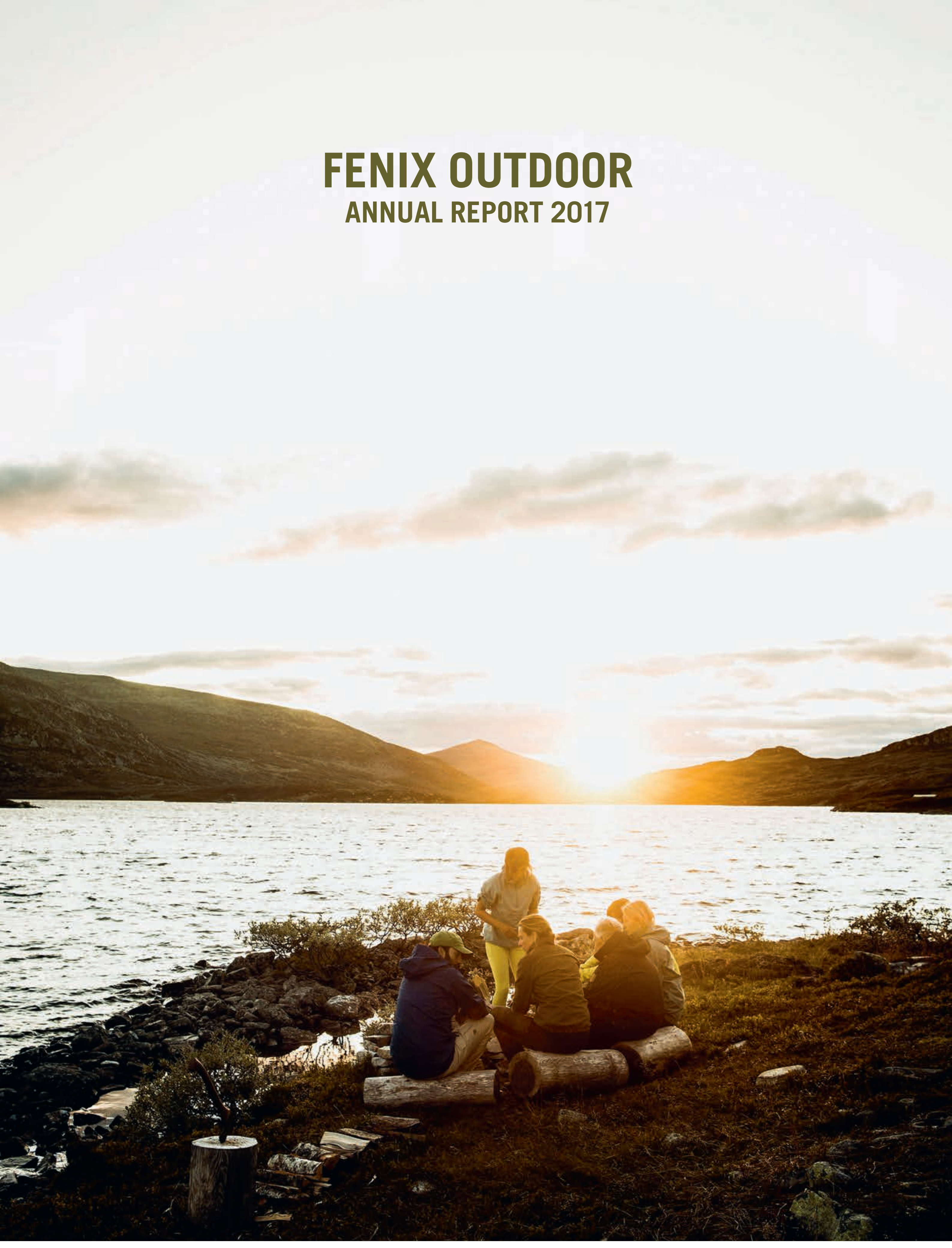
# FENIX OUTDOOR
## ANNUAL REPORT 2017



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OPERATIONS


ANNUAL REPORT

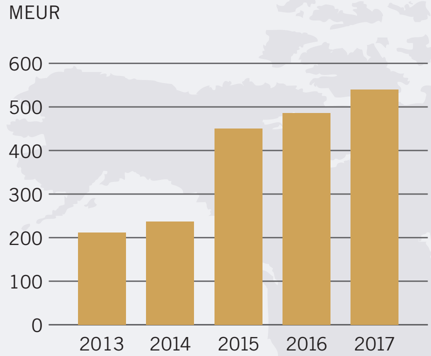

**The Annual General Meeting of the shareholders of Fenix Outdoor International AG will be held at 2 p.m. on Wednesday, April 25th, 2018, at Hemvärnsgatan 9, Solna.**

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.se. 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, April 23, 2018, at the following address: Fenix Outdoor International AG, 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 19th, 2018, shareholders must request that their trustees conduct such registration well in advance of this date. The re-registration may be temporary.

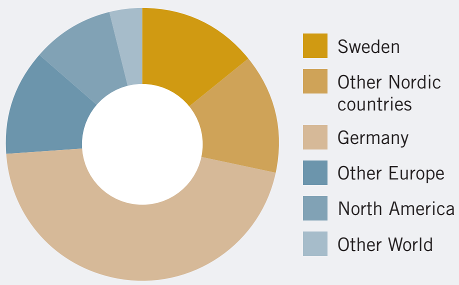
The Board of Directors proposes a dividend of 10,00 SEK per B-share (8,00) and a dividend of 1,00 SEK per A-share (0,80) for 2018. The Board of Directors proposes record date for payment of the dividend, April 27th, 2018. Payment date for the dividend will earliest be May 2nd, 2018.

# THIS IS

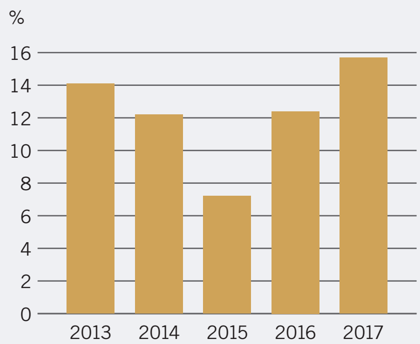
## NET SALES




## NET SALES PER MARKET




## OPERATIONAL MARGIN



# FENIX OUTDOOR

The business concept of Fenix Outdoor is to develop and market high quality and low-weight 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 and low-weight outdoor products through a selected retail network with a high level of service and professionalism to end-consumers with high expectations.
- **THE CEO** is Martin Nordin, oldest son of the founder Åke Nordin.
- **THE OPERATION** was started by Åke Nordin in 1960. The company went public in 1983 by an OTC listing in Stockholm.
- **THE PARENT COMPANY** of the group is since 2014 Fenix Outdoor International AG. The company is listed on NasdaqOMX Stockholm, Mid cap.
- **THE GROUP** is selling its products globally. The major markets are Germany, the Nordic countries and North America.
- **THE GROUP** has three operating segments: Brands, Global Sales and Frilufts.

## THE FRILUFTS SEGMENT

This segment consist of four outdoor retail chains in Sweden, Germany, Finland and Denmark. In total, there are 69 shops and an additional e-com business.

NATUR KOMPANIET

FRILUFTSLAND

PARTIOAITTA

Globetrotter
<< NEUE HORIZONTE >>

| Frilufts MEUR | Jan–Dec 2017 | Jan–Dec 2016 |
|---|---|---|
| External net sales | 270,5 | 258,2 |
| EBIT | 13,3 | 6,9 |
| Stores | 69 | 58 |

## THE BRAND AND GLOBAL SALES SEGMENTS

This segment contains of five brands, seventeen globally located distribution companies, 38 brand retail shops and an additional e-com business in North America, Asia and Europe.

FJÄLL RÄVEN

TIERRA

hanwag SINCE 1921

PRIMUS®

BRUNTON

| Brands MEUR | Jan–Dec 2017 | Jan–Dec 2016 |
|---|---|---|
| External net sales | 123,2 | 103,0 |
| EBIT | 51,5 | 44,0 |
| Stores | 24 | 22 |

| Global sales MEUR | Jan–Dec 2017 | Jan–Dec 2016 |
|---|---|---|
| External net sales | 144,9 | 123,0 |
| EBIT | 25,5 | 17,5 |
| Stores | 14 | |

# ANOTHER GOOD

## CEO Martin Nordin outlines the highlights of 2017

2017 was a successful year; the numbers speak for themselves.

I can only start by commending and thanking my coworkers and associates in the whole Group for their performance. Not only for 2017, but over my entire tenure as President from 2007. As always, I ask you all to take two minutes, pat yourselves on the back and then get back to work and focus on the future.

This will be my last time addressing the shareholders as President of the Group. Even though I will remain as Chairman and CEO it is important to note that my work will change as I will be focusing more on strategy and development. Many of my current operative responsibilities will be taken over by our new President Alex Koska. I believe this new structure will be very good for the Group and it is completely in line with our policy of making sure people can focus on what they are good at. I am convinced that the division of labor between Alex and me will achieve that and that we will ensure that our future performance will be successful. Last year I spoke about a company being the ultimate perpetuity and I am convinced that this is supported by this change.

What really happened in the group in 2017 is not possible to read in the numbers. Last year I gave examples of what I believe is indicative on how we are dealing with the future.

1. I spoke about us becoming a truly global organization and the challenges that brings. One example was grey imports based on price arbitrage due to price differences. We have been able to control some problems in this area, but far from all of them. It is a daily fight as the market always finds new ways and tricks. In particular, I believe we have been able to improve our pricing and have been able to eliminate some arbitrage possibilities. However, I am convinced that we have a way to go in this area, which means making tougher and more disciplined decisions. In terms of cultural differences, we still have a long way to go, especially in the areas of communicating and listening.
2. We have achieved excellent growth in the most important markets, such as North America, Germany and China; maybe our growth has been too high in some markets. The Nordic market is still growing but at a more modest pace.
3. We have further improved the cost basis in Globetrotter and are actually making money, but much remains to do until we achieve the baseline targets set up for the operation.
4. Our liquidity has improved even though it was affected by a very heavy investment program in both logistics and IT in 2017. The investment program continues in 2018.

All of this was beyond my expectations and I can only once again commend everybody.

### DEVELOPMENT WITHIN OUR BUSINESS SEGMENTS

#### Brands and Global sales

Fjällräven is continuing its journey, and almost all markets showed growth. The North American growth was not as high as before, but given the circumstances it was impressive as we lost sales through a number of channels. This was an effect from some changes in our global pricing structure to eliminate the incentive for grey exports and imports, which was and is a problem between the US and Asian markets. The Canadian market has now reached critical mass, which enables us to establish a Canadian subsidiary and distribution business. This will improve our customer service and bring us closer to the market. Another step forward is that the growth of sales of other products was higher than the growth of bag sales, thereby improving the sales balance and lowering risk in North America.

The Chinese market, operated by our JV sales company, has taken further steps forward in making a dent in the huge Chinese market. We acquired our distributor in South Korea, so we are now also operating a number of brand stores there. South Korea is a key Asian market and was the market where we made our first major inroads in Asia. It is a good example as it is the only Asian market where a balanced product mix has been achieved. This gives us great hope for future development.

Hanwag has shown great improvement in 2017, with growth well into the double digits and greatly improved profitability. The new designs and technical solutions have been very well received by the market. We have further improved the delivery and planning functions and strengthened the management.

# YEAR

Primus has shown improvement in product development, control of the product range and in has continued its strategic focus, though it has not yet paid off. Primus has been hit by some product callbacks this year as well. This meant some improvement, but the brand is still lagging behind schedule. Brunton is improving, but it is slow and the dependence on military orders makes the business unpredictable. The technical hardware division did contribute to group profits in 2017, but is also expected to contribute at a brand level in 2018.

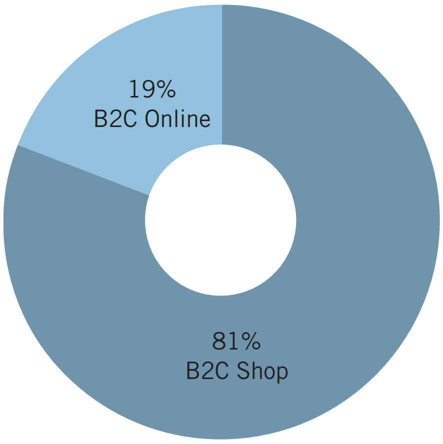
Tierra continues to build its role as a specialized and technical brand. In 2017 it continued the path that it took in 2016, with the positive effects of the new distribution strategy. We have further improved the strategy and expect Tierra to contribute to the Group's result in a positive way in 2018 or by latest 2019.

## Frilufts

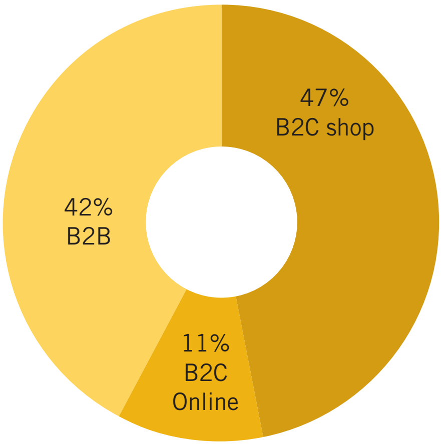
In 2017 Frilufts showed a further improvement in terms of profitability, but we need to keep in mind that the improvement was driven by further cost savings, improved margins and efficiency and even though we are not finished we are slowly starting refocus on growth.

Naturkompaniet and Partioaitta both improved sales and profitability. Globetrotter improved in terms of profitability and showed a small increase in sales, primarily driven by new shops and web. We opened two new medium-sized stores in 2018, in Hamburg and Dusseldorf. The operative target is still to create a scale and cost base from which future growth can be made profitably. The final steps in this process will be taken in 2018 with the relocation of the Hamburg BtC Warehouse operation to Ludwigslust and the relocation of the remaining Hamburg central office in 2019, as well as the changes in ERP systems. We have also an investment plan concerning further investments in opening medium-sized shops in new locations to further promote the brand name.

B2C SALES BY CHANNEL




PORTION OF SALES PER CHANNEL




## Continuation of environmental awareness and compliance

Our environmental and ethical work is one of the top priorities of Fenix Outdoor. Our focus in this is how we integrate it into our business. It is becoming clearer by the day that these questions are important for our customers. It is also becoming evident to us that these questions are more and more political. We have made the conscious decision that Fenix Outdoor aims to avoid becoming political. We do so as we want to focus on areas that we can directly affect, such as our manufacturing, choice of materials and production methods. It is my opinion that Fenix Outdoor should try to attempt to lead by example, not by pressuring others to do as we want them to. That does not mean that we will discontinue our support causes such as the polar foxes, but that we need to spend our CSR investments in improving ourselves first.

We continue to publish an annual Sustainability Report alongside our Annual Report, in which our progress in this area is described.

Last year, I spoke about our work to implement a new legal organization, but this attempt failed for different reasons so in connection to the management changes we will implement a new organization and a new role that will manage what we call Corporate Services, including but not limited to HR, legal and compliance. Last year I wrote "If I for once were to say something political it would be that I believe the EU and our politicians should really take a look at intellectual property matters, especially relating to the global trade for consumers created through the internet. Given the resources Fenix has to spend on this as a relatively small company I can only imagine how other industries might be affected". I want to restate this point and I think that the postal problems in Sweden around Christmas underline this problem. ▶

## Future challenges

Fenix Outdoor is one of the leading groups in the outdoor industry in Europe. The Group's strategy regarding premium product and brand mix in combination with a retail strategy for a rapid flow of information has proven to work well. This does not mean that we can remain still; we must continuously evaluate our strategies. I and the company as a whole have spent a lot of time in 2017 thinking about and analyzing our strategies. We have made one clear decision at this point: we will NOT divest ourselves of the retail division (Frilufts) in the foreseeable future. We strongly believe it is an advantage and as a Group we have an unparalleled access to consumers.

During 2017 we performed a mass data analysis of Globetrotter transactions for the last five to six years to analyze how consumers behave. Based on that, we have decided to extend this work into creating a center of digital excellence to enable us to analyze behavior in all our B to C businesses – not only digital but also brick and mortar.

Today, 58 per cent of our total sales are direct to consumers when we add the retail operations sales in Brands and Global sales to Frilufts sales; not counting China which is not consolidated. We operate over 100 brick-and-mortar shops in countries like Sweden, Germany, Denmark, Finland, Norway, Netherlands, USA, Canada, South Korea and Hong Kong, plus a number of brand stores not operated by us in countries such as Denmark, UK and the Czech Republic. That is still not counting the more than 40 stores we have in China through the joint venture. We also operate more than ten webstores in more than 20 languages.

The access to customers in our segment is quite good and we need to use this data to enable us to make the right decisions for the future. This will support the business in general and look for new business models, which will enable us to maintain our margins over time. We believe the current digitalization phase is very price and volume-driven which over time will deteriorate margin through the value chain and either force a cut in development costs or force companies to manufacture cheaper, thereby cutting quality and sustainability.

