480	-	2 480
31-12-2018	**12 378**	**39 765**	**1 620**	**-4 428**	**-399**	**236 654**	**285 590**	**65**	**285 655**

Amounts in TEUR	Share capital	Other contributed capital	Cash flow hedge reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total Equity
01-01-2019	**12 378**	**39 765**	**1 620**	**-4 428**	**-399**	**236 654**	**285 590**	**65**	**285 655**
Net profit for the year						61 230	61 230	84	61 314
Other comprehensive income for the year			-121	-1 040		-169	-1 330		-1 330
Total comprehensive income for the year	-	-	-121	-1 040	-	61 061	59 900	84	59 984
Acquisition of subsidiaries							-	416	416
Transactions with non-controlling interests							-	-416	-416
Purchase of own shares *)					-9 765		-9 765		-9 765
Dividends						-15 176	-15 176	-	-15 176
Transfer of cash flow hedge reserve to inventories			-1 428				-1 428	-	-1 428
31-12-2019	**12 378**	**39 765**	**71**	**-5 468**	**-10 164**	**282 539**	**319 121**	**149**	**319 270**

*) Per 31.12.2018 the company held 6 700 of B-shares. Per 31.12.2019 the company held 119 598 of B-shares, Note 31.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TEUR	Note	2019	2018
OPERATING ACTIVITIES			
Net profit for the year		61 314	67 428
Tax expense in income statement		23 055	21 073
Financial result net in income statement		535	-90
Depreciation for right-of-use assets	13	26 288	-
Depreciation/amortisation tangible and intangible assets		16 843	14 162
Adjustment for items not included in the cash flow, etc.	28	-2 478	-4 003
Interest and dividends realised		269	802
Interest paid		-3 251	-1 742
Income tax paid		-21 476	-23 034
Cash flow from operating activities before changes in working capital		**101 099**	**74 596**
Change in inventories		-25 081	2 359
Change in operating receivables		-7 066	-2 163
Change in operating liabilities		-7 507	4 342
Cash flow from operating activities		**61 445**	**79 135**
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		-10 154	-10 143
Purchase of tangible fixed assets		-16 174	-21 997
Sale of tangible fixed assets		1 069	47
Acquisition of subsidiaries, net of cash acquired	32	464	-1 504
Settlement of loans		-	-887
Sale of associated companies		-	600
Dividend from associated companies		1 668	2 281
Change in non-current receivables		18	49
Cash flow from investing activities		**-23 109**	**-31 554**
FINANCING ACTIVITIES			
Borrowings		843	5 328
Repaid borrowings		-3 763	-32 950
Payment of lease liabilities		-24 057	-
Purchase of own shares		-9 765	-
Dividends paid		-15 176	-12 813
Cash flow from financing activities		**-51 918**	**-40 435**
Change in cash and cash equivalents		**-13 582**	**7 146**
Cash and cash equivalents at beginning of year		**101 862**	**93 736**
Effect of exchange rate differences on cash and cash equivalents		**663**	**980**
Cash and cash equivalents at year-end	**18**	**88 943**	**101 862**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

BUSINESS ACTIVITY

Fenix Outdoor International AG (the parent company) and its subsidiaries (collectively, the group) is a group whose business idea is to develop and market high-quality, low-weight outdoor products through a selected retail network with a high degree of service to customers with high demands. The group conducts development, production and sales in a large number of subsidiaries throughout Europe, Asia and North America. The parent company is a Swiss Corporation (AG) with its registered offices in Weidstrasse 1a, 6300 Zug, Switzerland, Corporate Identity Number CHE-206.390.054 and is listed on the Nasdaq OMX Stockholm, Large Cap.

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS as issued by the IASB and compliant with IFRS as adopted by the EU. The consolidated figures are presented in TEUR if not otherwise stated. The accounting is consistent with those applied in prior year, except as stated under "New or revised standards applied by the Group". Derivative financial instruments are measured at fair value through profit or loss, or hedge accounting is applied. Intangible and tangible fixed assets are reported at acquisition cost less depreciation/amortization and writedowns, where applicable. Fixed assets and non-current liabilities essentially consist of the amounts expected to be recovered, or paid, at a date more than twelve months after balance sheet date.

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that, under current circumstances, seem reasonable. The results of these estimates and assumptions are used to assess the reported values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these es-timates and assessments. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are specified in Note 4.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company and those subsidiaries in which the parent company, directly or indirectly, controls more than 50% of the voting rights, or in any other manner exercises a controlling influence. The consolidated financial statements are prepared in accordance with the principles specified in IFRS 10 Consolidated Financial Statements. Intercompany transactions and associated unrealized gains are, thus, eliminated.

BUSINESS COMBINATIONS, GOODWILL AND NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method. Acquisi¬tion costs comprise the consideration paid either in cash or other assets which are measured at fair value. Transaction costs are recognized as operating expenses. Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. The difference between the acquisition costs and the fair value of the proportionate interest in the net assets acquired is recognized as goodwill. Non-controlling interests are recognized in the balance sheet at their acquisition date fair value. Goodwill and changes in the fair value of the net assets are recognized in the assets and liabilities of the acquiree in its functional currency. Intangible assets and goodwill are recognized in those cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows. If the group gains control of an associate (business combination achieved in stages), the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. Shares of the profits continue to be allocated to the non-controlling interests. When calculating cash flow from business combinations, the values of the acquired cash and cash equivalents are deducted from the purchase price paid. Divested companies are included in the consolidated financial statements until the date of sale and/or loss of control. Companies acquired during the year are included in the consolidated financial statements from the acquisition date. The Group wrote put options and acquired call options in connection with the remaining shares held by the non-controlling shareholders of Alpen International Co., Ltd and Fenix Outdoor Taiwan Ltd. As the Group has not acquired a present ownership interest as part of the business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

TRANSLATION OF FOREIGN CURRENCY

The functional currency of group companies is generally the currency used in the primary economic environment in which they operate. Transactions in foreign currencies are translated at the exchange rate that applied on the transaction date. Exchange rate gains and losses resulting from such transactions or from the revaluation of foreign currency assets and liabilities at the balance sheet date are recognized in the income statement.
The financial statements of the group's companies that are reported in foreign currencies are translated into EUR as follows; balance sheet at closing rates at the date of the balance sheet, Equity at historical rates and the income and expenses for each income statement are translated at average exchange rates.
The change in accumulated exchange rate differences from the translation of foreign companies is reported in other comprehensive income. If the company is sold, or if part of it is sold and control is lost, the cumulative exchange differences are reclassified to the income statement.

Historical rates are recalculated with rates as in the matrix below.

	Average rate		Balance sheet closing rate	
	2019	**2018**	**2019**	**2018**
SEK/EUR	10,5824	10,2937	10,4468	10,2548
CHF/EUR	1,1107	1,1512	1,0854	1,1269
USD/EUR	1,1191	1,1778	1,1234	1,1450
SEK/CHF	9,5278	8,9418	9,6248	9,1000

Goodwill and fair-value adjustments arising on the acquisition of the foreign entity are treated as assets and liabilities of foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

SEGMENT REPORTING

Operating segments are reported as in the internal reporting to the Board of Direc¬tors, who are also defined as the Chief Operating Decision Maker of the group. The Chief Operating Decision Maker is responsible for the allocation of resources and the assessment of the profit from the operating segments.

REVENUE

Revenue is measured excluding trade discounts, returns and VAT. The group sells through a retail network of own stores, online sales and to a network of external retailers. Revenue is recognized at the point in time control of the goods transfers to customers, which for retail customers is when they take possession of the goods at the point-of-sale, to online customers upon shipment, and wholesale customers upon shipment or when the products are delivered, depending on the agreed con¬tractual terms. The transaction revenue is determined based on invoiced amounts less anticipated sales returns and discounts.

Loyalty points programme

The group has, in some companies, loyalty points programs that allows customers to accumulate points that can be redeemed for free products.
As the loyalty points give rise to a separate performance obligation a portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a contract liability until the points are redeemed. The stand-alone selling price is estimated on the likelihood that the customer will redeem the points.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. For those contracts the group estimates a refund liability based on the expected return of goods. For the goods that are expected to be returned an expected right of return asset is estimated.

INCOME TAX

Reported income tax includes tax to be paid or received regarding the current year, adjustments regarding previous years' current taxes and changes in deferred tax. All tax assets and liabilities are measured at their nominal amount according to the tax regulations based on tax rates that have been enacted, or that have been announced and are substantially enacted. In the case of items reported in the income statement, associated tax effects are also reported in the income statement. The tax effects of items that are accounted for in other comprehensive income or directly against equity are also reported in other comprehensive income or equity, respectively. Deferred tax is calculated according to the balance sheet method on all temporary differences arising between the reported values and the tax values of assets and liabilities. Temporary differences have primarily arisen as a result of the depreciation of properties, internal profit elimination, derivative contracts, and tax losses carried forward.

Deferred tax assets relating to incurred loss carry-forwards, or other future tax deductions, are reported to the extent that it is probable that the deduction can be offset against taxable gains in future periods. Deferred tax liabilities related to temporary differences, attributable to investments in subsidiaries, are not reported in Fenix Outdoor International AG's consolidated financial statements, as the parent company can, in all cases, control the date of reversal of the temporary differences and it is not considered probable that a reversal will take place within the foresee¬able future.

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill is comprised of the amount by which the acquisition value exceeds the fair value of the group's participation in the acquired subsidiary's net assets at the time of the acquisition. Goodwill arising from the acquisition of subsidiaries is recognized as an intangible asset. Goodwill is tested each year to assess whether there is an indication of a write down requirement and is reported at acquisition cost, less accumulated write-downs. Goodwill is allocated to cash generating units for the purpose of testing to assess write-down requirements.

Capitalized expenditure for software

Expenses for purchased software products, developed or extensively modified for the group, are capitalized as intangible assets if the economic benefits are likely to exceed the cost beyond one year. Capitalized expenditure for purchased software is amortized over the useful life of the software, but not exceeding four years. The amortization of capitalized expenditure for software is recognized in the income statement under Depreciation/Amortization. The straight-line method of amortiza¬tion is used for all types of intangible assets.

Trademarks

Assets in trademarks have arisen from the acquisition of new businesses. The estimated useful life of trademark assets has been estimated at 15 years and comprises of the Brunton brand, Hanwag brand and Royal Robbins brand.

Rental rights

Until the adoption of IFRS 16 expenses for acquired rental rights were capitalized within intangible assets and amortized on a straight-line basis over the contractual useful life of the rental rights, normally over a maximum of five years. The amortization is included in the section Depreciation/ Amortization in the income statement. On 1 January 2019, the net carrying amount was transferred to right-of-use assets.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition cost, less depreciation. Expenditure for repairs and maintenance is expensed. Borrowing costs are expensed as incurred. Tangible fixed assets are depreciated systematically over their estimated useful lifetimes. If applicable, the residual value of the assets is taken into con¬sideration when determining the depreciable amount. The straight-line method of depreciation is used for all types of tangible assets.

The following periods of depreciation are applied:	
Buildings	20–40 years
IT / ERP systems	4 years
Leasehold improvements	5 years
Equipment, tools, fixtures and fittings	3–20 years

For cases in which the reported value exceeds the asset's estimated recoverable amount, the asset is written down to its recoverable amount.

RIGHT-OF-USE ASSETS

The right-of-use assets for lease contracts are depreciated on a straight-line method over the shorter of the asset's useful life and the length of the lease.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not amortized, but are tested annually for impairment requirements. Assets subject to depreciation and amortization are tested for any write-down requirement whenever events or changes in circumstances indicate that the reported carrying amount may not be recoverable. When the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the asset's value in use. For the purpose of assessing write-down requirements, assets are grouped at the lowest level at which there are separately identifiable cash inflows (cash-generating units).

FINANCIAL INSTRUMENTS

Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer. The Group classifies its financial assets in the following categories at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The classification depends on the characteristics of the asset and the business model in which it is held. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss and trade receivables, which are recognised at the transaction price. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. The fair values of quoted financial investments and derivatives are based on quoted market prices or rates. Interest income is recognized as income using the effective interest method. Dividends are recognized when the right to receive dividends is established.

Financial assets at amortized cost

Financial assets are classified as amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost, minus impairment allow¬ances. Interest income and gains and losses from financial assets at amortized cost are recognized in financial income using the effective interest method. Impairment allowances are determined using the expected credit loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead determines a loss allowance based on lifetime ECLs at each reporting date.

Financial assets at fair value through profit or loss (FVTPL)

All financial assets that are not classified as either amortized cost or FVOCI are classified as FVTPL. Derivatives are classified as held for trading, unless they are designated as hedging instruments for the purpose of hedge accounting. Assets held for trading are classified as current assets. Debt instruments classified as FVTPL, but not held for trading, are classified on the balance sheet based on their maturity date (i.e., those with a maturity longer than one year are classified as non-current). Gains or losses arising from changes in the fair values of the FVTPL category are presented in the income statement within financial income in the period in which they arise. Dividends are recognized when the right to receive dividends is established.