The center will also support our different web shops in their ventures as there is a major difference in how they need to be run. A brand store is full service for its brand, which means it is also there to support sales through other customers, not only to drive our own web sales; whereas the retail webstores are more weighted towards sales.

To give you some facts about our digital business: It now stands for about 19 per cent of our total Business to consumer sales and about 11 per cent of our total sales. To answer the question on everyone's mind: yes, we do make money in almost all of them and we make money overall. That is so despite the costs for this are being higher than what is generally believed, especially with the generally high return rates in Germany.

All of this is part of our business development for the future and serves to improve and build on the success we have had so far and hopefully make it possible for the future. We still believe that this venture will enable us to continue to build and maintain strong brands and a strong retail business. No matter if the retail is brick and mortar, our own or wholesale customers, or digital, we strongly believe this will all be needed for the future and we aim to be a part of it.

On another note, we are still looking for further brands to acquire that will fit into our business model as it develops. We do have more shops in the pipeline for 2018, for example in Toronto.

## Outlook for 2018

I have to stress that we are still facing challenges in many areas, particularly in retail. We are also facing some operative challenges, such as moving warehouses and implementing new ERP systems. We are still facing some challenges in the changing retail environment, but I believe we are well prepared for the future and that we are on the right path to becoming one of the best specialist companies in the outdoor segment. Our international growth, especially outside of Europe, is putting extreme pressure on our managerial capacity. This combined with the Fenix way of working has created a challenging situation in terms of managing the business. We have many extremely talented people working for us. It is up to us now to take this talent and develop it into our future management team, by developing them through interesting and educational tasks, so we can build tomorrow's Fenix.

But in a world of changes, we also have to be able to adapt our way of working and that is the real challenge, together with staying humble in our dealings with every stakeholder, including shareholders, customers, employees and subcontractors.

I will finish by saying something that my father always said. "If you think we are doing something wrong tell us about it, but if you think we are doing something right tell your friends."

*Zug, March 2018*

*Martin Nordin*
*Chief Executive Officer*

# FIVE YEAR SUMMARY GROUP

| MEUR | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Net sales | 539,9 | 486,2 | 451,0 | 237,3 | 211,9 |
| Depreciation/amortisation | -12,7 | -13,1 | -13,0 | -5,8 | -4,5 |
| Operating profit | 84,9 | 60,5 | 32,6 | 28,9 | 29,9 |
| Net financial income | -2,7 | -1,9 | -0,8 | -1,0 | 0,0 |
| Profit/loss after financial items | 82,2 | 58,6 | 31,8 | 32,6 | 29,9 |
| Tax | -21,5 | -10,4 | -10,0 | -11,9 | -7,7 |
| **Net profit for the year** | **60,7** | **48,2** | **21,8** | **20,7** | **22,3** |
| **BALANCE SHEET** | | | | | |
| Fixed assets | 100,6 | 79,4 | 74,2 | 77,7 | 35,4 |
| Inventories | 132,7 | 121,1 | 116,3 | 108,5 | 62,3 |
| Accounts receivable - trade | 39,8 | 39,9 | 23,4 | 24,9 | 21,1 |
| Other current assets | 4,9 | 4,8 | 15,4 | 20,7 | 11,9 |
| Cash and cash equivalents, current investments | 93,7 | 76,8 | 58,0 | 41,0 | 14,9 |
| **Total assets** | **371,7** | **322,0** | **287,3** | **272,8** | **145,6** |
| Equity attributable to the Parent Company´s shareholders | 230,8 | 186,7 | 147,8 | 114,5 | 112,6 |
| Minority shareholdings | 0,0 | 2,6 | 2,3 | 21,4 | 1,1 |
| Provisions etc | 13,8 | 9,5 | 5,2 | 8,3 | 2,7 |
| Non-current liabilities, interest-bearing | 1,9 | 0,0 | 0,0 | 11,1 | - |
| Other non-current liabilities | 1,0 | | | | |
| Current liabilities | | | | | |
| Interest-bearing | 50,7 | 52,2 | 64,8 | 49,1 | 5,1 |
| Non-interest-bearing | 73,5 | 71,0 | 67,3 | 68,3 | 24,1 |
| **Total equity and liabilities** | **371,7** | **322,0** | **287,3** | **272,8** | **145,6** |
| **CASH FLOW** | | | | | |
| Cash flow from operating activities | 68,6 | 51,6 | 21,1 | 19,1 | 10,9 |
| Cash flow from Investments activities | -36,6 | -11,8 | -4,3 | -23,3 | -6,3 |
| **Cash flow after investments** | **32,0** | **39,8** | **16,8** | **-4,2** | **4,6** |
| **KEY RATIOS** | | | | | |
| Growth in sales, % | 11,0 | 7,8 | 90,0 | 12,0 | 8,0 |
| Profit margin, % | 15,2 | 12,0 | 7,1 | 13,8 | 14,1 |
| Return on total assets, % | 24,6 | 19,9 | 11,9 | 16,1 | 21,5 |
| Return on equity, % | 29,1 | 28,8 | 16,6 | 18,3 | 20,8 |
| Equity/assets ratio, % | 62,1 | 58,0 | 51,4 | 42,6 | 77,3 |
| Average number of FTE employees | 2 270 | 2 128 | 2 008 | 906 | 766 |
| **DATA PER SHARE** | | | | | |
| Number of shares, thousands per 31/12 | 35 060 | 35 060 | 35 060 | 34 850 | 13 274 |
| Gross cash flow per B-share, EUR | 5,45 | 4,55 | 2,60 | 2,00 | 2,02 |
| Earnings per B-share, EUR | 4,51 | 3,58 | 1,63 | 1,56 | 1,68 |
| Equity per B-share, EUR | 17,15 | 13,87 | 10,98 | 8,64 | 8,48 |
| Market value 31/12, EUR | 99 | 71 | 44 | 38 | 32 |
| P/E ratio | 22 | 20 | 27 | 24 | 19 |
| Dividend per B-share [1)] | 1,02 | 0,84 | 0,54 | 0,42 | 0,45 |

**DEFINITIONS:** 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 equity. 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.

1) Proposed dividend (10,0 kronor per B-share and 1,0 kronor per A-share, having 10% of the nominal value versus a B-share).

# 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 indoors. After many long treks in the mountains, Åke decided the backpacks at the time were unsatisfactory and took matters into his own hands by building a wooden frame. The frame evenly distributed weight across his back so the pack did not end up uneven, pear-shaped, and uncomfortable. 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 to commercially make and distribute framed backpacks.

Fjällräven means Arctic Fox in Swedish, 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 remains the same; to provide functional, durable, and timeless equipment that make 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

We 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 – and more enjoyable – time in nature.

### Durability

A Fenix Outdoor product is a guarantee that you will not need to buy a new product for a long, 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 lifecycle 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, which is why all of our products are tried out by experienced test groups before being sent to our retailers.

### 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, one of the brands of the group. The parent company was redomiciled in June 2014 and is now called Fenix Outdoor International AG, based in Zug, Switzerland. The company is listed on Nasdaq OMX, Stockholm Mid Cap.

In 2001, the group acquired the retail chains Naturkompaniet and Friluftsbolaget, now merged under the name Naturkompaniet. Additionally, the brand Tierra, which develops and sells innovative, high-tech garments for

## 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 revolutionizing backpack frames in aluminum.

**1964**
Tent Revolution. Fjällräven launches thermal tents that become a sensation. The first condensation-free tent allows people to camp dry and warm.

**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. 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.

outdoor activities, was acquired. In 2002, Fenix acquired the brand Primus, a world leading developer and producer of camping stoves and accessories. In September 2004, the German footwear brand Hanwag was acquired.

The brand portfolio expanded during 2009 with the acquisition of Brunton, which develops and sells navigation equipment. In 2011, the retail division also expanded with the acquisition of the Finnish retail chain Partioaitta.

In the 2014 Fenix acquired the German retailer Globetrotter. At the end of the year, all shares in Globetrotter were acquired by Frilufts Retail Europe AB, Frilufts, through a contribution in kind by the owners of Globetrotter. From the June 2015 Fenix holds 100 per cent of Frilufts. The expansion of the Frilufts/Retail segment continued in 2017 when the Danish retailer Friluftsland was acquired.

## Business idea and goals

Fenix Outdoor is an international outdoor equipment group with a mission of developing and marketing high quality and low-weight outdoor products to discerning, demanding customers through a select retail network, emphasizing service and professionalism.

## 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 a retail network increases control of the value chain through close contact with the end consumer, which enables faster actions in 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 12–23. 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 appointed as a royal warrant holder by 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 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 stove development. Primus's 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, recently 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. Highly recognized and awarded for its functionality without the use of harmful perfluorinated compounds (PFCs) in the impregnation.

Other innovations include the ►

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

**2004**
Hanwag is acquired.

**2009**
Acquisition of the UK distributor, Rosker ltd and the brand Brunton.


**2011**
The distribution companies in Switzerland and the U.S. are acquired. The Finnish retail chain Partioaitta Oy is acquired.

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

**2014-15**
Naturkompaniet and Partioaitta form an alliance with Globetrotter Ausrustung GmbH, Germany's largest outdoor retailer. The three retail chains are consolidated in a separate company, Frilufts Retail Europe AB.

**2017**
The South Korean distributor Alpen International is acquired. The Frilufts segment enters a new market by acquiring the Danish retail outdoor chain Friluftsland A/S.

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

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 centrally coordinate the activities within its business units. This entails realizing synergies through central core functions such as IT, finance, corporate social responsibility (CSR), and also shared logistical services from two central warehouses in the Netherlands and US.

The average number of FTE employees in the Group totals 2 270 in 2017. The Group’s companies have flat, decentralized organizations characterized by quick decision-making.

## Products

The range includes backpacks, sleeping bags, tents, stoves, lanterns, apparel, 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 and have considerable expertise and history in product design, materiality, and production.

The hilosophy is to offer optimal and functional products based on functional design. Tierra’s product range is focused on highly technical apparel. The Primus product range includes hi-tech camping stoves that can be used with multiple types of fuel. Hanwag is one of Europe’s leading manufacturers of quality boots.

Fjällräven is renowned for its apparel, tents, sleeping bags, and backpacks. Brunton is focused on technical outdoor equipment, mainly compasses. In addition to continuous development of the brands’ product ranges, Fenix 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), Asia (1) and North America (20). The Brand segment


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.

operates online sales in major markets.

The Global sales segment consists of Fenix multibrand distribution companies represented in major markets. In 2017 the South Korean distribution company of Fenix Outdoor products – Alpen International – was acquired. Alpen is also operating 13 Fenix Brand retail shops in South Korea.

The local leading outdoor retail chains Naturkompaniet AB (Sweden), Partioaitta Oy (Finland), Globetrotter Ausrüstung GmbH (Germany) and Friluftsland A/S (Denmark) are 100 per cent-owned by Frilufts Retail Europe AB, a subsidiary of Fenix Outdoor International AG. The Frilufts segment has a total of 69 stores, with 32 in Sweden, 16 in Finland, 12 in Germany and 9 in Denmark. Each company also has its own e-commerce operation.

## BRANDS

| Segment Brands, MEUR | 2017 | 2016 |
|---|---|---|
| Net sales | 123,2 | 103,0 |
| Operationg profit | 51,5 | 44,0 |
| Investments | 1,8 | 5,2 |
| Average number of FTE employees | 632 | 606 |
| Net sales per geographic market: | | |
| Sweden | 19,0 | 19,4 |
| Other Nordic countries | 5,5 | 3,5 |
| Germany | 62,1 | 50,4 |
| Benelux | 8,1 | 8,2 |
| Other Europe | 1,8 | 1,3 |
| North America | 23,5 | 18,0 |
| Other markets | 3,2 | 2,2 |
| **Total** | **123,2** | **103,0** |

## FRILUFTS

| Segment Frilufts, MEUR | 2017 | 2016 |
|---|---|---|
| Net sales | 270,5 | 258,2 |
| Operationg profit | 13,3 | 6,9 |
| Investments | 4,7 | 2,0 |
| Average number of FTE employees | 1 203 | 1 255 |
| Net sales per geographic market: | | |
| Sweden | 57,5 | 54,7 |
| Other Nordic countries | 30,4 | 25,3 |
| Germany | 182,6 | 178,3 |
| **Total** | **270,5** | **258,3** |

## GLOBAL SALES

| Segment Global Sales, MEUR | 2017 | 2016 |
|---|---|---|
| Net sales | 144,9 | 123,0 |
| Operationg profit | 25,5 | 17,5 |
| Investments | 1,3 | 1,8 |
| Average number of FTE employees | 180 | 115 |
| Net sales per geographic market: | | |
| Switzerland | 10,1 | 8,2 |
| Other Nordic countries | 40,8 | 36,2 |
| Benelux | 11,2 | 9,9 |
| Other Europe | 37,2 | 27,4 |
| North America | 28,2 | 29,8 |
| Other markets | 17,4 | 11,4 |
| **Total** | **144,9** | **123,0** |

## Full ethical attention

Fjällräven has continued the success with the much-praised Eco-Shell fabric, that is made entirely out of recyclable polyester and impregnated without the use of PFCs. We have introduced it into our new mountaineering line Bergtagen, further expanding our range of sustainable alternatives to traditional hardshell membranes. Fjällräven has won major recognition for completely phasing out PFCs in 2016.

All of our down garments contain only ethically-produced down, which is 100 per cent traceable, so we can ensure that it is produced using modern and humane production and animal transportation methods. We have also focused on sustainable wool handling, launching limited edition Swedish wool knits from our sheep farm in Brattland, northern Sweden. A milestone in 2017 was that all new G-1000 garments are being made from G-1000 Eco in recycled polyester and organic cotton.

# A year of innovation towards a life on the top

In the past year we have strengthened our position with new innovative products, bigger global consumer events, major increases in online followers and a completely new equipment system for life above the treeline.

### Activities in 2017

The Fjällräven brand is available in over 40 countries worldwide. During 2017, we increased the total number of shop-in-shops, and opened new partner stores in for example Manchester, Reykjavik and Prague. Fjällräven has become an established brand in the US market, and China is also showing promising numbers, where we are represented in over 20 Brand Stores and 15 specialized Bag Stores. The biggest highlight of the year was the expansion of the Fjällräven Classic trekking event series to Hong Kong and the US.

We launched some exciting new products in 2017, all aimed at giving our range a more global presence. For spring we focused on making warm-weather trekking and travelling smarter, lighter and more comfortably than ever before. We launched innovative travel solutions, lightweight shelters, practical hardware and a range of outdoor garments, where our prize-winning technical trekking tights came to redefine what to wear when trekking, especially among women. For the fall/winter season we successfully launched the Bergtagen mountaineering system for life above the treeline. We re-designed the iconic Expedition Down Jacket in a lighter version.

### Future challenges

As with any sustainable brand, including ones that have embraced ethical production from the very beginning, competition from newly established brands will only become stronger. Consumers are demanding more sustainability from all brands, so we must tell our story in an authentic, truthful and inspiring manner. Another constant challenge is for the brand to remain innovative, relevant and creative in communicating our story to a consumer who lives in a highly connected and digitalized world.

### Priorities for 2018

We plan to increase our digital presence as well as opening up more shop-in-shops, Brand Corners and Brand Centers.

For the spring and summer we are launching an entire collection based on one of our most iconic and durable products, the Greenland Jacket. For fall and winter we will further develop the new Greenland collection to suit the colder months of the year and expand the Keb family with jackets and trousers in full stretch versions.

We're also introducing a range of essentials for our globally-renowned Kånken backpack that will allow everyone to organise their daily endeavors in a more personalized way. We will continue to develop our Conscious Hunting concept to meet increasing demands for sustainable hunting equipment. Among these additions are a technical merino wool base-layer and an award-winning backpack designed specifically for active hunting, with a unique back plate made from pressed wool.

# Strong sales, sustainability awards and international recognition

Tierra makes highly functional and reliable clothes that are designed to be worn by climbers and outdoor enthusiasts. Founded in 1983, the brand has become a very popular name in the Nordic region, especially in Sweden.

## Activities in 2017

Tierra enjoyed a very successful 2017, seeing increased sales volumes to all retail customers, as the brand continues to refine the distribution strategy that was implemented in 2015/16.

There was double-digit sales volume growth in softshell trousers in 2017, and this is now the strongest segment of the business. Tierra's has a comprehensive range of trousers, offering a wide variety of products to cover every fit and season. The shell program's already strong roster was boosted further last year by the addition of completely Fluor Carbon-free alternatives. The travel collection is still performing very well.

In a world's first, Tierra launched a 100 per cent bio-based technical insulation jacket in 2017. The material in the new Deterra® Jacket comes from beans, wood and nuts, with a wool filling. This unique jacket's impeccable environmental credentials won it several awards, including best sustainable product at both the ISPO and Outdoor tradeshows, and the product attracted international media attention. As a result, Tierra has now been invited to address several sustainability forums, including summits hosted by the Swedish Government.

## Future challenges

We are seeing a sharper focus on sustainability from all of our stakeholders, and Tierra is continuing to reduce the amount of natural resources in our products, using more recycled or sustainable materials instead. As one of the few global brands to use 100 per cent organic cotton, Tierra's work in this area was recognised by the Global Textile Exchange in 2017. However, we want to decrease our usage of organic cotton too, so Tierra also launched several products made from hemp last year, as this is an alternative, more environmentally-friendly material. We also try to produce as much as we can in Europe so we can minimise the need for transportation, and all knitted products are made in Sweden.

## Priorities for 2018

In 2018 Tierra will focus on continuing to grow in our current markets. We continue to work closely with Globetrotter to keep developing the brand in Germany and to ensure that we take full advantage of the great potential in this market. Friluftsland will become Tierra's new retail partner in Denmark from the fall/winter season 2018.

## Function form professionals

Tierra puts functionality at the heart of each garment's details and design. Our commitment to quality and innovation of materials and technical solutions has made Tierra a brand of choice for professionals working in the police, rescue services, Accident Investigation Authority and the Alpine Mountain Rescue.

Tierra always uses the best available materials from renowned suppliers such as Gore, Polartec, Pertex and Primaloft.

The patterns of the products are designed to reduce leftover material, and fluorocarbon-free DWR is used wherever possible. A large percentage of the fabrics used are Bluesign® fabrics.

Our product development team, together with professional mountain guides, is continuously working to evaluate existing and future technical solutions, keeping Tierra at the forefront of the market as an innovative brand.

## Traceable material

Hanwag is producing some of the world's most innovative mountain and trekking boots, still based at its original headquarters in Vierkirchen, Germany. Additional production takes place in Hungary or Croatia – all according to rigorous European standards. In addition, all our boots are made with cemented or double-stitched constructions, which make it possible to re-sole every single model. This makes Hanwag boots extremely long-lasting. When it comes to our main material – leather – we're working to be as traceable as possible. We only work with approved European tanneries, such as Heinen in western Germany, to guarantee traceability to approved slaughterhouses and farms, with the exception of our high-quality yak leather from Tibet. In 2017, Hanwag's development team started working hard on a new membrane solution which makes it possible to produce our boots in a way that is 100 per cent free of fluorochemicals. The membrane, called Eco-Shell Footwear, was introduced for the new ACTIVE WINTER products in our upcoming Fall/Winter 2018/19 collection at ISPO 2018.

OUTDOOR FOOTWEAR
SINCE 1921

# Born in Bavaria, worn around the world

With the increased capacity at the new production sites, Hanwag can meet the growing demand of long-lasting and sustainable boots from highly specialized outdoor enthusiasts around the world.

## Activities in 2017

2017 was another year of progress for Hanwag. Changes and new set-ups implemented in 2016 and at the beginning of 2017 are continuing to pay off. The research & development and production teams have introduced new technologies and products.The market for mountain and trekking boots continues to grow and with the increased capacity of our new production sites, we can meet the growing demand. Production numbers in the second half of the year have increased by 20 per cent compared to the first half. This means that we have scientifically-improved delivery and availability. Additionally, the production team has successfully implemented new production technologies (e.g. logo stitching) in the production process.

Following high single-digit percentage growth in 2016, Hanwag achieved further solid single-digit growth in 2017. We will continue to focus on a smaller number of models.

The new collections for 2018 introduced at ISPO 2017 and OutDoor tradeshow 2017 have gained positive feedback. Pre-orders for the Spring /Summer 2018 collection have grown in high single-digit (in pairs) internationally, compared to the previous year. One of the main factors in this success is the new TATRA family (TATRA LIGHT and the relaunched TATRA II) that have been pre-ordered in very strong numbers, and TATRA LIGHT was Hanwag's most successful shoe launch ever.

Furthermore, new, strategic technologies were launched in 2017 in preparation for the 2018 seasons. The TubeTec sole is Hanwag's very own development and exclusive on the market. Its long-lasting, cushioning PU base which is protected by a TPU frame is unique and offers great possibilities for future developments in this segment. Eco-Shell Footwear has been introduced for the winter collection, and is the very first Hanwag-exclusive membrane that is simultaneously waterproof, breathable and sustainable.

## Future challenges

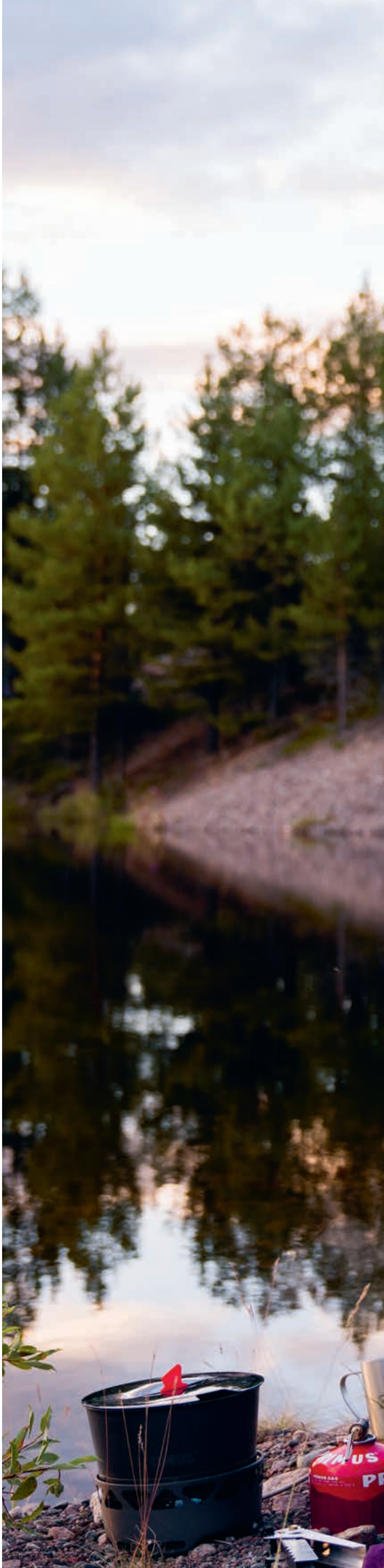
At Hanwag we have recognized a change in the buying behaviour of our consumers in recent years. Sustainable production and long-lasting products will be key drivers for buying decisions. With new technologies based on high quality materials and production processes within Europe, we are not only following, but leading this development Our ultimate goal is to develop, produce and sell mountaineering and trekking boots that are as environmentally-friendly as possible.

## Priorities 2018

At the start of 2018, we introduced a new Managing Director for Hanwag GmbH. Hanwag will continue to focus on growing its market share internationally. The research & development team will focus on innovations for the well-known Rock and Alpine category, and will be targeting mountaineers, Hanwag's core target group. In addition, we will use our skills in the lightweight trekking sector, continue implementing new designs for female customers and further develop our new technologies (such as TubeTec, EcoShell Footwear). With sustainability being a growing success driver in the market, Eco-Shell footwear will be a clear communication focus for the Marketing and Sales teams. Moreover, the production team is working on integrating Eco-Shell Footwear technology in the most effective and most sustainable way possible in the overall production process. To support sales, Hanwag will further expand its own production capacities and make strategic improvements to delivery times.

# Sustainability, durability and reliability

Primus and Brunton are two separate brands that share a common vision: to provide sustainable, durable and reliable products that enhance the outdoor experience.




### Activities in 2017

Primus aims to be the leading innovator of premium products related to cooking and comfort in the outdoors. The majority of the products are manufactured by manufacturing subsidiary Primus Eesti OÜ, located in Tartu, Estonia. In 2017 Primus made a successful launch of new products for the Trekking segment. The launch strengthens the brand's position as a leading innovator in products for the hiking and trekking market. The new PrimeTech stove set won many awards and especially significant was the Outdoor Gold award at the Outdoor Trade show in Friedrichshafen, Germany, the world largest trade show for the outdoor market. Brunton has focused 2017 on ensuring productivity and production to be the best Compass manufacturer in the world. A new innovative Compass and instrument for geological researchers was launched named the Axis.

### Future challenges

The future outlook for Primus is positive. The worldwide launch to consumers of the new Campfire range in 2016 opens up new possibilities in terms of customers and distribution. We will continue to roll out this concept in 2018 and 2019 with new innovative products. The biggest growth potential continues to be in North America, Japan and at our own retail within Frilufts. In North America a new organization and sales strategy has been implemented where Primus and Brunton are working in the same organization. The target is that the hardware companies Primus and Brunton will work more closely with one another to benefit from each other's resources and knowledge in different markets.

### Priorities for 2018

The main priority for 2018 for both Brunton and Primus will be to strengthen the supply chain in planning, production quality and control. The innovation level is kept high continuously. To do this we are planning to increase close co-operation with suppliers and also for Primus increase focus on the core products of stoves and lanterns produced in the factory in Estonia.

## Sustainable cooking

Primus stoves with Primus Efficiency Tec hnology are among the most fuel-efficient stoves available on the market. Primus stoves are climate-compensating in design, which offsets the sales of fuel; in the future we will only increase this focus on CSR. To compensate for the gas emissions of carbon dioxide and the metal canister, Primus is supporting a stove project in Uganda. More than 90 per cent of households use firewood or charcoal for cooking. By helping households obtain a fuel-efficient stove many positive environmental and social effects can be obtained. Families benefit from lower energy costs and the health risks associated with indoor smoke. Less time spent collecting firewood means more time for girls to attend school and for women to pursue work that can generate income.


Vår Favorit
Vi har plockat

# Maintaining momentum in the midst of change

With the addition of Friluftsland A/S in late 2017 the number of brands in the Frilufts Group became four. In 2018, the Group faces challenges of restructuring, new stores and new infrastructure, while maintaining sales momentum too.

Since November 11th 2014, Naturkompaniet AB, Partioaitta OY and Globetrotter GmbH have been 100 per cent-owned by Frilufts Retail Europe AB. On 1st September 2017 Friluftsland A/S in Denmark was added to the Group.

The company has a total of 69 stores: 32 in Sweden, 16 in Finland, 12 in Germany and 9 in Denmark. Each company also has its own e-commerce store. Frilufts Retail Europe AB ("Frilufts AB"), is a subsidiary company that since 1st June 2015 has been 100 per cent-owned by Fenix Outdoor International AG ("Fenix AG").

## Activities in 2017

Globetrotter is still in a turnaround and restructuring phase. In 2017 we saw the positive effect of the turnaround plan that was launched in 2016. During the year two new stores opened, one in Dusseldorf and one in Hamburg. Both are city stores located on the high street in premium retail locations. The idea behind the stores is to test a new city store concept to attract new customers. The stores are about 1,000 square meters, so from a Globetrotter perspective they are small but for the general outdoor market they are big. The process to change the enterprise resource planning system from SAP to Microsoft Dynamics AX is a big ongoing project. During the year Frilufts Retail Europe started to build a new central warehouse in Ludwigslust and the contents of the current warehouse in Hamburg will be moved to Ludwigslust during in late 2018. The new warehouse will be faster and more effective, speeding up the e-com deliveries and the replenishment of the stores.

Naturkompaniet moved its store in Västerås to a new and better location and the flagship store at Kungsgatan 4 in Stockholm was completely renovated. During the year Naturkompaniet acquired Utebutiken in Umeå and its franchise store in Uppsala; both will be integrated and taken over during 2018. At the beginning of the year Naturkompaniet loyalty club donated nearly 1,9 million Swedish Kronor to different nature and outdoor projects. Overall, 2017 was a strong year for Naturkompaniet, sales and EBIT trended upwards in a very competitive market.

In the years ahead, Partioaitta Oy's strategy will continue to focus on it being a premium and sustainable outdoor retailer. Partioaitta Loyalty Club is an important part of this strategy and the club's membership numbers continued to grow during 2017. The financial situation is at the moment looking stronger but retail in Finland is at a stage where it is more offer than demand, although there are still many large malls under construction. Partioaitta is looking for possibilities of adding more stores.

Friluftsland joined the group at the end of Q3 2017. In most respects, it is very similar to the three other chains in the group. It focuses on high quality ▶

products and services, attracting and retaining highly skilled staff, striving to ensure its procedures and ethics meet the highest standards and ensuring its finances are healthy. Since the acquisition, we have introduced the organization to the Frilufts and Fenix way of working. A strategic plan has been made, and there has also been some reorganization. In addition, the company's logotype has been changed to align with the logotypes of Naturkompaniet and Partioaitta.
For Q1 2018 we have three main projects running: To change the current store from being mono branded for The NorthFace into a Friluftsland store;to relocate the store in Odense to a bigger and better location; and to extend the store in Lyngby. All stores will be updated in accordance with the Naturkompaniet store concept.

## Future challenges

In the next few years, Frilufts will undergo some big changes. There will be updated IT platforms and a new central warehouse, and the Group will gradually move onto the same employee resource planning (ERP) system, with a new system for Globetrotter and updates to the system used by Naturkompaniet and Partioaitta. A common e-com platform and PIM system will also be implemented. Operational challenges differ between the markets but common to all of them is that consumer behavior is shifting and markets are becoming more and more global with pressure on prices. This is both a challenge and an opportunity for the group. Having the same IT platforms and a central warehouse will mean that the Frilufts Group will have more resources and better possibilities of being at the forefront, adapting to changes, and driving the outdoor retail market.

## Priorities for 2017

For the Frilufts Group it is important that Globetrotter continues to develop in a positive direction and follows the 2016-18 plan. The launch of the new and common IT platforms is a huge for the Group and it will have top priority during 2018. Side by side with that we also still have to keep up the speed and momentum in the sales channels and stores in each local market. This will be a challenge for the organizations. Customer focus, sales, cost control and sustainability are, as always, priorities.

While we are preparing for the shift to the common IT systems for the Frilufts group, our focus will be on growing the chain and strengthening our market position in each market. The growth is expected to come as a result of moving or rebuilding existing stores and opening new ones, as well as through the continuing development and refinement of the e-commerce business. Making use of the synergies within the group will help our margins and cost control. A new and standard store shopfitting concept is underway and will be used in all new stores as they are added.


## Company facts

### 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 32 stores (three 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 scout organizations and today is Finland's largest outdoor retailer with 16 stores and an e-commerce site. Fenix Outdoor acquired the company in May 2011.

### GLOBETROTTER AUSRÜSTUNG GMBH

In 1979 two outdoor enthusiasts turned their passion into a profession, and 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. They were uncompromising when it came to quality and functionality. Their shop in Hamburg's Wandsbek district quickly became a meeting point for ambitious globetrotters and adventurers. Today Globetrotter has a big e-commerce business and ten shops.

### FRILUFTSLAND A/S

Friluftsland was established in Denmark in 1980 by two 19-year-old boy scouts. Using a lot of equipment during their frequent outdoor activities, they did not find the service and selection they wished for in the market at the time and decided to provide it. The first store had a sales area of 16 $m^2$ and during winter it was only open in the afternoon. However, Danish outdoor enthusiasts liked this ugly duckling and it has grown into a white swan. Friluftsland is nowan omnichannel chain with nine 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 2017. Fenix Outdoor International AG is listed on Nasdaq OMX Stockholm, Mid cap.

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

## OPERATIONS

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

- Brands includes the brands Fjällräven, Tierra, Primus, Hanwag and Brunton. It also includes Brandretail (the E-com and the Monobrand-shops of Brands) 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 (from 2017-10-01).

The three business segments are supported by common functions for management, CSR/CSO, finance, legal, 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

During the year Fenix Outdoor has acquired its distributor in South Korea, Alpen International Co Ltd. The Frilufts segment has widened its operation to Denmark by the acquisition of Friluftsland A/S, running nine shops. In December a planned management change, in connection to the coming Annual General Meeting, was announced. Martin Nordin will be nominated as new Executive (working) Chairman and in doing so he will resign from his position as President of the Group. The role of President will be assumed by Alex Koska, currently Vice President with responsibility for the segment Global Sales. Martin Axelhed, currently Vice President in charge of the Brands segment, will be promoted to a new position as Executive Vice President of the Group.

## SALES AND PROFIT

The Group's net sales increased by 11,0 % to MEUR 539,9 (486,2). The operating profit increased to MEUR 84,9 (60,5).

Brands and Global Sales segments continued to grow with good profitability, mainly by Fjällräven, but also Hanwag and Tierra showed double digits growth.

The business in China, represented by the 50% owned joint venture contributed well above last year and better than planned.

Frilufts had a fluctuating year from a sales perspective, but ended the year and the quarter above target. Improved gross margin as well as continued effects of the savings program and better cost control meant that the operating profit increased and thus, so did the operating margin.

Frilufts reached an operating margin of 5,0 %, an improvement on last year but still below our long-term target.

The Fenix group delivered an operating margin of 15,7 %, an impressive achievement and a source of great pride for the company.