Financial liabilities

Financial liabilities are recognized when the Group becomes bound to the contractual obligations of the instrument. Financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. These borrowings are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

INVENTORIES

Inventories are valued, using the first-in, first-out method, at the lower of acquisition cost or net realizable value on balance sheet date. For finished goods manufactured by the Group, the acquisition cost is comprised of the direct manufacturing cost and directly attributable indirect costs. Appropriate write-downs have been made for obsolescence. For Retail a model is used where goods are written down depending on from which season the products are. In Brands, a margin analysis is made to define the extent of potential write down requirements.

PROVISIONS

Provisions are only recorded if the group has a present obligation (legal or constructive) to third parties that will lead to a probable outflow of resources and if the obligation can be reliably estimated. Existing provisions are reassessed at least every balance sheet date. Obligations that are related to a past event for which an outflow of economic benefits is expected and the amount can be reliably estimated but the timing cannot be reliably estimated are reported as provisions.

PENSION COMMITMENTS

Within the Group, there are primarily defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity and has therefore no obligation to pay further contributions. For such plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as pension costs in the period during which they arise.

The Group has only immaterial defined benefit pension plans. A defined benefit pension plan is a pension plan that states an amount for the pension benefit that an employee receives during retirement, usually based on one or several factors such as age, years of service or salary.

CONTINGENT LIABILITIES

A contingent liability is reported when there is a possible obligation that is attributable to events that have occurred and whose existence is confirmed only by one or several uncertain future events, or when there is an obligation that is not reported as a liability or provision as it is unlikely that an outflow of resources will be required.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The reported cash flow includes only those transactions that have resulted in cash receipts or payments.

LEASES

The Group applies the short-term lease recognition exemption to its short-term leases, those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value, below TEUR 5. Lease payments on short-term leases and leases of low-value assets are recognized as expenses over the lease term.

The right-of-use assets for lease contracts are depreciated on a straight-line method over the shorter of the asset's useful live and the length of the lease.

The timing of the cash flows is not impacted. The reported amortization of lease liabilities are, however, reported as financing flows from effective date and not operating cash flows as was done so prior to 2019. The interest paid on lease liabilities is reported as operating cashflow.

NEW OR REVISED STANDARDS APPLIED BY THE GROUP

Standards that have been adopted as of 1 January 2019

A number of new standards and interpretations have become effective for financial year beginning 1 January 2019 and have been applied in the preparation of this financial report and presented below.

IFRS 16 Leasing

The Group has applied the new standard as from January 1, 2019. At transition, the Company applied the practical expedient under IFRS 16 to not reassess whether a contract is, or contains, a lease. Therefore, the Group has applied the standard to contracts previously identified as leases, or as containing a lease under IAS 17 and IFRIC 4. The Company implemented the standard using the cumulative catch-up method, with the cumulative effect being adjusted to the opening balance at transition date and no restated information presented for previous years. At transition, the Group recognized lease liability for leases previously classified as operating leases. Right-of-use assets were recognized based on the amount equal to the related lease liability. The Group's recognized in the balance sheet additional 110,4 MEUR of right-of-use assets and lease liabilities at transition. The Group also reclassified rental rights to right-of-use assets and therefore the carrying amount at 1 January 2019 amounted to 110,8 MEUR.

The Group also applied the following practical expedients when applying IFRS 16 at transition date;

- The IAS 37 onerous lease contract measurement for the operating leases existing as per the transition date. This expedient is applied as a substitute for the measurement of impairment for the related right-of-use assets.
- Exclusion of initial direct costs from the measurement of the right-to-use asset at the date of initial recognition.

The Group applies the short-term lease recognition exemption to its short-term leases, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value, below TEUR 5. Lease payments on short-term leases and leases of low-value assets are recognized as expenses over the lease term.

Standards that have been early-adopted by the Group

The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

New standards, amendments and interpretations that have not yet come into effect

No IFRS and IFRIC interpretations that have not yet come into effect are expected to have a significant effect on the Group.

NOTE 3 FINANCIAL RISK MANAGEMENT

Purpose

The Fenix Group is exposed to various financial risks, primarily comprised of foreign currency exchange risk and interest rate risk. The Group's risk management aims to minimize the potential negative effects on financial performance. Finance and risk management is handled centrally by the Parent Company's finance function, in accordance with principles approved by the Board. The main cash hedge positions taken are related to future currency flows. A description of the effects can be found in Note 19, Hedge accounting.

Currency risk

Transaction exposure

The Group's companies make and receive payments in different currencies and the Group is, therefore, exposed to risks with regards to exchange rate fluctuations. This risk is referred to as transaction exposure. The most significant aspect of the hedges made is to fix the exchange rate against EUR for purchases made in USD. Company management can decide on hedging up to 12 months of future cash flows, as long as hedge position is in balance with planned order book. Hedging is undertaken by holding liquidity in actual currency and/or making forward contracts. The most important sales currency is EUR, which accounts for approximately 51% of the Group's net sales. The Group does not have a significant net exposure to foreign exchange rates including the effects from hedging made and thus no sensitivity analysis is disclosed.

Translation exposure

The Group's equity is affected by changes in exchange rate when the foreign subsidiaries' balance sheet is translated into EUR. This exposure is not hedged.

Interest rate risk

The Group's financial result is affected by changes in interest rates. As per 31 December 2019, all loans are entered into variable interest rates (loan excluding leases amount TEUR 22 191). An increase in the short-term interest rate of one percentage should therefore effect the interest cost by TEUR 138 (149). Group management continuously monitors the interest rate market in order to assess any possible changes in the fixed interest terms, but given the total volume of loans in relation to the net profit and total assets of the group, the risk is seen as limited.

Financial and liquidity risk

The Group's interest-bearing liabilities including leases liabilities amounted to TEUR 148 235 (24 911, before adopting IFRS 16) at year-end, which is approximately 26,7 (6,2) percent of total assets. As per 31 December 2019, the Group's interest-bearing liabilities, excluding leases liabilities, was denominated in USD and EUR. The Group has found it acceptable, in terms of risk exposure, to use short-term external financing.

Contractually agreed cash flow of non-derivate financial liabilities

2019	<6 months	<12 months	<24 months	>24 months	Total
Accounts payable	25 101				25 101
Refund liabilities	2 090				2 090
Other payables - financial	104		552	474	1 130
Lease liabilities	12 936	12 679	22 434	77 995	126 044
Interest bearing loans	21 792				21 792
Interest payment from loans	160				160
	62 183	**12 679**	**22 986**	**78 469**	**176 317**

Lease payments >24 months fall due as follows: approximately TEUR 47 481 until > 5 years and TEUR 30 514 after 5 years.

2018	<6 months	<12 months	<24 months	>24 months	Total
Account payable	24 560				24 560
Refund liabilities	1 349				1 349
Other payables - financial		1 994	656		2 650
Interest bearing loans	12 911		12 000		24 911
Interest payment from loans	412	93	93		598
	39 232	**2 087**	**12 749**	**-**	**54 068**

Credit risk

Client credit risk

The group does not have any significant concentration of credit risks. The group has established policies to ensure that sales of products are made to clients with a suit¬able credit standing. The accounts receivable risk is regarded to be limited, as each separate account is relatively small and the group's credit policy is restrictive.

Financial institutions credit risk

Cash and cash equivalents are deposited in major merchant banks, where the credit risk is limited.

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires significant judgments and accounting estimates to be made by management regarding the future, which affect the reported amounts of assets and liabilities on the balance sheet date. Income and expenses are also affected by the estimates. The actual outcome can differ from the estimates made. The significant estimates that have been made are presented below.

Estimates

TESTING OF GOODWILL FOR IMPAIRMENT

The value of the group's goodwill is tested each year to assess whether there is an indication of an impairment. In conjunction with this assessment, usually the value in use is calculated with a discounted cash flow model. Certain assumptions required to be made in such a valuation, such as forecast of free cash flows, growth rates and discount rates have material impact on the result of the valuation. Refer also to Note 11.

VALUATION OF INVENTORY

Continuous controls are undertaken to identify and determine the amount of any obsolescence in the inventory. An individual assessment is made to the largest possible extent. In Retail, a model is used where goods are written down depending on from which season the products are. In Brands, a margin analysis is made to define the extent of potential write-down requirements.

TAX

Current income taxes are calculated on the basis of the net profit for the fiscal year. The actual amount of income taxes may differ from the amount that was calculated initially due to the final tax assessment being finalized several years after the end of the reporting period. Offsetting risks are individually identified and assessed, and the corresponding provisions are recorded if necessary. Deferred tax assets are recorded on the basis of estimated future profits. The underlying forecasts cover a period of up to five years and include tax planning opportunities. Deferred tax assets are only reported to the extent it is probable that these will result in lower tax payments in the future.

NOTE 5 SEGMENT REPORTING

The group is organized in three business segments: Brands, Global sales and Frilufts.

- Brands includes the brands Fjällräven, Tierra, Primus, Hanwag, Brunton and Royal Robbins. It also includes Brandretail (Brand Online sales and Brand Retailshops) and distribution companies concentrated on sales of only one brand.
- Global Sales includes distribution companies selling more than one Fenix brand.
- In Frilufts, the retailers Naturkompaniet AB, Partioaitta Oy, Friluftsland A/S and Globetrotter Ausrüstung GmbH are included.

The three business segments are supported by common functions for management, CSR/CSO, finance, HR, IT and logistics.

MEUR	2019	2018
External Sales		
Brands	164,7	156,1
Global Sales	159,9	141,7
Frilufts	281,8	273,2
Common	0,6	1,3
Group	607,1	572,4
EBITDA per segment		
Brands	72,8	69,0
Global Sales	29,0	23,8
Frilufts	26,7	16,4
Common	-0,4	-6,5
Group	128,0	102,6
Operation profit per segment		
Brands	62,7	65,3
Global Sales	26,4	22,5
Frilufts	2,8	9,9
Common	-7,0	-9,2
Group	84,9	88,4

The negative result in Common mainly comes from central costs for administration, IT, HR, the trainee program and internal profits in inventory between the segments, but for 2018 also a cost of TEUR 4 173 relating to the restructuring of the retail logistics operation in Germany.

MEUR	2019	2018
Capital Expenditures		
Brands	5,0	3,3
Global Sales	1,7	1,9
Frilufts	9,2	4,8
Common	10,5	22,1
Group	26,4	32,1
Depreciation and amortization		
Brands	-10,1	-3,7
Global Sales	-2,6	-1,3
Frilufts	-23,8	-6,5
Common	-6,6	-2,7
Group	-43,1	-14,2

NET SALES PER GEOGRAPHIC MARKET

MEUR	2019	2018
Switzerland	11,2	10,4
Sweden	72,0	70,0
Other Nordic countries	83,3	85,4
Germany	231,1	239,8
Benelux	22,3	21,2
Other Europe	59,4	51,1
Americas	100,6	74,4
Other markets	27,1	20,1
Total	607,1	572,4

INTANGIBLE, TANGIBLE AND RIGHT-OF-USE ASSETS PER MARKET

MEUR	2019	2018
Switzerland	1,3	1,3
Sweden	46,6	27,3
Other Nordic countries	23,4	11,6
Germany	118,6	42,7
Benelux	4,3	4,2
Other Europe	7,1	3,5
Americas	34,3	7,9
Other markets	2,8	1,7
Total	238,5	100,2

NOTE 6 PERSONNEL EXPENSES

Full-time average number of employees

	2019		2018	
	Number of employees	Of whom men	Number of employees	Of whom men
Sweden	343	171	329	169
Norway	31	16	31	17
Denmark	92	55	87	66
Finland	145	61	154	69
Estonia	33	6	32	4
Germany	1 026	589	1 101	529
Austria	5	3	5	3
Holland	91	52	91	55
England	16	13	17	14
Switzerland	13	7	13	4
Hungary	106	20	122	25
Americas	335	180	301	163
China	100	25	123	37
Other countries	140	76	86	52
Total, Group	**2 476**	**1 274**	**2 492**	**1 207**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

2019	Salary and remunerations	Social security expenses (of which pension costs)	Other personnel costs	Total
Total	89 854	20 907 (3 994)	5 562	116 323

2018	Salary and remunerations	Social security expenses (of which pension costs)	Other personnel costs	Total
Total	84 886	19 341 (3 950)	4 097	108 324

2019	Gross salary	Benefits and other remunerations	Pension contributions	Total
Executive chairman	450	27		477
President	324	49		373
Other Senior Executives and Susanne Nordin	1 047	32	160	1 239
Total	1 821	108	160	2 089

2018	Gross salary	Benefits and other remunerations	Pension contributions	Total
Executive chairman	433	20	4	457
President	292	31	9	332
Other Senior Executives	1 046	37	158	1 241
Total	1 771	88	171	2 030

	2019		2018	
	Total	of whom men	Total	of whom men
President and other Senior Executives	6	5	8	7

In addition to the fixed compensation, the senior executives are also eligible to receive variable compensation, which is based on sales and profitability targets. For senior executives, variable remuneration is a maximum of 50 percent of the basic annual salary. Except for the Executive Chairman, no variable compensation is offered to the Board of Directors. For more please see compensation report page 52-53.