## PROSPECTS FOR 2018

2018 shows healthy order books so far. The challenges for the year are, however, plentiful. As always, Fenix Outdoor is facing increased competition, a changing retail environment and uncertainties about the general economic development. The group also faces some internal and operational challenges, such as the go live of a new ERP system at Globetrotter and the move of our B2C and retail warehouse to a new semi-automated facility in Ludwigslust.

## 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 50-51.

## LIQUIDITY AND FINANCIAL POSITION

The Group's total cash and cash equivalents totaled MEUR 93,7 (76,8) as of December 31, 2017. The Group's interest bearing liabilities increase to MEUR 52,5 (52,2). The Group's total equity attributable to the Parent Company's shareholders at the end of the year was MEUR 230,8 (186,7), which corresponds to an equity/assets ratio of 62,1 % (58,0 %).

## 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 has increased for larger retail operations than in the past.
- **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 Nordic markets, are negatively affected by warm and late winters.
- **Trend risks** The Group does not consider itself to be a company of fashion products, but the business is affected by long-term trends such as the current positive active and outdoor life trend. Many Asian markets, with a different product mix, are still more impacted by single product trends compared to other more mature outdoor markets.
- **Currency risks** The Group's net sales in different currencies are distributed as follows: SEK 14 %, EUR including DKK 65 %, USD 12 % and other currencies 9 %. A major portion of the Brand segments purchases take place in USD, even though certain brands undertake a large share of purchases in EUR. The Frilufts and Global Sales companies are mainly buying in local currency. The Company's policy is to hedge its USD order (short USD position) exposure 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 18.

The Group had outstanding currency forwards as per 2017-12-31, where USD had been purchased against EUR and NOK, at a value of MUSD 45,0. The effect of a 5 % change in USD would, by these forwards, be neutralized by an amount of MEUR 2,3.

## RESEARCH AND DEVELOPMENT

The Group does not engage in research in the traditional sense. Since its beginning, one of the Company's 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, and the work is mainly undertaken by the Company's own staff. 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 "24-hour" in Germany. 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 30,4 (11,8). The investments are primarily attributable to the ERP system, the building of a B2C Logistic Centre in Ludwiglust as well as capital expenditures related to stores within Brands and Frilufts.

## 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, usually taking place at the end of April or the beginning of May. The Board of Directors is elected at each Annual General Meeting and auditors are appointed. In addition, the annual financial statements are adopted and resolutions are undertaken regarding discharge from liability, the appropriation of profits and guidelines for remuneration to the Senior Executives and the Board of Directors. 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 85,2% 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 and whether remuneration is to be paid to members of the Board and auditors 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.

**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 six 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 Remuneration Committee, within Fenix Outdoor International AG, the Board, in its entirety, addresses all matters except for matters related to remuneration. The members of the remuneration committee are Sven Stork and Susanne Nordin. Total remuneration to members of the Board, elected at the Annual General Meeting, 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**
Based on risk assessments and ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations, as well as the application of internal guidelines, the Board and Management have determined a set of control activities for operational processes. 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 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 monitors that the internal controls related to financial reports and reporting to the board function adequately. A Board evaluation is conducted on annual basis to secure that the Board is receiving adequate material and information to take best possible decisions.

**Attendance at Board meetings Fenix Outdoor International AG in 2017**

| Directors | Attendance, regular and inaugural meetings |
|---|---|
| Sven Stork (Chairman) | 6 |
| Martin Nordin | 6 |
| Mats Olsson | 6 |
| Ulf Gustafsson | 6 |
| Sebastian von Wallwitz | 6 |
| Susanne Nordin | 6 |

## INFORMATION
The Company's information to shareholders and other stakeholders is provided in the Annual Report, the interim reports, press releases and 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 holds 6 700 B-shares in its own books. There are no outstanding options as per the balance day, 2017-12-31.

## OWNERSHIP STRUCTURE
Fenix Outdoor International AG had 5 412 shareholders at the end of 2017. The ownership participation of the ten largest shareholders constituted 76,4 % of total capital. A list of the major shareholders can be found on page 53.

## 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 in pages 26-48.

## PROPOSED APPROPRIATION OF PROFITS IN PARENT

| | **31.12.2017 TEUR** |
|---|---|
| **Profit reserves at the beginning of the period** | **48 194** |
| Net profit of the year | 42 768 |
| **Profit reserves at the end of the period** | **90 962** |
| Allocation to the general legal profit reserves | - |
| **Profit to be carried forward** | **90 962** |

## PROPOSAL FOR DISTRIBUTION OF DIVIDENDS

| | |
|---|---|
| **Capital contribution reserves TEUR** | **423 946** |
| Dividends TEUR* | 13 674 |
| **Capital contribution reserves** | **410 272** |

*SEK 1,0 Kronor per A-share and SEK 10,0 Kronor per B-Share calculated at EUR/SEK 9,8438 (24 000 000 x 1,0 + 11 060 000 x 10,0 = SEK 134 600 000) = EUR 13 673 581

## THE BOARD'S STATEMENT ON THE PROPOSED DIVIDEND
The Board's opinion is that the proposed dividend of SEK 1,0 (0,8) per A-share and SEK 10,0 (8,0) per B-share will not hinder the Company from fulfilling its short and long-term obligations, nor from making any necessary investments. The liquidity position is maintained on a satisfactory level.

# CONSOLIDATED INCOME STATEMENT

| Amounts in TEUR | Note | 2017 | 2016 |
|---|---|---|---|
| Net sales | 5 | 539 936 | 486 234 |
| Other operating income | 7 | 12 709 | 9 984 |
| | | 552 645 | 496 218 |
| Cost of goods | | -239 200 | -223 384 |
| Other external expenses | | -118 091 | -106 909 |
| Personnel expenses | 6 | -99 289 | -91 878 |
| Depreciation/amortisation | | -12 683 | -13 086 |
| Result from participations in associated companies and joint ventures | 9 | 2 214 | 1 260 |
| Other operating expenses | 7 | -656 | -1 701 |
| **Operating profit** | **5** | **84 940** | **60 520** |
| Financial income | 9 | 430 | 68 |
| Financial expenses | 9 | -3 143 | -2 029 |
| **Profit/loss before tax** | | **82 227** | **58 559** |
| Tax | 10 | -21 555 | -10 402 |
| **Net profit for the year attributable to:** | | **60 672** | **48 157** |
| Parent Company's shareholders | | 60 429 | 47 867 |
| Non-controlling interests | | 243 | 290 |
| Earnings per share after tax attributable to the Parent Company's shareholders during the year after dilution and before dilution in EUR | | | |
| A shares | | 0,451 | 0,358 |
| B shares | | 4,51 | 3,58 |
| Number of outstanding shares, A | | 24 000 000 | 24 000 000 |
| Number of outstanding shares, B | | 11 060 000 | 11 060 000 |
| Proposed dividend per share (EUR) - B shares | | 1,016 | 0,837 |
| Proposed dividend per share (EUR) - A shares | | 0,102 | 0,084 |

Earnings per share before and after dilution are equal, as there are no outstanding options or convertibles which would imply dilution.

# STATEMENT OF OTHER COMPREHENSIVE INCOME

| Amounts in TEUR | | 2017 | 2016 |
|---|---|---|---|
| **Net profit for the year after tax** | | 60 672 | 48 157 |
| Not to be reclassified in the income statement in the future | | | |
| Remeasurements of post employment benefit obligations | 20 | 55 | 8 |
| Taxes | | -12 | -2 |
| To be reclassified in the income statement in the future | | | |
| Change in translation reserve during the period | | -4 162 | -1 785 |
| Cash flow hedges | | -3 307 | 1 111 |
| Taxes | | 590 | -244 |
| **Total other comprehensive income for the year:** | | **-6 836** | **-912** |
| **Total comprehensive income for the year** | | **53 836** | **47 245** |
| **Total comprehensive income attributable to:** | | | |
| Parent Company's shareholders | | 53 593 | 46 955 |
| Non-controlling interests | | 243 | 290 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As of 31 December, Amounts in TEUR | Note | 2017 | 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible fixed assets | 11 | 29 043 | 18 019 |
| Tangible fixed assets | 12 | 52 250 | 41 670 |
| Investments in associated companies and joint ventures | 13 | 4 750 | 2 638 |
| Deferred tax assets | 10 | 13 408 | 15 529 |
| Other non-current financial assets | 13 | 100 | 100 |
| Other non-current receivables | 13 | 1 014 | 1 437 |
| **Total fixed assets** | | **100 565** | **79 393** |
| **Current assets** | | | |
| Inventories | 15 | 132 741 | 121 109 |
| Accounts receivable trade and other receivables | 16 | 39 777 | 39 908 |
| Prepaid expenses and accrued income | 19 | 4 920 | 4 808 |
| Cash and cash equivalents | 17 | 93 736 | 76 774 |
| **Total current assets** | | **271 174** | **242 599** |
| **TOTAL ASSETS** | | **371 739** | **321 992** |
| **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 |
| Retained earnings | | 178 668 | 134 567 |
| **Total equity attributable to the Parent Company's shareholders** | | **230 811** | **186 710** |
| Non-controlling interest | | 27 | 2 552 |
| **Total equity** | | **230 838** | **189 262** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 10 | 7 993 | 6 995 |
| Employee benefits | 20 | 988 | 604 |
| Other non-current provisions | 21 | 4 764 | 1 912 |
| Interest bearing liabilities | 22 | 1 850 | - |
| Other non-current liabilities | | 1 041 | - |
| **Total non-current liabilities** | | **16 636** | **9 511** |
| **Current liabilities** | | | |
| Other current liabilities | 23 | 39 557 | 36 376 |
| Current tax liabilities | | 8 368 | 12 128 |
| Interest bearing liabilities | 22 | 50 658 | 52 195 |
| Accrued expenses and deferred income | 24 | 25 682 | 22 520 |
| **Total current liabilities** | | **124 265** | **123 219** |
| **TOTAL EQUITY AND LIABILITIES** | | **371 739** | **321 992** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| **Statement of changes in Equity TEUR** | Share capital | Other contributed capital | Retained earnings | Total | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|
| **01-01-2016** | **12 378** | **39 765** | **95 636** | **147 779** | **2 262** | **150 041** |
| Net Profit for the year | | | 47 867 | 47 867 | 290 | 48 157 |
| Other comprehensive income for the year | | | -912 | -912 | - | -912 |
| Total comprehensive income for the year | - | - | 46 955 | 46 955 | 290 | 47 245 |
| Purchase of own shares | | | -769 | -769 | | -769 |
| Dividends | | | -7 255 | -7 255 | | -7 255 |
| **31-12-2016** | **12 378** | **39 765** | **134 567** | **186 710** | **2 552** | **189 262** |
| | | | | | | |
| **01-01-2017** | **12 378** | **39 765** | **134 567** | **186 710** | **2 552** | **189 262** |
| Net Profit for the year | | | 60 429 | 60 429 | 243 | 60 672 |
| Other comprehensive income for the year | | | -6 836 | -6 836 | - | -6 836 |
| Total comprehensive income for the year | - | - | 53 593 | 53 593 | 243 | 53 836 |
| Transactions with non-controlling interests **) | | | 1 496 | 1 496 | -2 768 | -1 272 |
| Fair value employee stock option *) | | | 179 | 179 | | 179 |
| Pension adjustment opening balance | | | -428 | -428 | | -428 |
| Sales of own shares *) | | | 393 | 393 | | 393 |
| Dividends | | | -11 132 | -11 132 | | -11 132 |
| **31-12-2017** | **12 378** | **39 765** | **178 668** | **230 811** | **27** | **230 838** |

*) Fair value employee stock option and sales of own shares – Under the option program granted in February 2017, valid for 120 days, the senior executives purchased 6,200 shares in the company, Note 30.
**) Acquisition of the 29 % remaining non-controlling interests of the Bus Sport AG, Note 30.

# CONSOLIDATED CASH FLOW STATEMENT

| Amounts in TEUR | Note | 2017 | 2016 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net profit for the year | | 60 672 | 48 157 |
| Tax expense in income statement | | 21 555 | 10 402 |
| Financial net in income statement | | 2 713 | 1 961 |
| Depreciation | | 12 683 | 13 086 |
| Adjustment for items not included in the cash flow, etc. | 27 | -4 016 | 383 |
| Interest and dividends realised | | 430 | 133 |
| Interest paid | | -2 500 | -1 785 |
| Income tax paid | | -21 606 | -10 533 |
| **Cash flow from operating activities before changes in working capital** | | 69 931 | 61 804 |
| | | | |
| Change in inventories | | -3 641 | -4 791 |
| Change in operating receivables | | 1 764 | -5 248 |
| Change in operating liabilities | | 499 | -139 |
| **Cash flow from operating activities** | | **68 553** | **51 626** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Purchase of intangible fixed assets | 11 | -7 093 | -798 |
| Purchase of tangible fixed assets | 12 | -23 257 | -11 003 |
| Sale of tangible fixed assets | 12 | 443 | 196 |
| Acquisition of subsidiaries, net of cash acquired | 30 | -6 025 | -204 |
| Settlement of loans | | -1 215 | - |
| Change in non-current receivables | | 614 | - |
| **Cash flow from investing activities** | | **-36 533** | **-11 809** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Borrowings * | | 10 208 | - |
| Repaid borrowings * | | -13 478 | -12 796 |
| Acquistion of minority shares in subsidiaries | | -1 272 | - |
| Purchase of own shares | | 393 | -769 |
| Dividends paid | | -11 132 | -7 255 |
| **Cash flow from financing activities** | | **-15 281** | **-20 820** |
| **Change in cash and cash equivalents** | | **16 739** | **18 997** |
| **Cash and cash equivalents at beginning of year** | | **76 774** | **58 021** |
| **Effect of exchange rate differences on cash and cash equivalents** | | **223** | **-244** |
| **Cash and cash equivalents at year-end** | **17** | **93 736** | **76 774** |

* The presentation of the revolving loan facility at Fenix Outdoor AB (maturing every 3 months) in the amount of TEUR 23 935 was amended (presentation in 2017 on a net basis) and the comparative amounts were reclassified respectively.

# 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 the US. The Parent Company is a Swiss Corporation (AG) with its registered offices in Industriestrasse 6, 6300 Zug, Switzerland, Corporate Identity Number CHE-206.390.054 and is listed on the Nasdaq OMX Stockholm, Mid 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 are compliant with IFRS as adopted by the EU. Accounting standards and interpretations introduced during the year have not impacted the Group's results or financial position. The consolidated figures are presented in EUR. All figures, unless otherwise stated, are rounded to the nearest thousand. These assets and liabilities are derivative financial instruments which are measured at fair value through profit or loss, or for which hedge accounting is applied. Intangible and tangible fixed assets are reported at acquisition cost less depreciation/amortization and write-downs, 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 estimates 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. Acquisition 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., as part of the business combination occured on May 31, 2017. 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 was 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 Group 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, 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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| SEK/EUR | 9,6464 | 9,4700 | 9,8438 | 9,5525 |
| CHF/EUR | 1,1152 | 1,0905 | 1,1702 | 1,0739 |
| USD/EUR | 1,1353 | 1,1026 | 1,1993 | 1,0541 |
| SEK/CHF | 8,6502 | 8,6837 | 8,4121 | 8,8951 |

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 Directors, who is 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 at fair value of the amount received or receivable, excluding trade discounts, returns and VAT. The Group recognizes revenue when its amount can be measured in a reliable manner, when it is likely that future economic benefits will flow to the Group, and when sales criteria for a specific sales situation has been fulfilled respectively. The Group bases its assessment of returns on historical outcomes and considers, in its assessments, the nature of the customer and the transaction, and specific circumstances of each individual case. Interest income is recognized as income using the effective interest method. Dividends are recognized when the right to receive dividends is established.

### 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 foreseeable 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 amortization 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 and Hanwag brand.

**Rental rights**

Expenses for acquired rental rights are capitalized 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.

## 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 consideration 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.

## 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 flows (cash generating units).

## FINANCIAL INSTRUMENTS

Financial instruments are recognized and measured in line with IAS 39. Financial Assets reported in the balance sheet include cash and cash equivalents, accounts receivable, derivative instruments and non-current financial assets. Financial Liabilities include accounts payable, borrowings and derivative financial instruments.

Financial instruments are initially recognized at fair value. Transaction costs are recognized on those financial instruments not subsequently measured at fair value.

A financial asset or financial liability is recognized in the balance sheet when the Company becomes party to the contractual terms. Accounts receivable are recognized when invoiced. An obligation is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received.

A financial asset is derecognized from the balance sheet when either the cash flows have been received, the contractual rights to the cash flows from the financial asset expire or the right to receive cash flows have been transferred. The same applies for a portion of a financial asset. A financial liability is derecognized from the balance sheet when the obligation specified in the agreement is discharged, cancelled, expired or in any other manner extinguished. This also applies for a portion of a financial liability.

Acquisitions and disposals of financial assets are reported on the transaction date, i.e. the date that the Company commits to purchase or sell an asset, except for cases in which the Company acquires or disposes of listed securities, when settlement date accounting applies. IAS 39 classifies financial instruments into different categories. The classification depends on the purpose for which the financial instrument was acquired. Financial instruments are classified in either of the following categories:

- **Financial assets valued at fair value through profit or loss**
  This category includes derivative instruments in the form of foreign currency forward contracts that have a positive market value. Fair value changes are reported in the income statement.

- **Available-for-sale financial assets**
  Available-for-sale financial assets are assets that are not derivatives and that have been identified as available for sale, or are not classified in any of the other categories. The assets are valued at fair-value with changes recorded through other comprehensive income. When there is objective evidence that the asset is impaired, previously recorded remeasurements in other comprehensive income are reclassified to the income statement. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is deemed to be an objective evidence of impairment.

- **Loans and receivables**
  Loans and receivables comprise accounts receivables and other receivables and are financial assets that are not derivatives which are not quoted in an active market. Receivables arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. The category also includes acquired receivables. Assets in this category are valued at amortized cost. Write-downs are recognized when there is objective evidence that a write down requirement exists.

- **Financial liabilities valued at fair value through profit or loss**
  This category includes derivative instruments in the form of foreign currency forward contracts that have a negative market value. Fair value changes are reported in the income statement.

- **Other financial liabilities**
  Financial liabilities not held for trading purposes are valued at amortized cost using the effective interest rate method.

## LEASING

When the Group, in all material aspects, has obtained the financial benefits and is exposed to the significant risks and rewards attributable to the leased object, is classified as a finance lease. Assets that are leased through finance leases are reported in the Group's balance sheet as a fixed asset and are depreciated in accordance with the principles applied for tangible fixed assets. The corresponding obligation to pay future lease expenses is reported as an interest-bearing liability.

All other lease contracts are classified as operating leases. For operating leases, the lease expense is recognized on a straight-line basis over the term of the lease.

## 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 probable obligation (legal or constructive) to third parties as a result of a past event and if the obligation can be reliably estimated. Existing provisions are reassessed at every balance sheet date. Obligations that are related to a past event for which an outflow of economic benefits is expected and when the amount can be reliably estimated but for which 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. For the purposes of the cash flow statement, cash and cash equivalents comprise, in addition to cash and bank balances, current investments, which are exposed to an insignificant risk of fluctuation in value and which

– are traded on an open market at known amounts or
– have a shorter original maturity than three months.

## NEW OR REVISED STANDARDS APPLIED BY THE GROUP

**Standards that have been adopted as of 1 January 2017**
A number of new standards and interpretations have become effective for financial year beginning 1 January 2017 and have been applied in the preparation of this financial report and presented below. The impact of these new standards are not significant for the financial report.

Amendments to IAS 7 Statements of Cash Flows, Disclosure Initiative.
Amendments to IAS 12 Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses.
Annual improvements to IFRS, 2014-2016 cycle
Amendments to IFRS 12 Disclosure of Interest of Other Entities.

**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**
IFRS 9 Financial Instruments addresses the classification, valuation and accounting of financial liabilities and assets. IFRS 9 was issued as completed version in July 2014 and replaces IAS 39 in its entirety. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity.

IFRS 15 Revenue from Contracts with customers replaces all existing revenue guidelines in IFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets. The core principle is that an entity will recognize revenue when control (rather than significant risk and rewards of ownership) transfers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group adopt the new standard on the required effective date using the modified retrospective method. During 2017, the Group performed an assessment of IFRS 15 and expects no significant impact on its statement of financial position and equity, linked to the non-complex revenue transactions of the group. Nevertheless will the presentation and disclosure requirements in IFRS 15 be more detailed than under current IFRS.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 is effective from 1 January 2019. Given the major operational lease contracts in the Fenix Group, this future standard will have an impact on the balance sheet of the group and the detailed assessment of the potential effect of IFRS 16 on its consolidated financial statements is still ongoing.

No other 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 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 complete description of the effects can be found in Note 18, 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 ensure 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 65 % of the Group’s net sales.

*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, with the exception of internal lending in USD from exposure unit, which is, primarily, hedged externally by external borrowing in the same currency.

**Interest rate risk**
The Group’s financial result is affected by changes in interest rates. As per 31 December 2017, all loans, except a minor loan of TEUR 1 850, are entered into variable interest rates (total loan amount TEUR 52 508). To get a longer interest duration of the loan portfolio, two different swap contracts, representing around 50% of the total loan amount are made. An increase in the short term interest rate of one percentage should therefore effect the interest cost by TEUR 270 (500). 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 amounted to TEUR 52 508 (52 195) at year-end, which is approximately 14,1 (16,2) percent of total assets. As per 31 December 2017, the major part of the Group's interest-bearing liabilities, was denominated in EUR and USD. The maturity structure is presented in Note 22. The Group has found it acceptable, in terms of risk exposure, to use mainly short term external financing.

**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 suitable 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 credit risk*
Cash and cash equivalents are deposited in major merchant banks, where the credit risk is limited. Cash and cash equivalent are, however, exposed to certain currency risks, but as the majority of the net cash amounts are deposit in EUR the risk is seen as 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 that 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. Note11.

### 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 and Brunton. It also includes Brandretail (the E-com, the Brand- and Flagshipstores) and distribution companies concentrated on sales of only one brand.
- Global sales includes distribution companies selling more than one Fenix brand.
- Frilufts includes the retailers Naturkompaniet AB, Partioaitta Oy, Friluftsland A/S (from 2017-10-01) and Globetrotter Ausrüstung GmbH.

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

| MEUR | 2017 | 2016 |
|---|---|---|
| **External Sales** | | |
| Brands | 123,2 | 103,0 |
| Global Sales | 144,9 | 123,0 |
| Frilufts | 270,5 | 258,2 |
| Common | 1,3 | 2,0 |
| **Group** | **539,9** | **486,2** |
| | | |
| **Operating profit per segment** | | |
| Brands | 51,5 | 44,0 |
| Global Sales | 25,5 | 17,5 |
| Frilufts | 13,3 | 6,9 |
| Common | -5,4 | -7,9 |
| **Group** | **84,9** | **60,5** |
| | | |
| **Capital Expenditures** | | |
| Brands | 1,8 | 5,2 |
| Global Sales | 1,3 | 1,8 |
| Frilufts | 4,7 | 0,6 |
| Common | 22,6 | 2,8 |
| **Group** | **30,4** | **10,4** |

The negative result in Common mainly comes from central costs for administration, IT, the trainee program and internal profits in inventory between the segments. The capital expenditures for Common is mainly related to IT and a logistic building under construction.

**NET SALES PER GEOGRAPHIC MARKET**

| MEUR | 2017 | 2016 |
|---|---|---|
| Switzerland | 15,3 | 10,1 |
| Sweden | 72,8 | 72,3 |
| Other Nordic countries | 77,7 | 66,4 |
| Germany | 230,2 | 219,0 |
| Benelux | 20,6 | 17,6 |
| Other Europe | 49,1 | 38,6 |
| North America | 52,3 | 49,1 |
| Other markets | 21,9 | 13,1 |
| **Total** | **539,9** | **486,2** |

## NOTE 6 PERSONNEL EXPENSES

### FULL TIME AVERAGE NUMBER OF EMPLOYEES

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Number of employees | Of whom men | Number of employees | Of whom men |
| Sweden | 318 | 153 | 298 | 150 |
| Norway | 31 | 16 | 27 | 16 |
| Denmark | 76 | 57 | 9 | 5 |
| Finland | 133 | 67 | 129 | 61 |
| Estonia | 29 | 4 | 29 | 4 |
| Germany | 1 063 | 604 | 1 089 | 621 |
| Austria | 5 | 3 | 5 | 3 |
| Holland | 97 | 56 | 103 | 58 |
| England | 17 | 14 | 17 | 14 |
| Switzerland | 11 | 3 | 11 | 4 |
| Hungary | 107 | 18 | 99 | 22 |
| North America | 199 | 108 | 182 | 103 |
| China | 111 | 36 | 121 | 37 |
| Other countries | 73 | 36 | 9 | 3 |
| **Total, Group** | **2 270** | **1 175** | **2 128** | **1 101** |

### SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

**2017**

| **TEUR** | Salaries and remunerations | Social security expenses (of which pension costs) | Other personnel costs | Total |
|---|---|---|---|---|
| TEUR | 78 157 | 18 602<br>(3 514) | 2 530 | 99 289 |

**2016**

| **TEUR** | Salaries and remunerations | Social security expenses (of which pension costs) | Other personnel costs | Total |
|---|---|---|---|---|
| TEUR | 72 499 | 17 507<br>(3 195) | 1 872 | 91 878 |

**2017**

| **TEUR** | Salary | *) Benefits and other remunerations | Pension contributions | Total |
|---|---|---|---|---|
| CEO | 448 | 5 | 5 | 458 |
| Other Senior Executives | 1 281 | 219 | 155 | 1 655 |
| **Total** | **1 729** | **224** | **160** | **2 113** |

*) Including fair value from stock option program

**2016**

| **TEUR** | Salary | Benefits and other remunerations | Pension contributions | Total |
|---|---|---|---|---|
| CEO | 413 | 46 | 5 | 464 |
| Other Senior Executives | 1 176 | 59 | 138 | 1 373 |
| **Total** | **1 589** | **105** | **143** | **1 837** |

The Managing Director, Martin Nordin, is entitled to a bonus based on return on total capital for the Fenix Outdoor Group (Income after financial items, plus interest expenses, as a percentage of average total assets - calculated as (Opening balance for the year + Closing balance for the year)/2.

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. For 2017 a bonus of six months' salary, according to the model is proposed. For more information please see compensation report page 50-51.

### MEMBERS SENIOR EXECUTIVES

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Total | of whom men | Total | of whom men |
| **Group (including subsidiaries)** | | | | |
| CEO and other Senior Executives | 8 | 7 | 8 | 7 |

## NOTE 7 OTHER OPERATING INCOME AND EXPENSES

| **TEUR** | **2017** | **2016** |
|---|---|---|
| **OTHER OPERATION INCOME** | | |
| Royalty and licensing income | - | 114 |
| Franchise income | 106 | 107 |
| Marketing contribution | 4 677 | 4 734 |
| Other | 7 926 | 5 029 |
| **Total** | **12 709** | **9 984** |

| **OTHER OPERATION EXPENSES** | **2017** | **2016** |
|---|---|---|
| Exchange rate differences | -229 | -66 |
| Other | -427 | -1 635 |
| **Total** | -656 | -1 701 *) |

*) Mainly restructuring costs Globetrotter

## NOTE 8 OPERATING LEASE AGREEMENTS

The majority of the operating lease agreements below are rents for retail premises which are considered operating leases. Nominal value of agreed-upon future lease payments are distributed as follows. The lease expenses for 2017 amounted to TEUR 23 071 (17 697).

### OPERATING LEASE AGREEMENTS

| TEUR | **2017** |
|---|---|
| Due for payment in 2018 | 25 289 |
| Due for payment in 2019 | 22 694 |
| Due for payment in 2020 | 18 482 |
| Due for payment in 2021 or later | 75 735 |
| **Total** | **142 200** |

| TEUR | **2016** |
|---|---|
| Due for payment in 2017 | 21 927 |
| Due for payment in 2018 | 20 124 |
| Due for payment in 2019 | 18 770 |
| Due for payment in 2020 or later | 78 640 |
| **Total** | **139 461** |

## NOTE 9 FINANCIAL INCOME AND EXPENSES AND RESULT FROM ASSOCIATED COMPANIES AND JOINT VENTURES

| TEUR | 2017 | 2016 |
|---|---|---|
| **Profit/loss from participations in other companies** | | |
| Results from associated companies and joint ventures | 2 130 | 1 260 |
| Other | 84 | - |
| **Total** | **2 214** | **1 260** |
| Interest income | 430 | 68 |
| **Total financial income** | **430** | **68** |
| **FINANCIAL EXPENSES** | | |
| Interest expenses | -2 442 | -1 683 |
| Exchange rate differences | -643 | -244 |
| Other financial expenses | -58 | -102 |
| **Total financial expenses** | **-3 143** | **-2 029** |

## NOTE 10 TAX

| TEUR | 2017 | 2016 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the year | –19 502 | –15 098 |
| Adjustments in respect of prior years | 172 | 167 |
| **Total current tax** | **–19 330** | **–14 931** |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 241 | 4 529 |
| Impact of change in the local tax rate | –2 466 | – |
| **Total deferred tax** | **–2 225** | **4 529** |
| **Income tax expense** | **–21 555** | **–10 402** |

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:

| TEUR | 2017 | 2016 |
|---|---|---|
| **Profit before tax** | **82 228** | **58 558** |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | –20 459 | –13 315 |
| Tax effects of: | | |
| – Income not subject to tax | 871 | 1 412 |
| – Expenses not deductible for tax purposes | –1 457 | –1 224 |
| – Utilisation of previously unrecognised tax losses | 302 | 2 499 |
| – Tax losses for which no deferred income tax assets were recognised | 1 377 | - |
| Re-measurement of deferred tax – change in local tax rate | –2 466 | - |
| Exchange rate difference in untaxed reserves | –20 | 59 |
| Adjustment in respect of prior years | 172 | 167 |
| **Tax charge** | **–21 555** | **–10 402** |

The effective tax rate was 26,2 % (17,5 %) due to additional tax costs in Germany and USA. The re-measurment of deferred tax for change in local tax rate relate to the changed tax rate in USA.

| Deferred tax assets, TEUR | 2017 | 2016 |
|---|---|---|
| Difference between book value and tax value of assets | 341 | 187 |
| Temporary differences regarding inventories | 2 450 | 1 619 |
| Loss carry-forwards | 10 617 | 13 722 |
| **Reported deferred tax assets** | **13 408** | **15 528** |

| Deferred tax liabilities, TEUR | 2017 | 2016 |
|---|---|---|
| Temporary differences regarding untaxed reserves | 7 971 | 6 531 |
| Difference between book value and tax value of assets | 22 | 464 |
| **Reported deferred tax liabilities** | **7 993** | **6 995** |

## NOTE 11 INTANGIBLE FIXED ASSETS

| Capitalised expenditure for computer software, TEUR | 2017 | 2016 |
|---|---|---|
| Opening acquisition cost | 12 276 | 11 489 |
| Expenditure capitalised during the year | 1 212 | 798 |
| Sales and disposals | -240 | 0 |
| Reclassifications | -466 | 286 |
| Translation differences | -272 | -297 |
| **Closing acquisition cost** | **12 510** | **12 276** |
| | | |
| Opening amortisation | -7 649 | -6 208 |
| Amortisation for the year | -1 942 | -1 638 |
| Sales and disposals | 240 | - |
| Reclassifications | 304 | -8 |
| Translation differences | 221 | 205 |
| **Closing amortisation** | **-8 826** | **-7 649** |

| Installation in progress | 2017 | 2016 |
|---|---|---|
| Purchases Installation in progress | 5 067 | - |
| Reclassifications | 1 567 | - |
| **Closing acquisition cost** | **6 634** | **-** |
| **Closing balance** | **10 318** | **4 627** |

| Trademarks | 2017 | 2016 |
|---|---|---|
| Opening acquisition cost | 9 894 | 9 886 |
| Purchase acquisition cost subsidiary | 3 | - |
| Sales and disposals | -175 | - |
| Translation differences | -132 | 8 |
| **Closing acquisition cost** | **9 590** | **9 894** |
| | | |
| Opening amortisation | -7 935 | -7 523 |
| Amortisation for the year | -416 | -418 |
| Sales and disposals | 175 | - |
| Translation differences | 74 | 6 |
| **Closing amortisation** | **-8 102** | **-7 935** |
| **Closing balance** | **1 488** | **1 959** |

| Rental rights | 2017 | 2016 |
|---|---|---|
| Opening acquisition cost | 409 | 435 |
| Purchases | 98 | - |
| Purchase acquisition cost subsidiary | 121 | - |
| Sales and disposals | -40 | - |
| Reclassifications | 3 626 | -10 |
| Translation differences | -6 | -16 |
| **Closing acquisition cost** | **4 208** | **409** |
| | | |
| Opening amortisation | -335 | -340 |
| Amortisation for the year | -555 | -17 |
| Sales and disposals | 40 | - |
| Reclassifications | -2 579 | 10 |
| Translation differences | 10 | 12 |
| **Closing amortisation** | **-3 419** | **-335** |
| **Closing balance** | **789** | **75** |

| Goodwill | 2017 | 2016 |
|---|---|---|
| Opening acquisition cost | 13 805 | 14 059 |
| Purchases | 5 315 | - |
| Translation differences | -229 | -254 |
| **Closing acquisition cost** | **18 891** | **13 805** |
| | | |
| Opening write-downs | -2 446 | -2 449 |
| Translation differences | 3 | 3 |
| **Closing amortisation** | **-2 443** | **-2 446** |
| **Closing balance** | **16 448** | **11 359** |
| | | |
| **Total intangible fixed assets** | **29 043** | **18 019** |