NOTE 7 OTHER OPERATING INCOME AND EXPENSES

	2019	2018
Other operating income		
Royalty and licensing income	203	216
Franchise income	68	81
Marketing contribution	2 136	2 562
Other*)	6 902	7 513
Total	**9 309**	**10 372**

*) Other operating income mainly refer to compensation for prematurely submitting of lease, resolving of maintenance accruals, expired gift cards, gains from sales of tangible assets and insurance compensations.

Other operating expenses	**2019**	**2018**
Exchange rate differences	-68	-184
Other	-1 240	-494
Total	**-1 308**	**-678**

NOTE 8 RESULT FROM ASSOCIATED COMPANIES AND JOINT VENTURES

	2019	2018
Results from associated companies	1 434	2 091
Other	-	-150
Results from sales associated companies	-	200
Total result from associated companies and joint ventures	1 434	2 141

The Group's interest in Jiang Su Fenix is accounted for using the equity method in the consolidated financial statements. The company sells Fenix Outdoor brands in the Chinese market throught Fjällräven shop in shops and throught online channels.

NOTE 9 FINANCIAL INCOME AND EXPENSES

	2019	2018
Financial income		
Interest income	269	802
Exchange rate differences	2 448	1 606
Total	**2 717**	**2 408**
Financial expenses		
Interest expenses	-1 045	-1 668
Interest expenses for lease contracts	-2 147	-
Exchange rate differences	-	-576
Other financial expenses	-60	-74
Total	**-3 252**	**-2 318**

NOTE 10 TAX

	2019	2018
Current tax:		
Current tax on profits for the year	-19 941	-21 207
Adjustments in respect of prior years	-601	706
Total current tax	**-20 542**	**-20 501**
Deferred tax:		
Origination and reversal of temporary differences	-2 513	-591
Impact of change in the local tax rate	-	-1
Total deferred tax	**-2 513**	**-592**
Income tax expense	**-23 055**	**-21 093**

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019	2018
Profit before tax	**84 369**	**88 521**
Tax calculated at domestic tax rates applicable to profits in the respective countries	-18 095	-20 614
Tax effects of:		
- Income not subject to tax	97	39
- Expenses not deductible for tax purposes	-468	-941
- Utilisation of previously unrecognised tax losses	-	69
- Tax losses for which no deferred income tax assets was recognized	-3 976	-467
Re-measurement of deferred tax - change in the local tax rate	109	1
Exchange rate difference in untaxed reserves	-120	113
Adjustment in respect of prior years	-601	706
Tax charge	**-23 055**	**-21 093**

The effective tax rate was 27,3% (23,82%).

Deferred tax assets	**2019**	**2018**
Difference between book value and tax value of assets	1 686	590
Temporary differences regarding inventories	3 691	3 376
Loss carry-forwards	7 076	10 116
Reported deferred tax assets	**12 453**	**14 082**

Deferred tax liabilities	**2019**	**2018**
Temporary differences regarding untaxed reserves	11 396	10 070
Difference between book value and tax value of assets	1 466	479
Reported deferred tax liabilities	**12 862**	**10 549**

NOTE 11 INTANGIBLE FIXED ASSETS

Capitalised expenditure for computer software	**2019**	**2018**
Opening acquisition cost	15 971	12 510
Expenditure capitalised during the year	415	77
Sales and disposals	-170	-39
Transfer of classes *)	19 340	3 781
Translation differences	-227	-358
Closing acquisition cost	**35 329**	**15 971**
Opening amortisation	-10 814	-8 826
Amortisation for the year	-5 227	-2 282
Sales and disposals	142	39
Transfer of classes	-3 118	2
Translation differences	87	253
Closing amortisation	**-18 930**	**-10 814**

Installation in progress *)	**2019**	**2018**
Opening amortisation	11 997	6 634
Purchases Installation in progress	9 702	9 793
Transfer of classes	-15 445	-3 784
Translation differences	-221	-646
	6 033	**11 997**
Closing balance	**22 432**	**17 154**

*) The Group has finished several implementations during the year. The finalizing of implementations is reported as transfer of classes. The most important is the implementation of new ERP system in the largest company within Frilufts, Globetrotter. The Group has new installations in progress and among them an installation of new ERP system in other Frilufts companies.

Trademarks	**2019**	**2018**
Opening acquisition cost	11 184	9 590
Acquisition	-	1 576
Transfer of classes	-509	2
Translation differences	6	16
Closing acquisition cost	**10 681**	**11 184**
Opening amortisation	-8 518	-8 102
Amortisation for the year	-294	-415
Transfer of classes	-	-2
Translation differences	1	1
Closing amortisation	**-8 811**	**-8 518**
Closing balance	**1 870**	**2 666**

Rental rights **)	**2019**	**2018**
Opening acquisition cost	3 991	4 208
Acquisitions	-	152
Sales and disposals	-	-275
Reclassification	-3 991	-75
Translation differences	-	-19
Closing acquisition cost	**-**	**3 991**
Opening amortisation	-3 527	-3 419
Amortisation for the year	-	-473
Sales and disposals	-	275
Reclassification	3 527	75
Translation differences	-	16
Closing amortisation	**-**	**-3 527**
Closing balance	**-**	**465**

**) Reclassification against Right-of-use assets when adopting IFRS 16

Goodwill	2019	2018
Opening acquisition cost	19 025	18 891
Acquisitions	38	116
Translation differences	-443	18
Closing acquisition cost	**18 620**	**19 025**
Opening write-downs	-2 439	-2 443
Translation differences	336	4
Closing amortisation	**-2 103**	**-2 439**
Closing balance	**16 517**	**16 586**
Total intangible fixed assets	**40 818**	**36 871**

Specification of Goodwill	2019	2018
Brands	4 423	4 481
Frilufts	9 048	9 058
Global sales	3 045	3 046
Book value	16 517	16 586

In 2001 and 2002, Fenix acquired the shares in Naturkompaniet, generating total goodwill of TEUR 7 842. In line with past accounting practices, this amount was reported as goodwill for Naturkompaniet and amortized over a period of 20 years. When new accounting regulations came into effect in 2005, the goodwill was divided between Fjällräven and Naturkompaniet. The change in goodwill for the year is attributable to translation differences and the acquisition of external outdoor shops by Naturkompaniet AB.

The recoverable amount of the Group's goodwill is determined annually by means of an impairment test. As part of this assessment, the estimated value of current assets (cash generating units) is calculated by discounting future cash flows that have been estimated on the basis of an internal assessment of the coming five years, after which an unchanged cash flow is assumed, e.g. a zero growth is assumed. The internal assessment is based on historical income and expense trends, with adjustments made for any changes in circumstances, the competitive situation, etc., as deemed suitable by Group management. The discount rate applied is equivalent to the required return on the market. This required return is calculated using the weighted average cost of capital (WACC) according to the Capital Asset Pricing Model (CAPM). The cost of capital is converted to a required return, with consideration given to the tax rate and interest rates. The pretax discount rate used for 2019 is, 8% (8%). The impairment test for the year has indicated that no impairment of goodwill is necessary.

NOTE 12 TANGIBLE FIXED ASSETS

Land, buildings and land improvement	2019	2018
Opening acquisition cost	22 005	13 374
Purchases	-	280
Sales and disposals	-1 978	-83
Reclassifications	-27	8 485
Translation differences	-235	-51
Closing acquisition cost	**19 765**	**22 005**
Opening depreciation	-5 774	-5 376
Amortisation for the year	-775	-719
Sales and disposals	1 978	82
Translation differences	324	239
Closing depreciation	**-4 247**	**-5 774**
Closing balance	**15 518**	**16 231**

Cost of leasehold improvements	2019	2018
Opening acquisition cost	51 529	48 129
Purchases	4 643	3 747
Increase through acquisition of subsidiary	205	234
Sales and disposals	-1 788	-2 436
Reclassifications	5 460	1 606
Translation differences	165	249
Closing acquisition cost	**60 214**	**51 529**
Opening deprication	-34 450	-30 346
Depreciation for the year	-5 783	-5 871
Sales and disposals	1 764	2 414
Reclassifications	-	-266
Translation differences	-77	-381
Closing depreciation	**-38 546**	**-34 450**
Closing balance	**21 668**	**17 080**

Equipment, tools, fixtures and fittings	2019	2018
Opening acquisition cost	43 758	33 232
Purchases	3 615	4 535
Increase through acquisition of subsidiary	-	50
Sales and disposals	-2 117	-1 636
Reclassifications	1 508	7 359
Translation differences	333	218
Closing acquisition cost	**47 097**	**43 758**
Opening depreciation	-25 161	-22 305
Depreciation for the year	-4 765	-4 402
Sales and disposals	1 549	1 587
Reclassifications	-45	291
Translation differences	-509	-332
Closing depreciation	**-28 931**	**-25 161**
Closing balance	**18 166**	**18 597**

Constructions in progress	2019	2018
Opening aquisition cost	11 430	15 542
Purchases	7 916	13 411
Sales and disposals	-	-3
Reclassifications	-6 897	-17 474
Translation differences	-28	-45
Closing balance	**12 421**	**11 430**
Total tangible fixed assets	**67 773**	**63 338**

NOTE 13 RIGHT OF USE ASSETS

Rental contracts are typically made for 3 months up to 10 years, depending on leasing object and market circumstances. Rental contracts may have prolonged options and variable lease payments. Rental contracts are for vehicles, equipment, offices, warehouses and retail stores.

Leases extensions are included as right-of-use assets and liabilities if the extension option will take effect within a limited time after period end and the Group is reasonably sure to extend the contract.

	Brands	Frilufts	Global sales	Common	Total
Right-of-use assets	25 285	95 240	2 538	1 648	124 711
Prepayments	270	419	42	-	731
Total assets	**25 555**	**95 659**	**2 580**	**1 648**	**125 442**
Liabilities					
Lease liabilities	-26 094	-95 676	-2 540	-1 628	-125 938
Trade and other payables	-84	-22	-	-	-106
Total liabilities	**-26 178**	**-95 698**	**-2 540**	**-1 628**	**-126 044**

Leases and right-of use assets affected P&L	Brands	Frilufts	Global sales	Common	Total
Other income		1 450			1 450
Depreciation	-6 349	-17 933	-1 301	-705	-26 288
Interest cost	-752	-1 358	-31	-6	-2 147
Short term lease cost	-	-37	-9	-	-46
Low value lease cost	-	-64	-37	-3	-104

Other income include TEUR 1 450 for compensation for prematurely submitting a lease.

Right-of-use assets divided to Asset class	Brands	Frilufts	Global sales	Common	Total
Stores and warehouse	24 208	93 791	1 209	640	119 848
Offices	680	1 288	773	904	3 645
Office equipements and vehicles	397	161	556	104	1 218
Right-of-use assets	**25 285**	**95 240**	**2 538**	**1 648**	**124 711**

Depreciation on right-of-use assets divided to Asset class	Brands	Frilufts	Global sales	Common	Total
Stores and warehouse	-5 650	-17 590	-817	-316	-24 373
Offices	-280	-272	-281	-349	-1 182
Office equipements and vehicles	-419	-71	-203	-40	-733
Sum Depreciation	**-6 349**	**-17 933**	**-1 301**	**-705**	**-26 288**

	Brands	Frilufts	Global sales	Common	Total
Opening balance *)	20 552	87 445	2 228	590	110 815
Additionals **)	11 082	25 728	1 611	1 764	40 184
Depreciation	-6 349	-17 933	-1 301	-705	-26 288
Closing balance	**25 285**	**95 240**	**2 538**	**1 648**	**124 711**

*) Including reclassification from Rental rights, Intangible assets, TEUR 465.
**) Whereof for options of extensions that are estimated to be renewed, these amount to TEUR 10 664.

The total cash flow for leasing agreements reported as right-of-use assets in 2019 was TEUR -26 204.

The weighted average incremental borrowing rate applied to lease liabilities at the date of initial application recognized in the balance sheet is 1,98%.

New lease commitments with an estimated initial right-of-use value TEUR 19 044 are signed in 2019 by the group but not commenced in 2019 and not included above. Of the new lease commitments are about TEUR 5 078 to be commenced during the first half year 2020.