### SPECIFICATION OF GOODWILL

| | 2017 | 2016 |
|---|---|---|
| Brands | 4 612 | 4 761 |
| Frilufts | 8 694 | 4 099 |
| Global sales | 3 142 | 2 499 |
| **Book value** | **16 448** | **11 359** |

Goodwill is divided between the Group's cash generating units identified per segment and trademark. 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 amortised 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 purchase of Alpen International Co Ltd and Friluftsland A/S, (note 30). The value of the Group's goodwill is tested 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. 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 pre-tax rate used for 2017 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, TEUR** | **2017** | **2016** |
|---|---|---|
| Opening acquisition cost | 12 543 | 11 206 |
| Purchases | 731 | 804 |
| Sales and disposals | -125 | -370 |
| Reclassifications | 293 | 943 |
| Translation differences | -68 | -39 |
| **Closing acquisition cost** | **13 374** | **12 543** |
| | | |
| Opening depreciation | -4 110 | -3 628 |
| Amortisation for the year | -1 585 | -709 |
| Sales and disposals | 54 | 363 |
| Reclassifications | - | -219 |
| Translation differences | 265 | 83 |
| **Closing depreciation** | **-5 376** | **-4 110** |
| | | |
| **Closing balance** | **7 998** | **8 433** |

| **Cost of leasehold improvements** | **2017** | **2016** |
|---|---|---|
| Opening acquisition cost | 44 875 | 45 651 |
| Purchases | 2 976 | 2 635 |
| Purchase through acquisition of subsidiary | 726 | - |
| Sales and disposals | -449 | -3 274 |
| Reclassifications | 737 | -327 |
| Translation differences | -736 | 190 |
| **Closing acquisition cost** | **48 129** | **44 875** |
| | | |
| Opening depreciation | -25 710 | -23 936 |
| Depreciation for the year | -4 875 | -4 335 |
| Sales and disposals | 301 | 2 717 |
| Reclassifications | -102 | - |
| Translation differences | 40 | -156 |
| **Closing depreciation** | **-30 346** | **-25 710** |
| | | |
| **Closing balance** | **17 783** | **19 165** |

| **Equipment, tools, fixtures and fittings** | **2017** | **2016** |
|---|---|---|
| Opening acquisition cost | 36 273 | 36 822 |
| Purchases | 3 582 | 4 504 |
| Purchase through acquisition of subsidiary | 117 | - |
| Sales and disposals | -2 965 | -5 574 |
| Reclassifications | -3 321 | 726 |
| Translation differences | -454 | -205 |
| **Closing acquisition cost** | **33 232** | **36 273** |
| | | |
| Opening depreciation | -24 180 | -23 669 |
| Depreciation for the year | -3 309 | -5 882 |
| Sales and disposals | 2 538 | 5 249 |
| Reclassifications | 2 326 | - |
| Translation differences | 320 | 122 |
| **Closing depreciation** | **-22 305** | **-24 180** |
| | | |
| **Closing balance** | **10 927** | **12 093** |

| **Constructions in progress** | **2017** | **2016** |
|---|---|---|
| Opening aquisition cost | 1 979 | 827 |
| Purchases | 16 030 | 3 061 |
| Sales and disposals | -5 | - |
| Reclassifications | -2 385 | -1 894 |
| Translation differences | -77 | -15 |
| **Closing balance** | **15 542** | **1 979** |
| | | |
| **Total tangible fixed assets** | **52 250** | **41 670** |

## NOTE 13 OTHER FINANCIAL ASSETS

| **Other non-current financial assets, TEUR** | **2017** | **2016** |
|---|---|---|
| Opening acquisition cost | 100 | 100 |
| Closing acquisition cost | 100 | 100 |

The main investments are in Bauminvest GmbH & Co KG. Primus Iwatani Corp and PKL Ltd, owned by Primus AB

| **Other non-current receivables** | **2017** | **2016** |
|---|---|---|
| Other non-current receivables | 1 014 | 1 437 |
| Closing acquisition cost | 1 014 | 1 437 |

| **Participations in associated companies and joint ventures** | **2017** | **2016** |
|---|---|---|
| At beginning of the year | 2 638 | 1 776 |
| Result from associated companies and joint ventures | 2 130 | 1 260 |
| Dividends from associated companies | - | -66 |
| Translation difference | -18 | -332 |
| At year-end | 4 750 | 2 638 |

| | **Country** | **Participating interest** |
|---|---|---|
| Jiang Su Fenix | China | 50% |
| Elkline GmbH | Germany | 33% |

## NOTE 14 PARTICIPATIONS IN SUBSIDIARIES

| Subsidiary | Corporate Identity Number | Registered offices | Number of shares | Share of equity | Book value in Parent Company, TEUR |
|---|---|---|---|---|---|
| **Ronmar AG** | CHE-364.759.885 | Zug | 100 | 100% | 92 |
| **Alpen International Co Ltd** | 220-88-25317 | Seoul | 210 285 | 75% | 3 000 |
| **Fenix Outdoor Brand Retail AG** | CHE-115.678.335 | Zug | 100 | 100% | 92 |
| **Fenix Outdoor R&D and CSR AG** | CHE-145.043.963 | Luzern | 100 | 100% | 368 |
| **Fenix Outdoor AB** | 556110-6310 | Örnsköldsvik | 13 273 731 | 100% | 517 375 |
| **Fjällräven Sverige AB** | 556413-5548 | Örnsköldsvik | 100 | 100% | — |
| **Fjällräven GmbH** | HRB56169 | Munich | 450 | 100% | — |
| **Hanwag GmbH** | HRB153419 | Vierkirchen | 1 | 100% | — |
| **Hanwag Sales GmbH** | GRB220690 | Vierkirchen | 1 | 100% | — |
| **Progress Kft** | 09-09-000101 | Kinizsi | 1 | 100% | — |
| **Fenix Eastern Europe** | HRB182742 | Vierkirchen | 1 | 100% | — |
| HW Media GmbH & Co. KG | HRA91095 | Vierkirchen | — | 100% | — |
| **Fenix Outdoor Norge A/S** | 920 417 280 | Lillehammer | 100 | 100% | — |
| **Fenix Outdoor Import AS** | 916 145 578 | Lillehammer | 100 | 100% | — |
| **Fenix Outdoor s.r.o** | 06484212 | Prague | | 100% | — |
| Fjällräven Trapper AB | 556080-3362 | Örnsköldsvik | 6 080 | 100% | — |
| **Tierra Products AB** | 556095-1526 | Örnsköldsvik | 1 010 | 100% | — |
| **Fenix Outdoor Danmark ApS** | 25894383 | Århus | 1 | 100% | — |
| **Fjällräven B.V.** | 6200850 | Almere | 140 | 100% | — |
| **Fenix Outdoor Benelux BV** | | Almere | | 100% | — |
| Fjällräven AB | 556605-9795 | Örnsköldsvik | 1 000 | 100% | — |
| Turima Jakt AB | 556018-8392 | Örnsköldsvik | 800 | 100% | — |
| AB Raven Incorporate (Inc) | 556603-5662 | Örnsköldsvik | 1 000 | 100% | — |
| Friluftsbolaget Ekelund & Sagner AB | 556543-0229 | Örnsköldsvik | 1 294 000 | 100% | — |
| **Fenix Outdoor Finland Oy** | 1068339-4 | Helsinki | 100 | 100% | — |
| **Primus AB** | 556152-5766 | Örnsköldsvik | 1 000 | 100% | — |
| **Primus Eesti OÜ** | 10848501 | Tartu | 1 | 100% | — |
| **Fjällräven International AB** | 556725-7471 | Örnsköldsvik | 1 000 | 100% | — |
| Fenix Outdoor Italia s.r.l | REA187336 | | — | 100% | — |
| **Rosker Ltd** | 2091967 | Gosport | 10 000 | 100% | — |
| **Fjällräven Canada Retail Inc** | BC0997845 | British Columbia | 100 | 100% | — |
| **Fjällräven USA Llc** | 27-0611578 | NY | 1 | 100% | — |
| **Fenix USA Retail US** | 38-3937088 | Denver | | 100% | — |
| **Bus Sport AG** | CH-320.3.032.659-8 | Buchs | 100 | 100% | — |
| **Brunton Inc.** | 27-1437119 | Denver | 1 | 100% | — |
| **Fenix Outdoor Import LLC** | 27-2473714 | Riverton | — | 100% | — |
| **Fjällräven Center B.V.** | 34127188 | Amsterdam | 40 | 100% | — |
| **Fenix Outdoor Logistics GmbH** | | Vierkirchen | | 100% | — |
| **Fenix Outdoor Austria Italy GmbH** | FN387475t | Innsbruck | 1 | 100% | — |
| Fenix Outdoor Mono retail AS | 912 893 030 | Lillehammer | 100 | 100% | — |
| **Jiangsu Leader Outdoor Company Limited** | 91321000694454647M | Yangzhou | 1 | 90% | — |
| **Jiangsu Leader Outdoor Technology Development Company Limited** | 91321000694454655G | Yangzhou | 1 | 100% | — |
| Fenix Outdoor Import Asia | 66355568 | Hong Kong | 1 | 100% | — |
| **Fenix Outdoor Asia** | 62384460 | Hong Kong | 1 | 100% | — |
| **Frilufts Retail Europe AB** | 556788-3375 | Örnsköldsvik | 13 250 000 | 100% | 24 731 |
| **Friluftsland A/S** | 76470316 | Copenhagen | 5 000 | 100% | — |
| **Naturkompaniet AB** | 556433-7037 | Örnsköldsvik | 8 835 528 | 100% | — |
| Fiskarnas Redskapshandel AB | 556029-5585 | Stockholm | 5 000 | 100% | — |
| Ljung & Fjäll AB | 556913-3803 | Stockholm | 50 000 | 100% | — |
| Naturkompaniet AS | 912 893 367 | Lillehammer | 100 | 100% | — |
| **Partioaitta Oy** | 0201830-0 | Helsinki | 94 285 | 100% | — |
| **Globetrotter GmbH** | HRB23422 | Hamburg | 38 | 100% | — |
| **Globetrotter Academie GmbH** | HRB13414KI | Ascheffel | 3 | 94% | — |
| Outlet-Outdoor.com GmbH | | | | 100% | — |
| | | | | | 545 658 |

*Operating companies marked in bold.*

## NOTE 15 INVENTORIES

| TEUR | 2017 | 2016 |
|---|---|---|
| Goods for resale | 117 493 | 108 573 |
| Raw materials | 13 047 | 10 369 |
| Advance payments to suppliers | 2 201 | 2 167 |
| **Total** | **132 741** | **121 109** |

Write-downs have reduced the book value in the Group in an amount of TEUR 7 099 (TEUR 7 434).

## NOTE 16 ACCOUNTS RECEIVABLE, OTHER RECEIVABLES

| TEUR | 2017 | 2016 |
|---|---|---|
| **Accounts receivable - trade** | | |
| Not yet due | 24 797 | 20 249 |
| Overdue | | |
| 0-30 days | 3 640 | 5 411 |
| 31-60 days | 1 457 | 1 405 |
| 61-90 days | 787 | 870 |
| More than 90 days | 1 306 | 760 |
| Written-down amount | -1 993 | -1 316 |
| **Total** | **29 994** | **27 379** |
| | | |
| Tax receivables | 2 449 | 3 085 |
| Other receivables | 7 334 | 9 444 |
| **Total** | **39 777** | **39 908** |

## NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

**2017, TEUR**

| Assets in the balance sheet | Loans and receivables | Financial assets at fair value through profit or loss | Total assets 2017 |
|---|---|---|---|
| Derivatives instruments *) | | 101 | 101 |
| Account receivable | 29 994 | | 29 994 |
| Cash and cash equivalents | 93 736 | | 93 736 |
| **Total** | **123 730** | **101** | **123 831** |

| Liabilities in the balance sheet | Other financial liabilities | Financial liabilites at fair value through profit or loss | Total liabilities 2017 |
|---|---|---|---|
| Derivatives instruments *) | | 1 797 | 1 797 |
| Account payable-trade | 19 753 | | 19 753 |
| Non-current interest bearing liabilities | 1 850 | | 1 850 |
| Current interest bearing liabilities | 50 658 | | 50 658 |
| **Total** | **72 261** | **1 797** | **74 058** |

**2016, TEUR**

| Assets in the balance sheet | Loans and receivables | Financial assets at fair value through profit or loss | Total assets 2016 |
|---|---|---|---|
| Derivatives intstruments *) | | 2 063 | 2 063 |
| Account receivable | 27 379 | | 27 379 |
| Cash and cash equivalents | 76 774 | | 76 774 |
| **Total** | **104 153** | **2 063** | **106 216** |

| Liabilities in the balance sheet | Other financial liabilities | Financial liabilites at fair value through profit or loss | Total liabilities 2016 |
|---|---|---|---|
| Account payable-trade | 20 284 | | 20 284 |
| Current interest bearing liabilities | 52 195 | | 52 195 |
| **Total** | **72 479** | **-** | **72 479** |

*)The derivatives position is a value calculated using a discounted cash flow method based on observable data (level 2 fair value hierarchy). Level 2: Fair values determined on the basis of observable market data. The data takes account of either quoted prices in inactive markets or prices that are not quoted. Furthermore, such fair values can also be derived indirectly from prices.

## NOTE 18 HEDGE ACCOUNTING

**Foreign Exchange Risk**
The Group hedges the major part of its committed and signed purchase orders for goods to be paid in USD within the coming 12 months 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 is reflecting the difference in value between the agreed forward rate and the market rate of a equal forward as per the closing day, 31 Dec 2017.

The fair value changes of the forwards, designated as hedges, are recorded in other comprehensive income. The forwards rates are used to account goods 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 (excluding accrued interests) are recorded in other comprehensive income as a hedge position.

| Net outstanding forward agreements | 2017 | 2016 |
|---|---|---|
| **FX Forwards per balance date** | | |
| Purchased TUSD | 43 500 | 27 000 |
| Sold TEUR | 37 475 | 23 223 |
| Rate | 1,1610 | 1,1630 |
| Purchased TUSD | 1 500 | 3 000 |
| Sold TNOK | 12 736 | 24 716 |
| Rate | 8,4910 | 8,2390 |
| **Interest Swap** | | |
| Taken Long term TUSD due 2020-03-19 | 15 000 | 15 000 |
| Given short term TUSD 3 months | 15 000 | 15 000 |
| Taken Long term TEUR due 2020-03-19 | | 10 000 |
| Given short term TEUR 3 months | | 10 000 |

The market value of outstanding forward agreements per 31 Dec 2017 TEUR – 1 556 (2 219), is reported in full as a change in the hedging reserve under Equity. The market value of the interest swap agreements per 31 Dec 2017, TEUR 101 (-156), is also reported in full as a change in the hedging reserve under Equity.

## NOTE19 PREPAID EXPENSES AND ACCRUED INCOME

| TEUR | 2017 | 2016 |
|---|---|---|
| Advertising expenses | 312 | 409 |
| Licensing income | 70 | 163 |
| Rental Charges | 2 244 | 2 183 |
| Insurance premiums | 220 | 405 |
| Other items | 2 074 | 1 648 |
| **Total** | **4 920** | **4 808** |

## NOTE 20 PENSION COMMITMENTS

| TEUR | 2017 | 2016 |
|---|---|---|
| Pension commitments in funds | 988 | 604 |
| **Total** | **988** | **604** |

Within the group there are both defined contribution and defined benefit pension plans. For defined contribution plans and for occupational pension plans with Alecta in Sweden the premiums referring to the year are reported as the year´s expenses. The extent of defined benefit plans in the Group located in Germany, Switzerland and Norway is very limited and hence no detailed disclosure in line with IAS 19 is made.

## NOTE 21 OTHER PROVISIONS

| Other non-current provisions, TEUR | 2017 | 2016 |
|---|---|---|
| *Warranty provision* | | |
| Opening balance | 247 | 247 |
| **Total** | **247** | **247** |
| *Other provisions* | | |
| Opening balances | 1 665 | 993 |
| Additional provisions | 1 266 | - |
| Used other provisions | -60 | - |
| Changes in provisions during the year | 1 646 | 672 |
| **Total** | **4 517** | **1 665** |
| **Total Other Provisions** | **4 764** | **1 912** |

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. The major increase relates to restructuring activites and cash outflow is expected before end 2020.

## NOTE 22 INTEREST-BEARING LIABILITIES

| TEUR | 2017 | 2016 |
|---|---|---|
| **Long term liabilities** | | |
| Liabilities to credit institutions | 1 850 | - |
| **Total** | **1 850** | **-** |
| **Short term liabilities** | | |
| Liabilities to credit institutions | 50 658 | 52 195 |
| **Total** | **50 658** | **52 195** |
| **Total interest-bearing liabilities** | **52 508** | **52 195** |

Unutilized bank overdraft facilities in the Group amount to TEUR 14 069 (TEUR 12 337).

| Maturity structure for interest bearing liabilties | 2017 | 2016 |
|---|---|---|
| 1-5 Years | 1 850 | 864 |
| 1-12 months | 50 658 | 52 195 |

The liabilities have an average fixed interest term of 1,5 years, including effects from swap arrangements 53,8 % (55 %) of the liabilities are in EUR.

**Changes in liabilities arising from financing activites**

| TEUR | 2017 |
|---|---|
| Opening balance | 52 195 |
| Cash flow | |
| Borrowings | 10 208 |
| Repaiment of loan | -13 478 |
| Foreign exchange movements | 1 733 |
| Loan in purchased company | 1 850 |
| **Closing balance** | **52 508** |

## NOTE 23 SHORT TERM LIABILITIES

| TEUR | 2017 | 2016 |
|---|---|---|
| Accounts payable trade | 19 753 | 20 284 |
| Advance payments from customers | 2 508 | 2 024 |
| Other liabilities | 17 296 | 14 068 |
| **Total** | **39 557** | **36 376** |
| Account payable not yet due | 13 349 | 12 247 |
| Overdue 0-90 days | 6 244 | 7 591 |
| Overdue more than 90 days | 160 | 446 |
| **Total** | **19 753** | **20 284** |

## NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

| TEUR | 2017 | 2016 |
|---|---|---|
| Holiday pay and salary liabilities | 8 889 | 7 310 |
| Accrued social security contributions | 1 666 | 1 385 |
| Other items | 15 127 | 13 825 |
| **Total** | **25 682** | **22 520** |

Other items consist essentially of events, bonus, commissions and outstanding invoices.

## NOTE 25 PLEDGED ASSETS

| TEUR | 2017 | 2016 |
|---|---|---|
| **For own liabilities** | | |
| Chattels, as corporate mortgages | 34 734 | 37 518 |
| Cash | 58 | 58 |
| Land and Buildings, as property mortgages | 1 026 | 1 057 |
| **Total** | **35 818** | **38 633** |

## NOTE 26 CONTINGENT LIABILITIES

| TEUR | 2017 | 2016 |
|---|---|---|
| Other contingent liabilities | 4 332 | 5 662 |
| **Total** | **4 332** | **5 662** |

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

## NOTE 27 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

| TEUR | 2017 | 2016 |
|---|---|---|
| For own liabilities | | |
| Change in other provisions | 2 852 | 539 |
| Result associated companies and joint ventures | –2 130 | –1 260 |
| Other items not affecting cash flow | –4 738 | 1 104 |
| **Total** | **–4 016** | **383** |

## NOTE 28 ACQUISITION OF TANGIBLE FIXED ASSETS

All investments made in the Group and the Parent Company affect cash flow. No material acquisitions have been financed through leasing or installment plans.

## NOTE 29 TRANSACTIONS WITH RELATED PARTIES

### DISCLOSURE REGARDING RELATED PARTIES WITH CONTROLLING INFLUENCE

The majority shareholder, the Nordin family, controls approximately 85,2 % of the voting rights for the Company's shares. Martin Nordin, of the Nordin family, is the Managing Director and has received salary, remuneration and benefits amounting to TEUR 453 (461). Regular pension insurance premiums have been paid, amounting to a total of TEUR 5 (29). Further disclosures of remunerations to the CEO, Martin Nordin, are presented in Note 6.

### PURCHASES OF GOODS AND SERVICES FROM RELATED PARTIES

| TEUR | 2017 | 2016 |
|---|---|---|
| *Purchases of services:* | | |
| DalSam Security AB (controlled by Susanne Nordin 2016) | — | 115 |
| Nidmar Invest AB (controlled by Susanne Nordin) | — | 1 |
| Consilo AB (controlled by Ulf Gustafsson) | 72 | 179 |
| **Total** | **72** | **295** |

### OPERATING RECEIVABLES/LIABILITIES ATTRIBUTABLE TO RELATED PARTIES

| TEUR | 2017 | 2016 |
|---|---|---|
| *Liabilities to related parties:* | | |
| Nidmar Invest AB (controlled by Susanne Nordin) | — | 42 |
| **Total** | **—** | **42** |

## NOTE 30 MAJOR EVENTS DURING THE PERIOD

**Employee options**

At an extraordinary shareholders meeting on June 3rd, 2016, Fenix Outdoor International AG changed its articles of association to enable the Board of the company to issue employee stock options to Senior executives. On February 14th, 2017, the Board of Directors granted 7,400 options to the Group's Senior executives, CEO exempted, where each option gave the right to acquire one share in the company. The exercise price was set at 600 SEK and the exercise period ran from February 14th to June 14th, 2017. The fair value of each option was determined using a binomial option pricing model and amounted to EUR 24 (SEK 230), resulting in a total grant date fair value of the award of TEUR 179, recognised within personnel expenses and a corresponding increase in other contributed capital.

A total of 6,200 options were exercised, resulting in cash proceeds of TEUR 391. 1,200 options expired at the end of the exercise period.

**Acquisitions**

| In 2017, the following companies were acquired | Country | Segment | Share |
|---|---|---|---|
| Alpen International Co. Ltd | South Korea | Global sales | 75%, of shares and votes |
| BusSport AG | Switzerland | Global sales | 29 % (up to 100 %) |
| Friluftsland A/S | Denmark | Frilufts | 100%, of shares and votes |

**Bus Sport AG**

In June, 2017, Fenix Outdoor AB acquired the remaining shares of Bus Sport AG. Bus Sport AG has been within the Group for seven years and is now 100 % owned by Fenix Outdoor AB. The purchase price paid was TCHF 1 390 and the non-controlling interest was eliminated in the Group.

**Alpen International Co., Ltd**

On May 31, 2017, Fenix Outdoor International AG acquired a 75% ownership in its South Korean distributor, Alpen International Co., Ltd., through the issuance of new shares in Alpen International Co., Ltd for a total of MEUR 2,67. As the cash was transferred to the new subsidiary this represents a non-cash transaction from the group's perspective. Cash acquired amounts to TEUR 14.

The agreement 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 has been recognized as long-term liability for the amount of TEUR 656 and the non-controlling interests have been derecognized. The position will be valued at each quarter closing until the options are due or used. Future changes in the put option liability will be recognized in equity. No adjustment was necessary at December 31, 2017.

**Friluftsland A/S**

As per October 2, Frilufts Retail Europe AB acquired 100 % of the Danish outdoor retailer Friluftsland AS. The purchase price paid in cash was MEUR 6,1 (MDKK 46) and a contingent consideration liability at fair value of MEUR 0,4 was recognised. The amount is payable in 2018.

The two new acquisitions increased the consolidated tangible assets with TEUR 843, mostly consisting of fixture and fittings in shops, and the consolidated Goodwill with TEUR 5 315. The recognized goodwill is primarily attributed to the expected synergies and other benefits from combining activites of those of Fenix.

| TEUR | Alpen International Co., Ltd | Friluftsland A/S |
|---|---|---|
| **Assets** | | |
| Intangible fixed assets | 9 | 121 |
| Tangible fixed assets | 601 | 242 |
| Financial assets | 191 | - |
| **Total fixed assets** | **801** | **363** |
| Inventories | 4 220 | 3 769 |
| Short terms receivables | 1 005 | 741 |
| Cash and cash equivalents | 14 | 106 |
| Total current assets | 5 239 | 4 616 |
| **Total assets** | **6 040** | **4 979** |
| **Liabilites** | | |
| Interest bearing liabilities | 1 594 | - |
| **Total non-current liabilities** | **1 594** | **-** |
| Interest bearing liabilities | 1 208 | 1 215 |
| Other current liabilities | 3 298 | 1 814 |
| **Total current liabilities** | **4 506** | **3 029** |
| **Total Liabilities** | **6 100** | **3 029** |
| Non-controlling interest, derecognized | 656 | - |
| **Goodwill arising on acquisition** | **716** | **4 599** |

## NOTE 31 EVENTS AFTER THE REPORTING PERIOD

No major events after the reporting period.

# BOARD APPROVAL

The consolidated financial statements were approved for publication by the Board of Directors of Fenix Outdoor International AG on March 23rd, 2018, and will be presented to the Annual General Meeting for approval on April 25th, 2018

| | | |
|---|---|---|
| Sven Stork | Martin Nordin | Mats Olsson |
| Susanne Nordin | Ulf Gustafsson | Sebastian von Wallwitz |

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

## OPINION

We have audited the 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 2017 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 26 to 41) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

## BASIS FOR OPINION

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

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

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

## KEY AUDIT MATTERS

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

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

## VALUATION AND EXISTENCE OF INVENTORY

### Area of focus

The Fenix Group develops and markets outdoor products. The inventory balance represents 35.7% of the Group's total assets and 57.5% of the Group's total equity as at 31 December 2017. 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.

## 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 considered the Group's transfer pricing concept, changes thereto and the corresponding documentation. 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.

## 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, the 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/audit-report-for-public-companies. This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

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

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

March 23rd 2018

Ernst & Young Ltd

| | |
|---|---|
| André Schaub<br>Licensed audit expert<br>(Auditor in charge) | Annika Joseph<br>Licensed audit expert |

# PROFIT AND LOSS STATEMENT, PARENT COMPANY

| | TCHF 2017 | TEUR 2017 | TCHF 2016 | TEUR 2016 |
|---|---|---|---|---|
| Dividend income from investments | 52 394 | 46 961 | - | - |
| Interest income group loans | 106 | 95 | 51 | 47 |
| Interest income banks | 5 | 4 | - | - |
| Other income | - | - | 39 | 36 |
| **Total income** | **52 505** | **47 060** | **91** | **83** |
| | | | | |
| Interest expenses bank loans | –137 | –122 | –182 | –167 |
| Interest expenses group loans | –103 | –92 | –752 | –689 |
| Costs for own shares | –27 | –24 | –302 | –277 |
| Currency gain | 337 | 302 | 313 | 287 |
| Currency loss | –644 | –577 | –339 | –311 |
| Bank charges | –6 | –5 | –4 | –4 |
| **Operating result** | **51 925** | **46 542** | **–1 176** | **–1 078** |
| | | | | |
| Personnel expenses | –992 | –889 | –779 | –715 |
| Group services | –1 582 | –1 419 | –2 592 | –2 378 |
| Other operating expenses | –744 | –668 | –714 | –655 |
| Marketing expenses | –857 | –769 | –337 | –309 |
| Depreciation property, plant and equipment | –17 | –14 | –14 | –13 |
| Capital gains on sale of machinery and equipment | - | - | 5 | 5 |
| **Result before tax** | **47 733** | **42 783** | **–5 607** | **–5 143** |
| | | | | |
| Direct taxes | –17 | –15 | –16 | –15 |
| | | | | |
| **Net profit of the year** | **47 716** | **42 768** | **–5 623** | **–5 158** |

# BALANCE SHEET, PARENT COMPANY

| ASSETS | | 31-12-2017 TCHF | 31-12-2017 TEUR | 31-12-2016 TCHF | 31-12-2016 TEUR |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash at bank | | 998 | 853 | 3 533 | 3 296 |
| Other receivables | | 354 | 302 | 29 | 27 |
| *– third parties* | *33* | | | | |
| *– shareholders* | *321* | | | | |
| Short-term interest bearing receivables | | 20 097 | 17 175 | | |
| *– group companies* | *20 097* | | | | |
| Accrued income and prepaid expenses | | - | - | 89 | 83 |
| **TOTAL CURRENT ASSETS** | | **21 449** | **18 330** | **3 651** | **3 406** |
| | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Financial assets | | 22 | 18 | 21 | 20 |
| *– bank deposits* | *22* | | | | |
| Investments | | 595 028 | 545 658 | 591 728 | 542 658 |
| Property, plant and equipment | | 39 | 34 | 51 | 47 |
| **TOTAL NON-CURRENT ASSETS** | | **595 089** | **545 710** | **591 800** | **542 725** |
| | | | | | |
| **TOTAL ASSETS** | | **616 538** | **564 040** | **595 451** | **546 131** |

# BALANCE SHEET, PARENT COMPANY

| LIABILTIES AND SHAREHOLDERS' EQUITY | | 31-12-2017 TCHF | 31-12-2017 TEUR | 31-12-2016 TCHF | 31-12-2016 TEUR |
|---|---|---|---|---|---|
| **SHORT-TERM LIABILITIES** | | | | | |
| Trade payables | | - | - | 2 326 | 2 170 |
| Short-term interest bearing liabilities | | 9 505 | 8 123 | 21 671 | 20 216 |
| *– third parties* | | | | | |
| *– group companies* | *9 505* | | | | |
| Other short-term liabilities | | 215 | 190 | 26 | 24 |
| Accrued expenses and deferred income | | 334 | 286 | 332 | 310 |
| *– third parties* | *84* | | | | |
| *– shareholders* | *250* | | | | |
| **TOTAL SHORT-TERM LIABILITIES** | | **10 054** | **8 599** | **24 355** | **22 720** |
| **LONG-TERM LIABILITIES** | | | | | |
| Long-term interest bearing liabilities | | - | - | - | - |
| **TOTAL LONG-TERM LIABILITIES** | | **-** | **-** | **-** | **-** |
| **TOTAL LIABILITIES** | | **10 054** | **8 599** | **24 355** | **22 720** |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | | 13 460 | 12 378 | 13 460 | 12 378 |
| Own shares | | -429 | -399 | -825 | -769 |
| Legal capital reserves | | 491 000 | 451 533 | 503 030 | 462 642 |
| *– reserves from capital contributions* | *461 001* | | | | |
| *– other capital reserves* | *29 999* | | | | |
| General legal profit reserves | | 2 692 | 2 476 | 2 692 | 2 476 |
| Voluntary profit reserves | | 100 108 | 90 962 | 52 392 | 48 194 |
| *– retained earnings* | *52 392* | | | | |
| *– net profit of the year* | *47 716* | | | | |
| Currency translation adjustments | | –347 | –1 509 | 347 | –1 509 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **606 484** | **555 441** | **571 095** | **523 411** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **616 538** | **564 040** | **595 451** | **546 131** |

# PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

| | TCHF 31.12.2017 | TEUR 31.12.2017 | TCHF 31.12.2016 | TEUR 31.12.2016 |
|---|---|---|---|---|
| **RETAINED EARNINGS** | | | | |
| **Profit reserves at the beginning of the period** | **52 392** | **48 194** | **58 015** | **53 352** |
| Net profit of the year | 47 716 | 42 768 | –5 623 | -5 158 |
| Profit reserves at the end of the period | 100 108 | 90 962 | 52 392 | 48 194 |
| Allocation to the general legal profit reserves | - | - | - | - |
| **Profit to be carried forward** | **100 108** | **90 962** | **52 392** | **48 194** |
| **PROPOSAL OF THE APPROPRIATION:** | | | | |
| **Capital contribution reserves** | **461 001** | **423 946** | **473 031** | **435 054** |
| Other movements | - | - | 25 | 24 |
| Capital contributions * | - | - | - | - |
| Dividends * | -15 493 | -13 674 | -12 055 | -11 132 |
| **Capital contribution reserves** | **445 508** | **410 272** | **461 001** | **423 946** |

* The capital contribution in CHF and EUR are only preliminary. The board of directors propose to distribute a dividend of SEK 1,0 per A-shares and SEK 10,0 per B-shares. As per due date of the dividend payment, SEK dividend will be converted into EUR and CHF.

# 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 26-41. All amounts are presented in '000 EUR if not otherwise stated.

### 1.1 INVESTMENTS
Shares 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 recognized when the right to receive dividends is established. Interest income is recognized on an accrual basis. Other income is recognized on an accrual basis.

### 1.3 EXPENSES
Total operating expenses comprises of interest on financial liabilities and exchange rate gains and losses. The administrative expenses mainly comprise of expenses on infrastructure, personnel costs, consulting, purchased group services and other administrative expenses. The expenses are recognized on an accrual basis.

### 1.4 FOREIGN CURRENCY TRANSLATION
This financial statement of the company is presented in Euro (EUR) and Swiss Francs (CHF). The CHF was the company's functional currency until December 31, 2015. As of January 1, 2016 the company changed its functional currency to Euro (EUR). The balances in EUR as of December 31, 2017 were translated to the reporting currency (CHF) using the following exchange rates:

| | EUR/CHF |
|---|---|
| Assets and liabilities except equity and Investments | 0.8545 |
| Profit & loss accounts (average rate) | 0.8963 |
| Investments | Historic rates |
| Equity (historic rates) | |
| Share capital | 0.9196 |
| Legal capital reserves | 0.9197 |
| General legal profit reserves | 0.9196 |
| Voluntary profit reserves | 0.9196 |
| Own shares | 0.9318 |

Transactions in foreign currencies during the period have been converted at the current exchange rates of the transactions using the published daily rates by the Swiss tax authorities. 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.