NOTE 14 OTHER FINANCIAL ASSETS

Other financial assets	2019	2018
Opening fair value	300	100
Reclassified	-	200
Closing fair values	**300**	**300**

Other non-current receivables	2019	2018
Other non-current receivables *)	1 042	965
Closing balance	**1 042**	**965**

*) includes rental deposits

Participations in associated companies	2019	2018
At beginning of the year	3 649	4 750
Share of result	1 434	2 091
Dividends from associated companies	-1 668	-2 281
Sales	-	-400
Write-downs	-	-150
Reclassification	-	-200
Translation difference	-70	-161
Closing balance	**3 345**	**3 649**

	Country	Participating interest	Carrying amount 2019	Carrying amount 2018
Jiang Su Fenix	China	50%	3 345	3 649

	2019	2018
Summarised balance sheet		
Fixed assets	331	320
Inventories	3 017	3 425
Other short term receivables	1 975	2 450
Cash and cash balances	4 007	4 000
Current liabilities	-2 640	-2 902
Net assets	6 690	7 293
Reconciliation to carrying amounts		
Opening net assets	7 293	8 622
Operating profit	2 983	4 284
Financial result	-11	57
Tax	-169	-513
Other comprehensive result	-70	-595
Dividend paid	-3 336	-4 562
Closing net assets	**6 690**	**7 293**
Group's share in %	50%	50%
Group's share in CU	3 345	3 649
Goodwill	-	-
Carrying amount	**3 345**	**3 649**

NOTE 15 INVENTORIES

	2019	2018
Goods for resale	141 800	117 769
Raw materials	11 787	14 049
Advance payments to suppliers	6 125	1 474
Total	**159 712**	**133 292**

Write-downs have reduced the book value in the Group in an amount of TEUR 9 158 (TEUR 13 920).

NOTE 16 ACCOUNTS RECEIVABLES, OTHER RECEIVABLES

	2019		2018	
Accounts receivable – Trade	**Gross receivables**	**Expected credit loss**	**Gross receivables**	**Expected credit loss**
Not yet due	27 528	-16	25 739	-84
Overdue				
0-30 days	6 368	-143	5 464	-603
31-60 days	3 242	-323	1 724	-532
61-90 days	1 000	-208	771	-449
More than 90 days	3 153	-1 476	1 121	-955
Total	**41 290**	**-2 166**	**34 819**	**-2 623**

	2019	2018
Accounts receivables	39 124	32 196
Right of return assets	1 047	1 064
Other receivables	4 892	8 125
Total	**45 063**	**41 385**

NOTE 17 CUSTOMER CONTRACT BALANCES

Customer contract balance	2019	2018
Right of return assets	1 047	1 064
Refund liabilites from Rights of return	-2 090	-1 349
Trade receivables	39 124	32 196
Advance payments from customers and Gift Cards	-8 150	-10 358
Loyalty points	-3 153	-3 244
Total	**26 778**	**18 309**

NOTE 18 FINANCIAL INSTRUMENTS BY CATEGORY

Definition “level” 1: Quoted market prices, 2: Fair value directly or indirectly observable, 3: Fair value Unobservable.

Financial assets	2019	2018
Derivated designated as hedging instruments		
Foreign exchange forwards contracts	-	1 617
Interest rate swaps	8	166
Financial assets at FVTPL		
Equity instruments, level 3	300	300
Financial instruments at amortised costs		
Other non-current receivables	1 042	965
Trade receivables	39 124	32 196
Cash and cash equivalents	88 943	101 862
Total financial assets	**129 417**	**137 106**

Financial liabilities	2019	2018
Derivates not designated as hedging instruments		
Interest rate swaps, level 2	-17	-69
Derivates designated as hedging instruments		
Foreign exchange forward contracts, level 2	-204	-
Other financial liablities at amortised cost		
Put option liabilities for purchase of Alpen International	-656	-656
Put option liabilities for purchase of Fenix Outdoor Taiwan	-474	-
Accounts payable	-25 101	-24 560
Advance payments from customers and Gift Cards	-8 150	-3 020
Refund liailites	-2 090	-1 349
Interest-bearing loans and borrowings	-22 191	-24 911
Lease liabilities	-126 044	-
Accrued interest	-30	-243
Other financial loans at amortised cost	-	-1 994
Total financial liabilities	**-184 957**	**-56 802**

Fenix Outdoor International AG acquired 2017 Alpen International. The agreement from 2017 includes put/call arrangements for the 25% non-controlling interests, exercisable in the period between 2020 and 2029. The present value of the redemption amount was recognized as a short- and long-term liability for the amount of TEUR 656 and the non-controlling interests were derecognized. The position are valued at each quarter closing, no adjustment was necessary at December 31, 2019.

From the acquisition of the Taiwanese distributor, 2019, Fenix Outdoor International AG has a right and an obligation through a put and call arrangement, where the price is based on a profit multiple, to acquire the remaining 30% of the company. The exercise period starts on 30 June 2022 and ends 30 June 2027. The present value of the redemption was recognized as a long-term liability for the amount of TEUR 474 and are valued at each quarter closing, no adjustment was necessary at December 31, 2019.

Future changes in the put options liabilities will be recognized in equity.

NOTE 19 HEDGE ACCOUNTING

Foreign Exchange Risk
The group hedges the major part of its committed purchase orders stated in USD within the coming 12-month period. The reason for the USD hedging mainly being undertaken against EUR is that a major portion of the group's sales are invoiced in EUR. The group's primary hedging instrument is currency forwards. The market value of the contracts are reflecting the difference in value between the agreed forward rate and the rate of a similar forward as per the closing day, 31 Dec 2019.

The fair value changes for the forwards, designated in the hedges, are recorded in OCI and taken to equity. The rates of the forwards are used when the goods are accounted into inventory. The effect is thereby transferred from equity to inventory value. The effect in the income statement is realized when the goods are sold.

Interests
The interest swap positions are taken to achieve a longer interest duration of the loan portfolio. The market value of the swap positions are recorded in OCI and taken to equity as a hedge position. These instruments are plain vanilla standard over-the-counter products, valued using forward pricing and swap models using present value techniques (level 2 fair value hierarchy). All relevant market data is obtained from third parties (external bank), no further valuations adjustments were made by the Group.

Net outstanding forward agreements	2019	2018
FX Forwards per balance date		
Purchased TUSD	35 500	43 500
Sold TEUR	31 494	36 066
Rate	1,1272	1,2060
Purchased TUSD	3 000	2 000
Sold TNOK	26 859	16 640
Rate	8,9530	8,3200
Interest Swap		
Taken Long term TUSD due 2020-03-19	11 000	11 000
Given short term TUSD 3 months	11 000	11 000

The market value of outstanding forward agreements per 31 Dec 2019 TEUR -204 (1 617), is reported in full as a change in the hedging reserve under Equity. The market value of the interest swap agreements per 31 Dec 2019, TEUR 8 (166), is also reported in full as a change in the hedging reserve under Equity.

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	2019	2018
Advertising expenses	226	154
Licensing income	68	103
Leases Charges	4 795	2 439
Prepaid interest	7	-
Insurance premiums	318	186
Other items	3 364	2 552
Total	**8 778**	**5 435**

NOTE 21 PENSION COMMITMENTS

	2019	2018
Pension commitments in funds	1 269	1 001
Total	**1 269**	**1 001**

Within the group there are both defined contribution and defined benefit pension plans. For defined contribution plans and for pension plans in Alecta, the premiums referring to the year are reported as the year´s expenses. The extent of defined benefit plans in the group, Alecta excluded, is very limited.

NOTE 22 OTHER PROVISIONS

Other non-current provisions	2019	2018
Warranty provision		
Opening balance	331	247
Additional provisions during the year	84	84
Total warranty provision	**415**	**331**
Other provisions		
Opening balances	1 084	4 517
Additional provisions	225	54
Additional from aquisition of subsidiary		
Used other provisions	-220	-3 487
Translation differences	226	-
Total Other provisions	**1 315**	**1 084**
Total	**1 730**	**1 415**

The warranty provision is based on commitments which had not been terminated as per balance sheet date. The calculation of the amount is based on previous experience.

A major part of the opening balance 01 January 2019 consists of a provision for a restructuring of logistics services. During 2018 the amount were defined to amount and timing of payment and are changed to current liabilities. The balance as of 31 December 2019 for other provisions consists of restore costs for rented premises and provisions for personnel cost related to personnel changes within Frilufts that was still ongoing and not finally negotiated.

NOTE 23 INTEREST-BEARING LIABILITIES

	2019	2018
Long term liabilities		
Lease liabilities	100 429	-
Liabilities to credit institutions	-	12 000
Total long term liabilities	**100 429**	**12 000**
Short term liabilities		
Lease liabilities	25 615	-
Liabilities to credit institutions	22 191	12 911
Total short term liabilities	**47 806**	**12 911**
Total interest-bearing liabilities	**148 235**	**24 911**

Unutilized bank overdrafts facilities in the group amounted to TEUR 0 (3 230).

	2019	2018
Opening interest-bearing liabilities	24 911	52 508
Adopting of IFRS 16 Lease liabilities 1 January 2019	110 350	
Borrowings	843	5 328
Additions of new leases/remeasurments	39 751	
Repaid borrowings	-3 763	-32 950
Payment of lease liabilities	-24 057	
Additions from acquisition of subsidiaries	-	887
Settlement of loans	-	-887
Translation differences	200	25
Total	**148 235**	**24 911**

NOTE 24 SHORT-TERM LIABILITIES

	2019	2018
Accounts payable trade	25 101	24 560
Advance payments from customers	8 150	3 020
Refund liabilities	2 090	1 349
Other liabilities	10 305	16 036
Total	**45 646**	**44 965**
Account payable not yet due	19 617	20 948
Overdue 0-90 days	5 323	3 612
Overdue more than 90 days	161	-
Total	**25 101**	**24 560**

NOTE 25 ACCRUED EXPENSES

	2019	2018
Holiday pay and salary liabilities	9 958	10 291
Accrued social security contributions	1 957	2 074
Other items	9 948	16 209
Total	**21 863**	**28 574**

NOTE 26 PLEDGED ASSETS

	2019	2018
For interest bearing- and contingent liabilites		
Chattels, as corporate mortgages	15 966	16 218
Land and Buildings, as property mortgages	967	985
Total	**16 933**	**17 203**

NOTE 27 CONTINGENT LIABILITIES

	2019	2018
Other contingent liabilities	1 052	2 845
Total	**1 052**	**2 845**

None of the above items is expected to impact future cash flows. The group's contingent liabilities primarily refer to guarantee commitments to customs authorities and for lease agreements.

NOTE 28 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	2019	2018
Result associated companies	-1 434	-2 091
Other items not affecting cash flow	-1 044	-1 912
Total	**-2 478**	**-4 003**

NOTE 29 ACQUISITION OF TANGIBLE ASSETS

All investments made in the group and the parent company affect cash flow. No material acquisitions have been financed through leasing or instalment plans.

NOTE 30 TRANSACTIONS WITH RELATED PARTIES

DISCLOSURE REGARDING RELATED PARTIES WITH CONTROLLING INFLUENCE

The majority shareholder, the Nordin family, controls approximately 85,1% of the voting rights for the company's shares. Martin Nordin, of the Nordin family, is the Chairman of the Board. Susanne Nordin, of the Nordin family, is a Director of the Board. Details about their total remunerations, including salaries and bonuses, see Compensation report page 52-53.

Purchases of goods and services from related parties	**2019**	**2018**
Purchases of services:		
DalSam Security AB *)	-	114
Martin Nordin, Rent	12	52
Rolf Schmid	47	5
Consilo AB	49	48
Total	**108**	**219**

Receivables/liabilities attributable to related parties	**2019**	**2018**
Receivables from related parties:		
Martin Nordin	-	25
Liabilities to related parties:		
DalSam Security AB *)	-	-14

*) DalSam Security AB is no longer a related party.

NOTE 31 TREASURY SHARES

7 February, 2019, the Board of Directors decided that Fenix Outdoor International AG on one or more occasions (including through block deals), will repurchase up to 700 000 own B-shares during 2019. Through the repurchase of its own shares, the company wishes to optimize its capital structure. Completed acquisitions of its own shares are carried out, published and notified in accordance with applicable laws, regulations and Nasdaq Stockholm's rule for Issuers.

As at 31 December 2018, the company itself held 6 700 B-shares. During 2019 the company has repurchased 112 898 B-shares. Thus, as at 31 December 2019, the company held a total of 119 598 of B-shares.

NOTE 32 MAJOR EVENTS DURING THE PERIOD

2018

Acquisitions

During 2018 the contingent consideration liability recognised previous year of MEUR 0,4 for the purchase of Friluftsland AS was paid.

At the end of March 2018, Fenix Outdoor International AG acquired 100 % of the shares and votes in RR Acquisition Corporation group that includes three fully-owned subsidiaries, Royal Robbins LLC, RR Canada LTD and Royal Robbins Hong Kong. The acquisition-related expenses for the acquisition were TEUR 270. RR Acquisition Corporation groups bookkeeping year ended 31th January 2018. Therefore it has not been possibly to calculate accurate net sales to external cus¬tomers and result for the acquired group for the period 1st January to the date of the acquisition. The RR Acquisition Corporation group have after the acquisition reported net sales to external customers of TEUR 8 666 and an operational result for the period after the acquisition TEUR – 3 097.

The acquisition of Royal Robbins increased the consolidated intangible assets for Trademarks with TEUR 1 571. The purchase price paid in cash was TEUR 1 101.

2019

17 April, 2019, Fenix Outdoor International AG acquired its Taiwanese distributor. Fenix Outdoor took a 70% ownership by acquiring shares in a new issue of shares made by the Taiwanese company. The investment was TEUR 1 000 and the acquisition resulted in a goodwill position of TEUR 38. As the cash was transferred to the new subsidiary this represents a non-cash transaction from the Group's perspective. The acquisition has a very limited effect on the financial figures of the Group. For the period 1 January to the date of aquisition the net sales to external customers was TEUR 279 and the operating profit was TEUR 27.

KEUR	
Intangible fixed assets	5
Tangible fixed assets	549
Financial assets	44
Total fixed assets	**598**
Inventories	1 339
Short term receivables	276
Cash and cash equivalents	464
Total current assets	**2 079**
Total assets	**2 677**
Liabilities	2 299
Total liabilities	**2 299**
Purchased net assets	**378**
Non-controlling interest, derecognized	416
Goodwill arising on acquisition	**38**

NOTE 33 EVENTS AFTER THE REPORTING PERIOD

2019

There were no material subsequent events, that would have changed the judgement and analysis by management of the financial condition of the Company at 31 December 2019, or the result for 2019.

Corona virusCOVID-19 outbreak

From the start of March 2020 the European and US markets have been heavily affected by the Corona virusCOVID-19 outbreak. The financial consequences given the today's uncertain situation are difficult to predict. Risk mitigating actions are being taken.
We see relative limited risks in our supply chain. We already had most of or incoming deliveries for spring/summer in our warehouses and the major vendors, located in Asia, are currently producing the fall/winter products.
The outdoor retail shops in our two largest markets USA and Germany are in general closed, including retail shops operated by Fenix Outdoor and retail shops operated by customers of the Brands and Global sales segments. The focus for Fenix Outdoor, in these markets, is online selling. It is currently not possible to assess the time of the shop closures and the financial effect it will have on Fenix' business.
The Board has proposed to the Annual General meeting that no dividend shall be paid this year in view of the above uncertainties and their impact of Fenix.

NOTE 34 PARTICIPATIONS IN SUBSIDIARIES

Subsidiary	Corporate Identity Number	Registered offices	Number of shares	Share of equity	Book value in Parent Company, TEUR
Alpen International Co Ltd	220-88-25317	Seoul	210 285	75%	3 000
Fenix Outdoor AB	556110-6310	Örnsköldsvik	13 273 731	100%	517 375
AB Raven Incorporate (Inc)	556603-5662	Örnsköldsvik	1 000	100%	-
Brunton Inc.	27-1437119	Denver	1	100%	-
Fenix Outdoor Import LLC	27-2473714	Riverton	-	100%	-
Bus Sport AG	CH-320.3.032.659-8	Buchs	100	100%	-
Fenix Outdoor Austria Italy GmbH	FN387475t	Innsbruck	1	100%	-
Fenix Outdoor Benelux B.V.				100%	-
Fenix Outdoor Import Canada				100%	
Fenix Outdoor Danmark ApS	25894383	Århus	1	100%	-
Fenix Outdoor Finland Oy	1068339-4	Helsingfors	100	100%	-
Fenix Outdoor Import AS	916 145 578	Lillehammer	100	100%	-
Fenix Outdoor Mono Retail AS	912 893 030	Lillehammer	100	100%	-
Fenix Outdoor Norge A/S	920 417 280	Lillehammer	100	100%	-
Fenix Outdoor s.r.o, Czech	6484212			100%	-
Fenix Outdoor s.r.o, Slovakia				100%	-
Fjällräven AB	556605-9795	Örnsköldsvik	1 000	100%	-
Fjällräven B.V.	24251858	Almere	140	100%	-
Fenix Epic B.V.	57902585	Almere		100%	-
Fjällräven Center B.V.	34127188	Almere		100%	
Fjällräven Canada Retail Inc	BC0997845	British Columbia	100	100%	-
Fenix Outdoor Logistics B.V.	64755177	Amsterdam	40	100%	-
Fenix Outdoor Logistics GmbH		Ludwigslust		100%	-
Fjällräven International AB	556725-7471	Örnsköldsvik	1 000	100%	-
Fjällräven GmbH	HRB56169	München	450	100%	-
Hanwag GmbH	HRB153419	Vierkirchen	1	100%	-
Hanwag Sales GmbH	GRB220690	Vierkirchen	1	100%	-
Progress Kft	09-09-000101	Kinizsi	1	100%	-
Fenix Emerging Markets	HRB182742	Vierkirchen	1	100%	-
Fjällräven Sverige AB	556413-5548	Örnsköldsvik	100	100%	-
Fjällräven Wholesale Canada					
Fenix Outdoor E-com AB	556080-3362	Örnsköldsvik	6 080	100%	-
Fjällräven USA Llc	27-0611578	NY	1	100%	-
Fenix USA Retail US	38-3937088	Denver		100%	-
Friluftsbolaget Ekelund & Sagner AB	556543-0229	Örnsköldsvik	1 294 000	100%	-
Jiangsu Leader Outdoor Company Limited	91321000694454647M	Yangzhou	1	90%	-
Jiangsu Leader Outdoor Technology Development Company Limited	91321000694454655G	Yangzhou	1	100%	-
Primus AB	556152-5766	Örnsköldsvik	1 000	100%	-
Primus Eesti OÜ	10848501	Tartu	1	100%	-
Fenix Outdoor UK Ltd	2091967	Gosport	10 000	100%	-
Tierra Products AB	556095-1526	Örnsköldsvik	1 010	100%	-
Turima Jakt AB	556018-8392	Örnsköldsvik	800	100%	-
Fenix Outdoor Brand Retail AG	CHE-115.678.335	Zug	100	100%	92
Fenix Outdoor Import Asia	66355568	Hong Kong	1	100%	-
Fenix Outdoor Asia	62384460	Hong Kong	1	100%	-
Fenix Outdoor Taiwan Co. Ltd	82808707	Taipei City	5 000 000	70%	1007
Fenix Outdoor R&D and CSR AG	CHE-145.043.963	Luzern	100	100%	368
Frilufts Retail Europé AB	556788-3375	Örnsköldsvik	13 250 000	100%	24 731
Friluftsland A/S	76470316	Copenhagen	5 000	100%	-
Globetrotter GmbH	HRB23422	Hamburg	38	100%	-
Globetrotter Academie GmbH	HRB13414KI	Ascheffel	3	94%	-
Naturkompaniet AB	556433-7037	Örnsköldsvik	8 835 528	100%	-
Naturkompaniet AS	912 893 367	Lillehammer	100	100%	-
Outlet-Outdoor.com GmbH				100%	-
Partioaitta Oy	0201830-0	Helsingfors	94 285	100%	-
RR Acquisition Corporation	C3596965			100%	1 434
Royal Robbins LLC	201 221 310 331			100%	-
Royal Robbins Hong Kong Limited	1 887 476			100%	-
RR Canada Inc	450 672 910			100%	-
Ronmar AG	CHE-364.759.885	Zug	100	100%	92

BOARD APPROVAL

The consolidated financial statements were approved for publication by the Board of Directors of Fenix Outdoor International AG on March 31, 2020, and will be presented to the Annual General Meeting for approval on May 7, 2020

Martin Nordin	Susanne Nordin	Mats Olsson
Ulf Gustafsson	Rolf Schmid	Sebastian von Wallwitz

STATUTORY AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Fenix Outdoor International AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of income, 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 28 to 44) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

BASIS FOR OPINION

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

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KEY AUDIT MATTERS

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

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

VALUATION AND EXISTENCE OF INVENTORY

Area of focus

The Fenix Group develops and markets outdoor products. The inventory balance represents 28.8% of the Group's total assets and 50% of the Group's total equity as at 31 December 2019. The Fenix Group measures the net realizable value of its inventory by using the first-in, first-out method, at the lower of acquisition cost or net realizable value on balance sheet date. This involves judgment in estimating future revenues and margins and assessing appropriate provisions for potential obsolescence as the values can be subject to rapidly changing consumer demands and weather conditions. Refer also to note 2 of the consolidated financial statements. The valuation, in combination with the significant share of inventory balance on hand as part of total assets, made us conclude that the existence and valuation of inventories are a key audit matter of our audit.

Our audit response

We observed the inventory counts at major locations of warehouses and shops to understand the process and accuracy of the group's inventory count procedures and to validate physical counts performed by the company through our own test counts. We assessed the Group's internal controls over its inventory accounting process and the development of the key assumptions applied in the valuation. We tested a sample of inventory items at significant components to assess the cost basis and net realisable value of inventory. Further, we compared the inventory obsolescence provision against the Group's policy and assessed management's judgment of the adequacy of this by considering the overall level of provisions on an aggregate and by unit basis as well as understanding the levels of demand for significant items, including the inventory turnover to identify slow moving items. We assessed the historical accuracy of the Group's estimates and considered its ability to produce accurate forecasts, such as seasonality, ability to clear inventory in subsequent periods and anticipated price reductions.

Our audit procedures did not lead to any reservations concerning valuation and existence of inventory.

INCOME AND DEFERRED TAXES

Area of focus

Significant judgment is involved in determining the deferred tax balances and current income tax positions. The assessment is complex, since the Group engages in intercompany transactions and arrangements concerning multiple tax jurisdictions. Due to the significance of the deferred tax balances, current income tax positions and the judgment involved in determining the recoverability of the deferred tax assets, this matter was considered significant to our audit. The assessment is based on assumptions that are affected by uncertain future events such as profitability of operations, availability of tax planning structures and possible discussions with tax authorities. Refer to note 10 to the consolidated financial statements for the Group's disclosures on income taxes.

Our audit response

We assessed the Group's internal controls over its taxation processes and key assumptions applied. We assessed the Company's correspondence with tax authorities and inquired regarding ongoing tax audits and potential disputes. We considered developments in tax legislation and whether these were appropriately reflected in the Company's assumptions. In particular, we evaluated whether the key assumptions applied in the Company's assessment of recoverability of deferred tax assets is consistent with management's budgets and forecasts. We involved tax specialists locally to assist in examining the Company's tax methodologies and analysing the underlying key assumptions for significant tax positions.

Our audit procedures did not lead to any reservations concerning income and deferred taxes.

FIRST TIME ADOPTION OF IFRS 16

Area of focus

As of the balance sheet date, right-of use assets and lease liabilities represent 22.5% and 22.7% of Fenix Group's total assets, respectively. Fenix Group applies IFRS 16 leases as of 1 January 2019, implementation considerations are disclosed in note 2. Key assumptions concerning lease accounting are disclosed in the notes (notes 2, 13 and 23). Due to the initial application as well as the significance of the amounts and judgments involved in accounting for leases, especially regarding termination and extension options, and the judgment involved in performing lease-type assessments this matter was considered significant to our audit.

Our audit response

We obtained an understanding of Fenix Group's accounting policies and processes for leases. We examined Fenix Group's calculation methodology for right-of use assets and lease liabilities and reperformed the calculation on a sample basis. In particular, we agreed the following input parameters to supporting documents on a sample basis: monthly lease payments, lease terms, discount rates and extension options. For extension options, we analyzed Fenix Group's exercise assessment. In addition, we audited the completeness and the reconciliation of the lease contract population considered for IFRS 16 to the number of point of sales at designated components. Procedures were carried out as of 1 January 2019 (date of initial application of IFRS 16) and for 2019 movements in the lease population. For agreements signed in 2019, we analyzed Fenix Group's assessment whether these represent lease modifications or should be accounted for as separate leases.

Our audit procedures did not lead to any reservation concerning the accounting for leases under IFRS 16.

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, compensation 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/auditreport-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.

Zurich, March 31, 2020

Ernst & Young Ltd

Roger Müller Licensed audit expert (Auditor in charge)	Roman Ottiger Licensed audit expert

INCOME STATEMENT, PARENT COMPANY

	TEUR 2019	TCHF 2019	TEUR 2018	TCHF 2018
Dividend income from investments	28 021	31 122	45 107	52 093
Interest income group loans	198	220	384	443
Interest income banks	1 088	1 208	466	538
Total income	**29 307**	**32 550**	**45 957**	**53 074**
Interest expenses bank loans	0	0	-152	-176
Interest expenses group loans	-71	-78	-82	-94
Costs for own shares	-42	-46	-67	-78
Currency gain	18 083	20 084	564	651
Currency loss	0	0	-1 928	-2 227
Bank charges	-44	-49	-9	-10
Operating result	**47 233**	**52 461**	**44 283**	**51 140**
Personnel expenses	-1 918	-2 130	-1 432	-1 653
Group services	-1 861	-2 067	-1 907	-2 202
Other operating expenses	-625	-694	-639	-739
Marketing expenses	-371	-412	-429	-495
Depreciation property, plant and equipment	-20	-22	-10	-11
Result before tax	**42 438**	**47 136**	**39 866**	**46 040**
Direct taxes	-19	-21	-15	-18
Net profit of the year	**42 419**	**47 115**	**39 851**	**46 022**

BALANCE SHEET, PARENT COMPANY

CURRENT ASSETS		31-12-2019 TEUR	31-12-2019 TCHF	31-12-2018 TEUR	31-12-2018 TCHF
Cash at bank		54 723	59 397	66 165	74 562
Other receivables		16	17	65	73
-third parties	*4*				
-group companies	*12*				
Short-term interest bearing receivables		7 993	8 676	5 728	6 454
-group companies	*7 993*				
Accruals and prepaid expenses		562	611		
-third parties	111				
-group companies	451				
TOTAL CURRENT ASSETS		**63 294**	**68 701**	**71 958**	**81 089**
NON-CURRENT ASSETS					
Financial assets		20	22	19	22
-bank deposits	*20*				
Investments		548 174	595 000	547 091	596 717
Property, plant and equipment		68	74	26	29
TOTAL NON-CURRENT ASSETS		**548 262**	**595 096**	**547 136**	**596 768**
TOTAL ASSETS		**611 556**	**663 797**	**619 094**	**677 857**

BALANCE SHEET, PARENT COMPANY

LIABILTIES AND SHAREHOLDERS' EQUITY		31-12-2019 TEUR	31-12-2019 TCHF	31-12-2018 TEUR	31-12-2018 TCHF
SHORT-TERM LIABILITIES					
Short-term interest bearing liabilities		8 036	8 723	9 783	11 024
-group companies	*8 036*				
Other short-term liabilities		20 660	22 425	26 236	29 566
-third parties	*157*				
-group companies	*20 503*				
Accrued expenses and deferred income		857	929	597	673
-third parties	*169*				
-shareholders	*688*				
TOTAL SHORT-TERM LIABILITIES		29 553	32 077	36 616	41 263
TOTAL LIABILITIES		**29 553**	**32 077**	**36 616**	**41 263**
SHAREHOLDERS' EQUITY					
Share capital		12 378	13 460	12 378	13 460
Own shares		-10 145	-11 023	-399	-429
Legal capital reserves		406 744	458 820	438 720	475 951
-reserves from capital contributions	*380 124*				
-other capital reserves	*26 620*				
General legal profit reserves		2 389	2 692	2 476	2 692
Voluntary profit reserves		170 637	191 604	129 304	144 488
-retained earnings	*128 218*				
-net profit of the year	*42 419*				
Currency translation adjustment *)			-23 833	-	432
TOTAL SHAREHOLDERS' EQUITY		582 003	631 720	582 478	636 595
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**611 556**	**663 797**	**619 094**	**677 857**

*) Due to the change of the presentation currency to EUR, the translation difference are now reported in equity. For comparision purposes, last year's translations differences were also reported in equity.

PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

	in TEUR 31-12-2019	in TCHF 31-12-2019	in TEUR 31-12-2018	in TCHF 31-12-2018
RETAINED EARNINGS				
Profit reserves at the beginning of the period	**129 304**	**144 488**	**89 453**	**98 466**
Impact change presentation currency	-1 086	-	-	-
Net profit of the year	42 419	47 115	39 851	46 022
Profit reserves at the end of the period	**170 637**	**191 604**	**129 304**	**144 488**
Allocation to the general legal profit reserves	-	-	-	-
Profit to be carried forward	**170 637**	**191 604**	**129 304**	**144 488**
PROPOSAL OF THE APPROPRIATION:				
Capital contribution reserves	**395 956**	**428 822**	**411 132**	**445 952**
Impact change presentation currency	-15 832	-	-	-
Dividends to be estimated	-	-	-15 176	-17 131
Capital contribution reserves	**380 124**	**428 822**	**395 956**	**428 822**

NOTES TO THE PARENT STATEMENTS

1 Accounting principles applied in the preparation of the financial statements (in TEUR)

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO), effective since 1 January 2013. As there is a consolidated financial report in accordance with IFRS on group level the stand-alone financial statements of Fenix Outdoor International AG comprise only the following elements: Balance sheet, Income statement and Notes. Additional information regarding interest bearing liabilities is disclosed in the notes consolidated financial report on page 32-44. All amounts are presented in 000 EUR if not otherwise stated.

1.1 INVESTMENTS

Investments in subsidiaries are reported in the Company in accordance with the cost method. Reported values are tested individually at each balance sheet date to assess whether there is an indication for impairment.

1.2 INCOME RECOGNITION

Total income comprises mostly of dividend income as well as interest from loans granted to group companies. Dividends are recognised when the right to receive dividends is established. Interest income is recognised on an accrual basis. Other income is recognised on an accrual basis.

1.3 EXPENSES

Interest on financial liabilities and exchange rate gains and losses are included in the operating result. Administrative expenses mainly comprise of expenses on infrastructure, personnel costs, consulting, purchased group services and other administrative expenses. The expenses are recognised on an accrual basis.

1.4 PRESENTATION CURRENCY / FOREIGN CURRENCY TRANSLATION

This financial statement of the company is presented in Euro (EUR) and Swiss Francs (CHF). The Swiss Francs (CHF) values are reported for Swiss compliance purpose (Swiss Code of Obligation article 958 d). As of January 1, 2019 the company changed its presentation currency to Euro (EUR). In view of this change the opening balances in CHF as of January 1, 2019 were translated to the presentation currency EUR using the following exchange rates:

	EUR/CHF
Assets and liabilities except Investments	0,8874
Investments	Historical rates

The profit and loss effect of this translation resulted in a gain amounting to TEUR 17'953.

Transactions in foreign currencies during the period have been converted at the current exchange rates of the transactions using the published daily rates. All monetary assets and liabilities, denominated in the foreign currencies have been translated at the exchange rates as of the balance sheet date. Any gains or losses arising from these conversions are credited or charged to the income statement. The Investments denominated in the foreign currencies are shown with the historical exchange rates ruling on the date of purchase of such investment.
The balances in EUR as of December 31, 2019 were translated to CHF considering the following exchange rates and historic opening equity values:

	EUR/CHF
Assets and liabilities except equity	0.9213
Profit & loss accounts (average rate)	0.9003

	TCHF
Equity (historic opening values as of 1, January 2019 in TCHF)	
Share capital	13 460
Own shares	-429
General legal profit reserves	2 692
Voluntary profit reserves	144 488
Legal capital reserves	475 951

2 Information Balance Sheet and Income Statement

2.1 OTHER RECEIVABLES

The position other receivables in the current assets of TEUR 16 comprises mainly of prepaid expenses towards a group company TEUR 12 and third parties TEUR 4.

2.2 INVESTMENTS IN SUBSIDIARIES

As of December 31, 2019 the company holds the following participations:

Participations (direct)			**31.12.2019**		**31.12.2018**	
Name, Domicile	**Purpose**	**Capital**	**Capital**	**Votes**	**Capital**	**Votes**
RONMAR AG, Switzerland	Holding	CHF 100 000	100%	100%	100%	100%
Fenix Outdoor AB, Sweden 1)	Trading	SEK 26 547 462	100%	100%	100%	100%
Frilufts Retail Europe AB, Sweden 2), 3)	Holding	EUR 8 833 333	70%	64.50%	70%	64.50%
Fenix Outdoor Development and CSR AG, Switzerland	Services	CHF 100 000	100%	100%	100%	100%
Fenix Outdoor Brand Retail AG, Switzerland	Dormant	CHF 100 000	100%	100%	100%	100%
Alpen International Ltd, South Korea	Trading	KRW 2 803 800 000	75%	75%	75%	75%
RR Acquisition Company, USA	Holding	USD 1	100%	100%	100%	100%
Fenix Outdoor Taiwan	Trading	TWD 35'000'000	70%	70%	0%	0%

1) RONMAR AG held 20.71% of the capital and 44.79% of the voting rights in Fenix Outdoor AB until October 1, 2015. On October 1, 2015, Fenix Outdoor International AG acquired these shares from RONMAR AG. Consequently, Fenix Outdoor International AG holds 100% of the shares of Fenix Outdoor AB, Sweden.

2) In connection with the authorized capital increase of June 1, 2015, Fenix Outdoor International AG acquired 1 200 000 shares of category A with a nominal value of EUR 0.20 each and 16 466 667 shares of category B with a nominal value of EUR 0.20 each in Frilufts Retail Europe AB at a total value of EUR 9 720 000 whereby, as consideration for the contributors in kind, 210 000 fully paid-up registered shares of category B with a par value of CHF 1.00 were issued plus a total amount of EUR 500 000 was paid in cash. Consequently, Fenix Outdoor International AG directly holds 70% of the capital and 30% of the voting rights of Frilufts Retail Europe AB.

Participations (indirect)

3) Fenix Outdoor AB holds 30% of the capital and 35.50% of the voting rights in Frilufts Retail Europe AB.

For matrix showing the entirety of the Company's subsidiaries as well as respective interest therein, both direct and indirect, see Consolidated financial statements Note 34.

2.3 EQUITY

During 2019 the nominal share capital and the legal capital reserves showed the following several transactions:

Amounts in TEUR	**Share Capital**	**Legal capital reserves**	**General legal profit reserves**	**Voluntary profit reserves**	**Own shares**	**Total**
Balance as per 31.12.2018	12 378	**438 720**	**2 475**	**129 304**	**-399**	**582 478**
Impact change Presentation currency		-16 800	-86	-1 086	19	-17 953
Dividends *		-15 176				-15 176
Purchase own shares 2019					-9 765	-9 765
Net profit of the year 2019				42 419		42 419
Balance as per 31.12.2019	**12 378**	**406 744**	**2 389**	**170 637**	**-10 145**	**582 003**

* Net dividend; dividend payment of TEUR 15 188 minus dividend on own shares TEUR 12

2.4 OWN SHARES

As per November 14th 2016 the company purchased 12 900 B-shares in its own company at a price of 595 Swedish Kronor per share. During 2017, options for 6 200 B-shares were exercised by the senior Executives. As of 31 December 2019, the company held 6 700 B-shares at historic price of 595 Swedish Kronor per share. During 2019 the company has purchased additional 112 898 B-shares and held 119 598 of B-shares per 31.12.2019.

2.5 DIVIDEND INCOME FROM INVESTMENTS

In May 2019, a dividend from Fenix Outdoor AB in the amount of TEUR 28’021 was distributed to Fenix Outdoor International AG.

2.6 FINANCIAL INCOME AND EXPENSES

The currency gain of TEUR 18’083 is mainly resulting from the change of the representation currency (TEUR 17’953) as well as valuation of liquid assets, short-term bank loans and various loans granted to and received from subsidiaries and group companies which are balanced at their nominal values (SEK/EUR and USD/EUR).

2.7 GROUP SERVICES

Group services of TEUR 1’861 mainly comprise of the Company’s share of costs for services provided by other group companies, such as board and shareholder costs, administration, legal costs and marketing costs.

3 Additional disclosures in accordance with Art. 959c (Swiss Code of Obligations)

3.1 Number of employees
Fenix Outdoor International AG has employed 3 fulltime employees (2019: 3).

3.2 Leasing liabilities and rental contracts
Fenix Outdoor International AG concluded a rental contract that is cancelled per March 31, 2020.

3.3 Guarantees, contingent liabilities, assets pledged in favour of third parties
Fenix Outdoor International AG has taken over guarantee obligations of Fenix group companies as follows:

Amounts in TEUR	31.12.2019	31.12.2018
Guarantees, contingent liabilities, assets pledged in favour of third parties	21 775	15 930
thereof used	21 775	15 930

4 Additional disclosures in accordance with Art. 961 (Swiss Code of Obligations)

None.

5 Mandatory disclosures in accordance with Art. 663c (Swiss Code of Obligations)

5.1 SIGNIFICANT SHAREHOLDINGS IN FENIX OUTDOOR INTERNATIONAL AG

The Family Nordin, along with its related companies, represents 61,4% of the Company’s nominal share value, corresponding to 85,2% of the votes at the Annual General Meeting, See Consolidated financial report, page 57.

5.2 SHAREHOLDINGS OF MEMBERS OF THE BOARD OF DIRECTORS AS PER 31.12.2019 (31.12.2018)

	2019	2018
Martin Nordin chairman	18 300 000 A-shares and 242 568 B-shares	18 300 000 A-shares and 242 568 B-shares
Susanne Nordin (Nidmar Invest AB)	20 000 B-shares	20 000 B-shares
Mats Olsson	No shares	No shares
Ulf Gustafsson	No shares	No shares
Sebastian von Wallwitz	100 B-shares	100 B-shares
Rolf Schmid	No shares	No shares

5.3 SHAREHOLDING OF SENIOR EXECUTIVES AS PER 31.12.2019 (31.12.2018)

	2019	2018
Alex Koska, President	1 000 B-shares	1 000 B-shares
Martin Axelhed, Vice President	6 000 B-shares	6 000 B-shares
Henrik Hoffman, Vice President	10 250 B-shares	10 250 B-shares
Thomas Lindberg, CFO	1 100 B-shares	1 100 B-shares
Nathan Dopp	1 200 B-shares	1 200 B-shares

6 Events after the reporting period

There were no material subsequent events, that would have changed the judgement and analysis by management of the financial condition of the Company at 31 December 2019, or the result for 2019.

From the start of March 2020 the European and US markets have been heavily affected by the Corona VirusCOVID-19 outbreak. The financial consequences given the today’s uncertain situation are difficult to predict. Risk mitigating actions are being taken. The Board has proposed to the Annual General meeting that no dividend shall be paid this year in view of the uncertainties and their impact of Fenix.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Fenix Outdoor International AG, which comprise the balance sheet, income statement and notes (pages 47 to 51), for the year ended 31 December 2019.

BOARD OF DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

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

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.

IMPAIRMENT ASSESSMENT OF INVESTMENTS IN SUBSIDIARIES

Area of focus

Fenix Outdoor International AG assesses the valuation of its investments in subsidiaries on an annual basis, considering the performance of the investments in subsidiaries and their operations as well as the market capitalization of the entire group. As investments in subsidiaries are recorded using the cost method, reported values are tested individually at each balance sheet date, to assess whether there is an indication for impairment, by calculating the value in use with a discounted cash flow model. The impairment assessment requires estimates and assumptions, such as budgets and forecast earnings, cash flows and discount rates in order to determine the value in use for the investments. The principal consideration for our determination that the impairment assessment of investments in subsidiaries is a focus area of our audit is the subjectivity in the assessment of the value in use amounts which requires estimation and the use of subjective assumptions. Refer to note 2.2 of the financial statements of Fenix Outdoor International AG.

Our audit response

We assessed the Company's process and procedures to test the valuation of its investments in subsidiaries. We evaluated the process used to determine the budget and forecast information on both earnings and related cash flows. We performed inquiries of management to corroborate our understanding about the estimated performance and future developments in the markets including the estimation of growth rates or the forecast of future free cash flows of the coming five years. We further evaluated how the Company derived the applied discount rate to the free cash flows in the valuation model and assessed it against observable market data.

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

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.

Zurich, March 31, 2020

Ernst & Young Ltd

Roger Müller Licensed audit expert (Auditor in charge)	Roman Ottiger Licensed audit expert

COMPENSATION REPORT

The Compensation Report contains details of the total compensation paid to members of the Board of Directors and the Senior Executives. In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies, which entered into force on January 1, 2014, the Annual General Meeting of Shareholders votes to approve the compensation of the members of the Board of Directors and the Senior Executives.

PRINCIPLES

The Board of Directors of Fenix Outdoor International AG determines guidelines for remuneration to senior executives at market terms, enabling the company to recruit, develop and retain senior executives. The remuneration consists of fixed salary, pension and other benefits. Total remuneration is to be at market rate and competitive and is, also, to reflect the areas of responsibility of the senior executive and the complexity of his/her role. In addition to the fixed salary component, senior executives are also eligible to receive variable compensation, which is related to the achievement of sales and profitability targets. For senior executives, variable remuneration is a maximum of 50 per cent of basic annual salary.

BASIC PRINCIPLES

The disclosed compensation of the Board of Directors and the senior executives comprise the compensation for the full reporting year, subject following additions and limitations:
– The compensation paid to new members of the Board of Directors or senior executives is included from the date on which the member takes over the relevant functions.
– If a member transfers from the senior executives to the Board of Directors, or vice versa, the full compensation is taken into account and reported under the new function.
– If a member resigns from and/or steps down from the Board of Directors or the senior executives position, the compensation paid up to date on which the member stepped down plus any compensation paid in the reporting year in connection with his/her former activities is included.
– The Board of Directors' remuneration is paid by Fenix Outdoor International AG. Senior executives are paid by the company they are employed by.

FIXED COMPENSATION (BASIC COMPENSATION)

The basic compensation to the members of the Board of Directors is the Board Remuneration. The basic compensation to the senior executives comprises an annual fixed salary, pension and other benefits. The total fixed compensation is decided by the Annual General Meeting, “AGM”.

VARIABLE COMPENSATION

In addition to the fixed compensation, the senior executives are also eligible to receive variable compensation, which is based on sales and profitability targets. For senior executives, variable remuneration is a maximum of 50 percent of the basic annual salary. Except for the Chairman, no variable compensation is offered to the Board of Directors. The AGM is asked to vote on the total variable compensation retrospectively for the senior executives, i.e. variable compensation proposed by the Board of Directors to be payable for 2019 is subsequently confirmed by the annual general meeting in May 2020.

RESPONSIBILITIES AND DETERMINATION PROCESS

The compensation system is confirmed by the Compensation Committee before being submitted to the Board of Directors for approval. Individual members of the Board of Directors are not present when decisions are made on their respective compensation awards.

MEMBERS OF THE COMPENSATION COMMITTEE

Ulf Gustafsson (member of the board) Susanne Nordin (member of the board).

THE BOARD OF DIRECTORS

Approves, at the request of the Compensation Committee, the terms of the employment contract for the senior executives.

COMPENSATION FOR THE REPORTING YEAR

Board of Directors

Compensation overview: Board of Directors. At the AGM held in May 2018 the AGM approved a maximum total fixed compensation for 2019 to the Board of Directors of TEUR 900. The compensation paid in 2019 was totally TEUR 898, last year TEUR 729. There is no variable compensation paid to the Board of Directors, except bonus given to Martin Nordin in his role as Executive Chairman. Two directors of the board, Rolf Schmid and Ulf Gustafsson, Mr. Schmid, through a company controlled by himself, RS Mandate AG, and Mr. Gustafsson, through a company controlled by himself, Consilo AB, received consultant fees for support given to the Fenix Outdoor Group.
Martin Nordin holds 18 300 000 A-shares and 242 568 B-shares, Susanne Nordin 20 000 B-shares and Sebastian von Wallwitz 100 B-shares. No other Director of the Board holds any shares in Fenix Outdoor International AG as per December 31, 2019.

Senior Executives

At the AGM held in May 2018 the AGM approved a maximum total fixed compensation for 2019 to the Senior Executives of TEUR 3 200. A total of TEUR 1 257 was paid out in fixed compensation in 2019. In 2019 a total variable compensation to the senior executives of TEUR 343 was given. A retroactive approval from the AGM to be hold in May 2020 is suggested.
In the reporting year, no collateral or guarantees were granted to Senior Executives or the Directors of the Board. Variable compensation (including prior year) has been determined based on the accrual principle. The highest individual compensation is given to Martin Nordin.

COMPENSATION TO FORMER MEMBERS

No compensation was paid to former Board of Directors or Senior Executives.

LOANS AND CREDITS PER YEAR END 2019

No loans or credits were granted by Fenix Outdoor International AG or any other Group company to Senior Executives or the Directors of the Board and no such loans were outstanding as of December 31, 2019.

VARIABLE COMPENSATION PAID OUT 2020, RELATING TO 2019

The aggregate amount of variable compensation for the Board of Directors and the Senior Executives, including the Executive Chairman, for the reporting year 2019 will be proposed to the General Meeting of Shareholders in 2020 for retrospective approval. No variable compensation for the Board of Directors, except for the Executive Chairman, Martin Nordin is proposed. The Executive Chairman is entitled to a bonus based on return on total assets for the Fenix Outdoor Group (Income after financial items plus interest expenses, as a percentage of average total assets).

The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 10 %. The base +1 % gives an extra monthly salary; the base +2 % gives a further monthly salary, up to 6 monthly salaries. In 2019 the average repo rate was 0 %. The return on total assets in year 2019 was 20,6%. For 2019 Martin Nordin thereof is entitled a bonus of 6 months salary. Total assets are defined as Total assets excluding effects from IFRS 16 adjustments.

The President, Alexander Koska, is entitled to a bonus based on return on total assets for the Fenix Outdoor Group (Income after financial items plus interest expenses, as a percentage of average total assets). Total assets are defined as Total assets excluding effects from IFRS 16 adjustments. The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 15 %. The base +1 % gives an extra monthly salary; the base +2 % gives a further monthly salary, up to 6 monthly salaries. In 2019 the average repo rate was 0 %. The return on total assets in year 2019 was 20,6%. For 2019 Alexander Koska thereof is entitled a bonus of 5 months salary. The Senior Executives are entitled to and paid variable compensation as stated above.

SHAREHOLDING IN FENIX OUTDOOR INTERNATIONAL AG

Board of Directors 2019

Martin Nordin	18 300 000 A-shares and 242 568 B-shares
Mats Olsson	No shares
Ulf Gustafsson	No shares
Susanne Nordin	20 000 B-Shares (through company)
Sebastian von Wallwitz	100 B-shares
Rolf Schmid	No shares
(Sven Stork, Permanent Honorary member of the Board)	No shares

Senior Executives 2019

Alex Koska, President	1 000 B-shares
Martin Axelhed, Executive Vice President	6 000 B-shares
Henrik Hoffman, Vice President	10 250 B-shares
Nathan Dopp, Vice President	1 200 B-shares
Thomas Lindberg, CFO	1 100 B-shares

COMPENSATION BOARD OF DIRECTORS 2019 TEUR	Base salary	Benefits and other remuneration	Consultant fee	Pension contributions	Social costs	Variable compensation related to and accrued in 2019.	Total	Total in TCHF EUR/CHF 1,1107
Martin Nordin, Executive Chairman	450	27	-	-	61	225	763	847
Susanne Nordin	162	9	-	-	21	-	192	213
Ulf Gustafsson	-	18	49	-	-	-	67	74
Mats Olsson	-	18	-	-	-	-	18	20
Sebastian Von Wallwitz	-	18	-	-	-	-	18	20
Rolf Schmid	-	18	47	-	-		65	72
Total	**612**	**108**	**96**	**-**	**82**	**225**	**1 123**	**1 247**
Total fixed compensation	**612**	**108**	**96**	**-**	**82**		**898**	**997**

COMPENSATION BOARD OF DIRECTORS 2018 TEUR	Base salary	Benefits and other remuneration	Consultant fee	Pension contributions	Social costs	Variable compensation related to and accrued in 2018.	Total	Total in TCHF EUR/CHF 1,1512
Martin Nordin, Executive Chairman	433	19	-	4	78	220	754	868
Susanne Nordin	125	3	-	5	10	-	142	163
Ulf Gustafsson	-	13	48	-	-	-	61	70
Mats Olsson	-	13	-	-	-	-	13	15
Sebastian Von Wallwitz	-	13	-	-	-	-	13	15
Rolf Schmid		13	4				17	20
Total	**558**	**74**	**52**	**8**	**88**	**220**	**1 000**	**1 151**
Total fixed compensation	**558**	**74**	**52**	**8**	**88**		**729**	**839**

COMPENSATION BOARD SENIOR EXECUTIVES 2019 TEUR	Base salary	Benefits and other remuneration	Pension contributions	Social costs	Variable compensation related to and accrued in 2019.	Total	Total in TCHF EUR/CHF 1,1107
President	324	49	-	1	135	510	566
Senior Executives	885	23	160	189	343	1 600	1 716
Total	**1209**	**72**	**160**	**190**	**478**	**2 110**	**2 344**
Total fixed compensation	**1209**	**72**	**160**	**190**		**1 631**	**1 812**

COMPENSATION BOARD SENIOR EXECUTIVES 2018 TEUR	Base salary	Benefits and other remuneration	Pension contributions	Social costs	Variable compensation related to and accrued in 2018.	Total	Total in TCHF EUR/CHF 1,1512
President	292	31	9	7	156	495	570
Other Senior Executives	792	34	132	227	307	1 491	1 716
Total	**1 084**	**65**	**141**	**234**	**463**	**1 986**	**2 286**
Total fixed compensation	**1 084**	**65**	**141**	**234**		**1 523**	**1 753**

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

We have audited the accompanying compensation report of Fenix Outdoor International AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 53 to 54 of the compensation report.

BOARD OF DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying compensation 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 compensation 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 compensation 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 compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation 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 compensation report for the year ended 31 December 2019 of Fenix Outdoor International AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, March 31, 2020

Ernst & Young Ltd

Roger Müller	Roman Ottiger
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

FENIX OUTDOOR SHARE DATA

SHARE PERFORMANCE 2019

Fenix Outdoor was listed on the stock market in 1983 and is traded on Nasdaq OMX Stockholm's Large Cap list. The shares are classified in the Personal & Household Goods sector. The symbol is FOI-B and ISIN code is CH0242214887. Based on the last price paid on December 30, 2019, which was 1 168,00 SEK, Fenix Outdoors market capitalization was 15,7 billion SEK (11,5).

Fenix Outdoor's share price raise 37,1 percent in 2019, while the total index, OMX PI Stockholm, raise 31,0 percent. The highest closing price during the year was 1 168,00 SEK, on December 30th, and the lowest closing price was 852,00 SEK, on January 2nd.

SHARE CAPITAL

At the end of 2019, Fenix Outdoor's share capital equaled TCHF 13 460 divided among 11 060 000 B-shares with a nominal value of 1 CHF, 24 000 000 A-shares with a nominal value of 0,1 CHF. The A-shares carry 1/10 of the B-shares entitlement to the company's profit and equity.

SHAREHOLDING STRUCTURE

The number of shareholders was 5 899 (6 442) at 2019. The ten largest shareholders held 76,6 percent of the capital and 91,0 percent of the votes.

DIVIDEND

The Board of Directors proposes no dividend for this year.

FENIX OUTDOOR SHARE PRICE NASDAQ OMX, 2015–2019

ANNUAL GENERAL MEETING, FINANCIAL INFORMATION 2020

The Annual General Meeting of the shareholders of Fenix Outdoor International AG (publ) will be held at 2 pm on Thursday, May 7 2020, at Hemvärnsgatan 9, Solna.

NOTICE OF ANNUAL GENERAL MEETING

The announcement regarding the Annual General Meeting will be issued through the official Swedish Gazette (Post och Inrikes Tidningar) and by publication on the Company's website www.fenixoutdoor.com. The fact that notification has been issued is announced in Svenska Dagbladet and Örnsköldsviks Allehanda.

NOTIFICATION AND PARTICIPATION AT THE MEETING

Shareholders who wish to attend the Annual General Meeting must notify the Company of their intention no later than 1 p.m. on Monday, May 4, 2020, at the following address:
Fenix Outdoor International AGM, Hemvärnsgatan 15,
SE - 171 54 Solna, Sweden. The Company can also be notified by e-mail at info@fenixoutdoor.se

Notification must include the shareholder's name, address, personal identity number/corporate identity number, phone number (daytime) and the number of shares he or she holds.

Shareholders who, through a bank or another trustee, have trustee-registered shares must re-register the shares in their own names to be entitled to participate in the Annual General Meeting. To ensure that this registration is entered in the shareholder register Thursday, April 30, 2020, shareholders must request that their trustees conduct such registration well in advance of this date. The re-registration may be temporary.

PROPOSED DIVIDEND

The Board of Directors proposes that no dividend shall be paid for this year.

FINANCIAL CALENDER

Interim report January–March, May 7, 2020
Interim report January–June
Interim report January–September
Year-end Report 2020, February 2021

THE MAJOR SHAREHOLDERS 2019–12–31

Shareholder	Number of A-shares	Number of B-shares	Percentage of capital, %	Percentage of votes, %
NORDIN, MARTIN	18 300 000	242 568	15,4%	52,9%
HAK HOLDING	1 900 000	1 948 767	15,9%	11,0%
LISELORE AB	1 900 000	1 663 767	13,8%	10,2%
PINKERTON HOLDING AB	1 900 000	1 628 767	13,5%	10,1%
PLACERINGSFOND SMÅBOLAGSFOND, NORDEN	-	816 148	6,1%	2,3%
BESTSELLER UNITED A/S	-	814 345	6,1%	2,3%
VERDIPAPIRFONDE ODIN SVERIGE	-	339 171	2,5%	1,0%
NORDEA SMÅBOLAGSFOND SVERIGE	-	260 312	1,9%	0,7%
VON DER ESCH, STINA	-	200 000	1,5%	0,6%
HANDELSBANKEN SVERIGE SELEKTIV	-	175 957	1,3%	0,5%
UBS SWITZERLAND AG, W8IMY	-	166 618	1,2%	0,5%
NORDIN, ANNA	-	154 337	1,1%	0,4%
FENIX OUTDOOR INTERNATIONAL AG		119 598	0,9%	0,3%
CARNEGIE SMABOLAGSFOND	-	96 095	0,7%	0,3%
NORDEA 1 SICAV	-	82 717	0,6%	0,2%
STIFTELSEN RIKSBANKENS JUBILEUMSFOND	-	81 023	0,6%	0,2%
ÖVRIGA		2 269 810	16,9%	6,5%
TOTAL	**24 000 000**	**11 060 000**	**100,0%**	**100,0%**

BOARD OF DIRECTORS, SENIOR EXECUTIVES

SVEN STORK
Born 1940 Permanent Honorary Member since 2018
Member of the Board between 1989 and 2018, D Sc
OTHER ASSIGNMENTS:
CURRENT SHAREHOLDING IN FENIX OUTDOOR: —

MARTIN NORDIN
Born 1962 Executive Chairman Fenix Outdoor employee since 2002
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
18 300 000 A-SHARES AND 242 568 B-SHARES

MATS OLSSON
Born 1948
Member of the Board since 1986, Director
OTHER ASSIGNMENTS:
Chairman in KnowIT AB,
Chairman in KIAB Fastighetsutveckling AB
CURRENT SHAREHOLDING IN FENIX OUTDOOR: —

ULF GUSTAFSSON
Born 1955
Member of the Board since 2013
OTHER ASSIGNMENTS:
Blåkläder Workwear AB,
CURRENT SHAREHOLDING IN FENIX OUTDOOR: —

SEBASTIAN VON WALLWITZ
Born 1965 Member of the Board since 2016
OTHER ASSIGNMENTS:
Partner in SKW Schwarz in Munchen.
Chairman in Your Family Entertainment AG
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
100 B-SHARES

ROLF SCHMID
Born 1959 Member of the Board since 2018
OTHER ASSIGNMENTS:
Mobiliar AG, Competec Holding AG,
Mobility AG, Chris Sport AG

SUSANNE NORDIN
Born 1966
Member of the Board since 2016.
OTHER ASSIGNMENTS: —
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
20 000 B-SHARES

ALEXANDER KOSKA
Born 1966 President
Fenix Outdoor employee since 2007
1 000 B-SHARES

MARTIN AXELHED
Born 1976 Vice President
Fenix Outdoor employee since 1997
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
6 000 B-SHARES

HENRIK HOFFMAN
Born 1978 Vice President
Fenix Outdoor employee since 2003
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
10 250 B-SHARES

NATHAN DOPP
Born 1966 Vice President
Fenix Outdoor employee since 2012
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
1 200 B-SHARES

THOMAS LINDBERG
Born 1963 CFO
Fenix Outdoor employee since 2008
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
1 100 B-SHARES

AUDITORS

AUDITOR IN CHARGE
Roger Muller
Licensed audit expert
Ernst & Young Ltd
Auditor at Fenix Outdoor
International AG since 2018

AUDITOR
Roman Ottiger
Licensed audit expert
Ernst & Young Ltd
Auditor at Fenix Outdoor
International AG since 2018

ADDRESSES

FENIX OUTDOOR INTERNATIONAL AG
Weidstrasse 1a
6300 Zug
SWITZERLAND

Phone +46 (0) 660-26 62 00
www.fenixoutdoor.se

ADMINISTRATION
Fenix Outdoor AB (publ)
Box 209
SE-891 25 ÖRNSKÖLDSVIK
SWEDEN

Phone 0660-26 62 00
www.fenixoutdoor.se
info@fenixoutdoor.se

FENIX OUTDOOR LOGISTICS B.V.
Koningsbeltsweg 12
NL-1329 AG ALMERE
THE NETHERLANDS

Phone +31-36-53 59 400

FENIX OUTDOOR LOGISTICS GMBH
Am Alten Flugplatz 5
D-19288 LUDWIGSLUST
GERMANY

Phone +49 3874 62 00 100

PRIMUS AB
Hemvärnsgatan 15
Box 6041
SE-171 54 SOLNA
SWEDEN

Phone 08-564 842 30
www.primus.se
info@primus.se

PRIMUS EESTI OÜ
Ravila 53
EE-510 14 TARTU
ESTONIA

Phone +372-74-24 903
Fax +372-74-24 904

TIERRA PRODUCTS AB
Box 209
SE-891 25 ÖRNSKÖLDSVIK
SWEDEN

Phone 0660-26 62 00
www.tierra.se,
info@tierra.se

HANWAG DEUTSCHLAND VERTRIEBS GMBH
Wiesenfeldstrasse 7
DE-852 56 VIERKIRCHEN
GERMANY

Phone +49-8139-935 60
Fax +49-8139-93 56 39
www.hanwag.de

BRUNTON OUTDOOR INC
1900 Taylor Avenue
LOUISVILLE
CO 800 27,
USA

Phone +8004434871
Fax +3078574702
www.brunton.com

FJÄLLRÄVEN INTERNATIONAL AB
Box 209
SE-891 25 ÖRNSKÖLDSVIK
SWEDEN

Phone 0660-26 62 00
www.fjallraven.se
info@fjallraven.se

FJÄLLRÄVEN GMBH
Wiesenfeldstrasse 7
DE-852 56 VIERKIRCHEN
GERMANY

Phone +49-8139-802 30
Fax +49-8139-80 23 10

FJÄLLRÄVEN B.V.
Torenzicht 23A
3755 CA EEMNES
THE NETHERLANDS

FENIX OUTDOOR BENELUX B.V.
Plesmanstraat 1
3833 LA LEUSDEN
THE NETHERLANDS

FJÄLLRÄVEN B.V.
Koningsbeltweg 12
NL-1329 AG ALMERE
THE NETHERLANDS

Phone +31-36-53 59 400
Fax +31-36-540 05 93

FENIX OUTDOOR NORGE AS
Serviceboks 827
2626 LILLEHAMMER
NORWAY

Phone +47-61-24 69 00
Fax +47-61-24 69 01

FENIX OUTDOOR FINLAND OY
Mikkolantie 1 A
FIN-00640 HELSINKI
FINLAND

Phone +358-98-77 11 33
Fax +358-98-68 45 400

FENIX OUTDOOR DANMARK APS
Norddigesvej 4
DK-8240 RISSKOV
DENMARK

Phone +45-86 20 20 75
Fax +45-86 12 49 11

FENIX OUTDOOR UK LTD
13 Quay Lane Gosport
Hants. PO 124LJ , UK

Phone +42-39 25 28 711

FENIX OUTDOOR AUSTRIA ITALY GMBH
Grabenweg 69, Top 1-20
6020 INNSBRUCK
AUSTRIA

FENIX OUTDOOR EMERGING MARKETS GMBH
Wiesenfeldstrasse 7
DE-852 56 VIERKIRCHEN
GERMANY

Phone +49-8139-802 30
Fax +49-8139-80 23 10

BUS SPORT AG
Schöngasse 4a
CH 9470 BUCHS
SWITZERLAND

FJÄLLRÄVEN USA LLC
1900 Taylor Avenue
LOUISVILLE
CO 800 27, USA

Phone +8004434871
Fax +3078574702

FENIX OUTDOOR ASIA LIMITED
Unit 02-03, Floor 19,
Futura Plaza,
111-113 How Ming Street,
KWUN TONG,
KOWLOON, HONG KONG

ALPEN INTERNATIONAL CO LTD
135-896 Daemyung B/D 6E
637-15 Shinsa-dong
Gangnam-Gu Seoul
SOUTH KOREA

www.alpen-international.com

FENIX OUTDOOR TAIWAN CO. LTD.
10F.-5, No. 112, Sec.
2, Zhongshan N. Rd.,
Zhongshan Dist.,
TAIPEI CITY 104,
TAIWAN (R.O.C.)
Tel +886-2-2523-3871

GLOBETROTTER AUSRÜSTUNG GMBH
Suhrenkamp 71-77
D-22335 HAMBURG
GERMANY

www.globetrotter.de

NATURKOMPANIET AB
Administration
Box 177
SE-891 24, ÖRNSKÖLDSVIK
SWEDEN

Phone 0660-29 35 50

PURCHASE NATURKOMPANIET
Kungstensgatan 38
SE-113 59 STOCKHOLM
SWEDEN

Phone 0660-29 35 50
www.naturkompaniet.se
info@naturkompaniet.se

PARTIOAITTA OY
Nuijamiestentie 5C
00400 HELSINKI
FINLAND

www.partioaitta.fi

FRILUFTSLAND A/S
Frederiksborggade 52
1360 COPENHAGEN
DENMARK

Phone +45-33 14 51 50
www.friluftsland.dk

ROYAL ROBBINS
575 Sutter S.
SAN FRANCISCO
CA. 94102
USA

Phone +1 415 587 9044
www.royalrobbins.com

Fenix Outdoor International AG, Weidstrasse 1a, 6300 Zug, Schweiz,
Phone: +46-(0)-660-26 62 00, Fax +46-(0)-660-26 62 21, www.fenixoutdoor.se, E-mail info@fenixoutdoor.se
www.fjallraven.se royalrobbins.com www.tierra.se www.primus.se www.hanwag.de www.brunton.com www.naturkompaniet.se www.partioaitta.fi www.globetrotter.de www.friluftsland.dk