## 2 Information Balance Sheet and Income Statement

### 2.1 OTHER RECEIVABLES
The position other receivables in the current assets of TEUR 302 comprises of an amount of TEUR 274 towards a shareholder which was settled in January 2018 and third parties of TEUR 28 which are repayable within the next 12 months.

### 2.2 INVESTMENTS IN SUBSIDIARIES
As of December 31, 2017 the company holds the following participations:

| **Participations (direct)** | | | **31.12.2017** | | **31.12.2016** | |
|---|---|---|---|---|---|---|
| **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% | 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 14.

### 2.3 EQUITY

During 2017 the nominal share capital and the legal capital reserves showed the following several transactions:

| Amounts in EUR | Share Capital | Legal capital reserves | General legal profit reserves | Voluntary profit reserves | Own shares | Currency translation adjustments | Total |
|---|---|---|---|---|---|---|---|
| **Balance as per 31.12.2016** | **12 378 150** | **462 641 682** | **2 475 563** | **48 193 899** | **–768 865** | **- 1508 944** | **523 411 485** |
| Dividends * | | –11 120 783 | | | | | –11 120 783 |
| Other movement ** | | 12 310 | | | | | 12 310 |
| Allocation to the reserves | | | | | | | |
| Selling own shares 2017 | | | | | 369 516 | | 369 516 |
| Net profit of the year 2017 | | | | 42 768 447 | | | 42 768 447 |
| **Balance as per 31.12.2017** | **12 378 150** | **451 533 209** | **2 475 563** | **90 962 346** | **–399 349** | **–1 508 944** | **555 440 975** |

* Net dividend; dividend payment of TEUR 11 131 minus dividend on own shares TEUR 10
** Profit on sale own shares

### 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 2017, the company keeps 6700 B-shares at historic price of 595 Swedish Kronor per share.

### 2.5 DIVIDEND INCOME FROM INVESTMENTS

In April 2017, a dividend from Fenix Outdoor AB in the amount of EUR 46 960 650 was distributed to Fenix Outdoor International AG.

### 2.6 FINANCIAL INCOME AND EXPENSES

The currency gain of TEUR 302 and currency loss of TEUR 437 are mainly resulting from 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).

### 2.7 GROUP SERVICES

Group services of TEUR 1 419 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 2 fulltime employees (2016: 2).

### 3.2 LEASING LIABILITIES AND LONG TERM RENTAL CONTRACTS

Fenix Outdoor International AG concluded a long term rental contract which can be cancelled earliest as per March 31, 2020. The rental liability until the end of the contract period amounts to TEUR 113.

### 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 | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Guarantees, contingent liabilities, assets pledged in favour of third parties | 39 392 | 51 119 |
| thereof used | 31 037 | 40 585 |

## 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 53.

### 5.2 SHAREHOLDINGS OF MEMBERS OF THE BOARD OF DIRECTORS AS PER 31.12.2017 (31.12.2016)

| | 2017 | 2016 |
|---|---|---|
| Martin Nordin<br>CEO | 18 300 000 A-shares and 242 568 B-shares | 18 300 000 A-shares and 272 568 B-shares |
| Sven Stork,<br>Chairman of the Board | No shares | No shares |
| Susanne Nordin<br>(Nidmar Invest AB) | 20 000 B-shares | 20 000 B-shares |
| Mats Olsson | No shares | 1 600 B-shares |
| Ulf Gustafsson | No shares | No shares |
| Sebastian von Wallwitz | No shares | No shares |

### 5.3 SHAREHOLDING OF SENIOR EXECUTIVES AS PER 31.12.2017 (31.12.2016)

| | 2017 | 2016 |
|---|---|---|
| Alex Koska,<br>Vice President | 1 000 B-shares | No shares |
| Martin Axelhed,<br>Vice President | 6 500 B-shares | 6 987 B-shares |
| Henrik Hoffman,<br>Vice President | 10 250 B-shares | 9 350 B-shares |
| Thomas Lindberg,<br>CFO | 1 100 B-shares | 600 B-shares |
| Marcel Gerrits | No shares | No shares |
| Nathan Dopp | 1 200 B-shares | No shares |

# REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Fenix Outdoor International AG, which comprise the balance sheet, income statement and notes (pages 44 to 48), for the year ended 31 December 2017.

## BOARD OF DIRECTORS' RESPONSIBILITY

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

## AUDITOR'S RESPONSIBILITY

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

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

## OPINION

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

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

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

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

## 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.

## 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.

March 23rd 2018

Ernst & Young Ltd

| | |
|---|---|
| André Schaub<br>Licensed audit expert<br>(Auditor in charge) | Annika Joseph<br>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 percent of basic annual salary.

## BASIC PRINCIPLES

The disclosed compensation of the Board of Directors and the Senior Executives comprices 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.
- Board of Directors's remuneration are 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. 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 2017 is subsequently confirmed by the annual general meeting in April 2018.

## 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

Sven Stork (Chairman 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 CEO and the Senior Executives.

## COMPENSATION FOR THE REPORTING YEAR

**Compensation overview: Board of Directors**

At the AGM held in May 2016 the AGM approved a maximum total fixed compensation for 2017 to the Board of Directors of CHF 100 000 (EUR 85 455). The compensation paid in 2017 was totally EUR 25 887, of which EUR 0 was to the Chairman of the Board, Sven Stork, and EUR 8 629 to each of Ulf Gustafsson, Sebastian von Wallwitz and Mats Olsson. Susanne Nordin, also being a Senior Executive, received in total, as salary, remuneration and pension contribution, EUR 133 770 (2016, EUR 141 244). Martin Nordin, also being CEO, received as fixed compensation EUR 458 265 (2016, EUR 463 895).

There is no variable compensation paid to the Board of Directors, except bonus given to Martin Nordin in his role as CEO.

One Director of the Board, Mr Gustafsson, received, through a company controlled by himself, Consilo AB, a consultant fee for some specific consultant work performed by himself for the Fenix Group. The total amount paid to Consilo, including the Board of Director compensation, amounted to EUR 72 139 in 2017.

No Directors of the Board, except Martin Nordin, 18 300 000 A-shares and 242 568 B-shares and Susanne Nordin, 20 000 B-shares, have any shares in Fenix Outdoor International AG as per December 31, 2017.

| 2017 TEUR | Salary | Granted fair value from stock option program | Benefits and other remuneration | Pension contributions | Social costs | Variable compensation related to 2017 | Total |
|---|---|---|---|---|---|---|---|
| CEO | 448 | - | 5 | 5 | 54 | 224 | 736 |
| Other Senior executives | 1 281 | 133 | 86 | 155 | 374 | 500 | 2 529 |
| **Total** | **1 729** | **133** | **91** | **160** | **428** | **724** | **3 265** |
| Total Fixed compensation | 1 729 | | 91 | 160 | 428 | | 2 408 |

| 2016 TEUR | Salary and bonus | Granted fair value from stock option program | Benefits and other remuneration | Pension contributions | Social costs | Variable compensation related to 2016 | Total |
|---|---|---|---|---|---|---|---|
| CEO | 413 | - | 46 | 5 | 34 | 229 | 727 |
| Other Senior executives | 1 176 | - | 59 | 138 | 246 | 326 | 1 945 |
| **Total** | **1 589** | **-** | **105** | **143** | **280** | **555** | 2 632 |
| Total Fixed compensation | 1 589 | | 105 | 143 | 280 | | 2 117 |

Variable compensation (including prior year) has been determined based on the accrual principle.

The highest individual compensation is given to the CEO.

At the AGM held in May 2016 the AGM approved a maximum total fixed compensation for 2017 to the Senior Executives of CHF 3 000 000 (EUR 2 563 664). A total of EUR 2 408 418 was paid out in fixed compensation in 2017.

In 2017 a total variable compensation, bonus, to the Senior Executives of EUR 613 120 was paid. The retroactive approval from the AGM hold in May 2017 was EUR 600 000.

In the reporting year, no collateral or guarantees were granted to Senior Executives or the Directors of the Board.

## COMPENSATION TO FORMER MEMBERS

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

## LOANS AND CREDITS PER YEAR END 2017

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, 2017, except CHF 320 395 (EUR 274 374) related to a payment made by the company for the CEO. The position was settled in January 2018.

## VARIABLE COMPENSATION PAID OUT 2018, RELATING TO 2017

The aggregate amount of variable compensation for the Board of Directors and the Senior Executives, including the CEO, for the reporting year 2017 will be proposed to the General Meeting of Shareholders in May 2018 for retrospective approval.

No variable compensation for the Board of Directors is proposed.

The CEO 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 2017 the average repo rate was 0 %. The return on total assets in year 2017 was 24,4 %. For 2017 Martin Nordin thereof is entitled of a bonus of 6 months salary.

The Senior Executives are entitled to and paid variable compensation as stated above in “VARIABLE COMPENSATION”.

## SHAREHOLDING IN FENIX OUTDOOR INTERNATIONAL AG

| | |
|---|---|
| **Board of Directors 2017** | |
| Sven Stork, Chairman of the Board | No shares |
| 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 | No shares |
| | |
| **Senior Executives 2017** | |
| Martin Nordin, CEO | 18 300 000 A-shares and 242 568 B-shares |
| Alex Koska | 1 000 B-shares |
| Martin Axelhed | 6 500 B-shares |
| Henrik Hoffman | 10 250 B-shares |
| Thomas Lindberg, CFO | 1 100 B-shares |
| Marcel Gerrits | No shares |
| Nathan Dopp | 1 200 B-shares |
| Susanne Nordin | 20 000 B-shares (through company) |

# REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

We have audited the compensation report of Fenix Outdoor International AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 50 to 51 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 2017 of Fenix Outdoor International AG complies with Swiss law and articles 14–16 of the Ordinance.

March 23rd 2018

Ernst & Young Ltd

| | |
|---|---|
| André Schaub | Annika Joseph |
| Licensed audit expert | Licensed audit expert |
| (Auditor in charge) | |

# FENIX OUTDOOR SHARE DATA

## SHARE PERFORMANCE 2017

Fenix Outdoor was listed on the stock market in 1983 and is traded on Nasdaq OMX Stockholm's Mid Caplist. 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 29, 2017, which was 975,00 SEK, Fenix Outdoors market capitalization was 13.1 billion SEK (9.09).

Fenix Outdoor's share price rose 44,4 percent in 2017, while the total index, OMX Stockholm, rose 6,4 percent. The highest closing price during the year was 1 040,00 SEK, on November 3rd, and the lowest closing price was 661,00 SEK, on January 2rd.

## SHARE CAPITAL

At the end of 2017, 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 5 412 (3 655) at end of 2017. The ten largest shareholders held 76,4 percent of the capital and 90,9 percent of the votes.

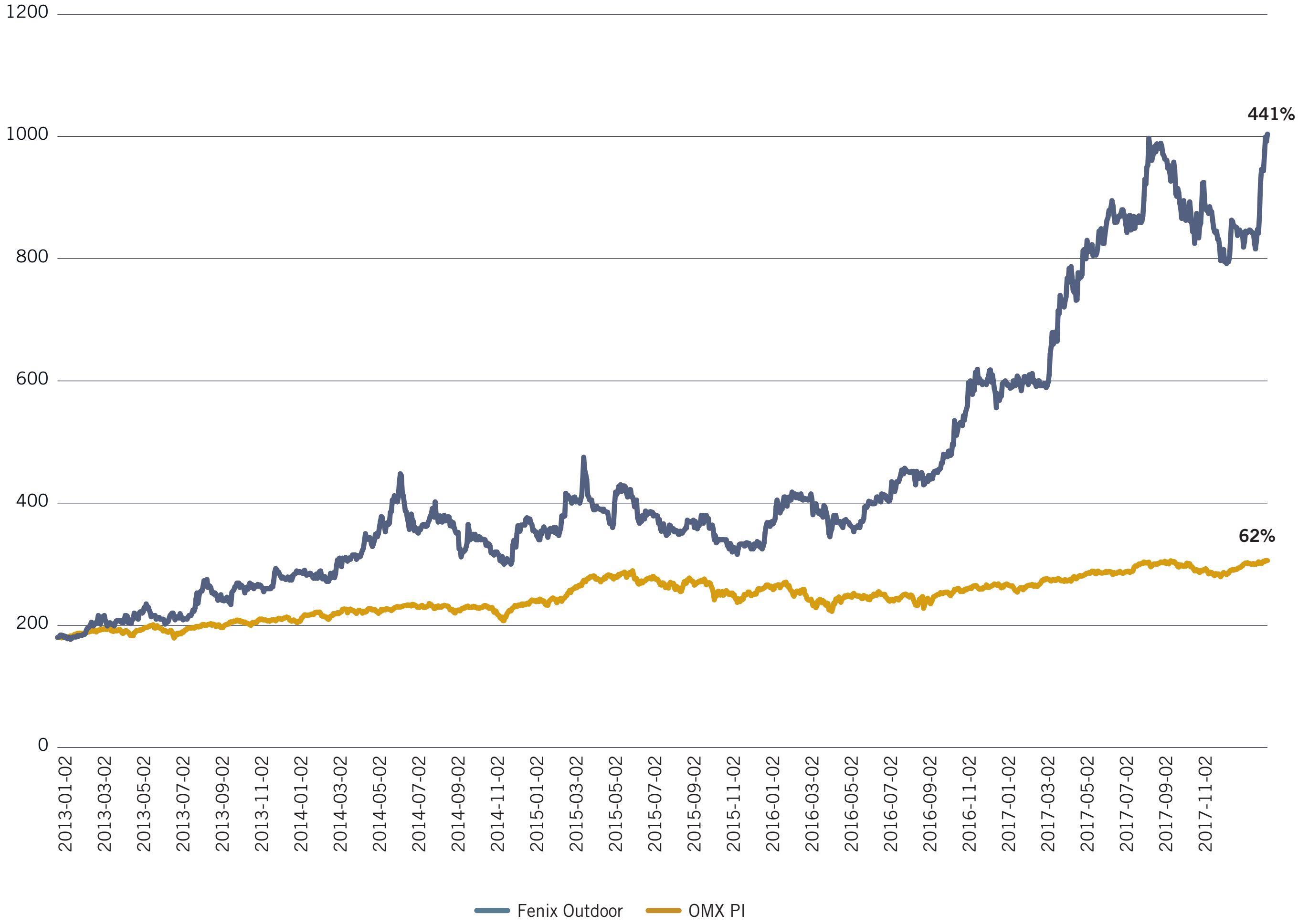
## DIVIDEND

For the 2017 financial year, the Board of Directors has proposed a dividend of 10,00 (8,00) SEK per B-share and a dividend of 1,00 (0,80) SEK per A-Share, corresponding to 22,5 percent of profit after tax.

Based on the last price paid on December 29th 2017 (SEK 975,00), the proposed dividend represents a dividend yield of 1,0 percent.

Since 2013, Fenix Outdoor has paid out an average of 23,4 percent of profit after tax in yearly dividends.

## FENIX OUTDOOR SHARE PRICE NASDAQ OMX, 2013–2017



# ANNUAL GENERAL MEETING, FINANCIAL INFORMATION 2018

The Annual General Meeting of the shareholders of Fenix Outdoor International AG (publ) will be held at 2 pm on Wednesday, April 25th 2018, 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, April 23, 2018, 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 19, 2018, 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 a dividend of 10,00 SEK per B-share (8.00) and a dividend of 1,00 SEK per A-share (0,80) for 2017.

- Final day of trading Fenix Outdoor shares, including the right to the dividend: April 25, 2018
- Record date for payment of the dividend: April 27, 2018
- Payment date for the dividend: Earliest May 2, 2018

## FINANCIAL CALENDER

Interim report January–March, April 25, 2018
Interim report January–June
Interim report January–September
Year-end Report 2018, February 2019

## THE MAJOR SHAREHOLDERS 2017–12–31

| 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% |
| 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% |
| Hak Holding LTD | 1 900 000 | 1 703 767 | 14,1% | 10,3% |
| Placeringsfond Småbolagsfond, Norden | - | 866 789 | 6,4% | 2,5% |
| Bestseller United A/S | - | 673 000 | 5,0% | 1,9% |
| Verdipapirfonde Odin Sverige | - | 442 000 | 3,3% | 1,3% |
| Cederwell, Maja | - | 245 000 | 1,8% | 0,7% |
| Nordea Småbolagsfond Sverige | - | 215 558 | 1,6% | 0,6% |
| Von Der Esch, Stina | - | 200 000 | 1,5% | 0,6% |
| Carnegie Småbolagsfond | - | 190 608 | 1,4% | 0,5% |
| JP Morgan Bank Luxembourg | - | 166 411 | 1,2% | 0,5% |
| Nordin, Anna | - | 161 485 | 1,2% | 0,5% |
| Ålandsbanken i ägares ställe | - | 117 126 | 0,9% | 0,3% |
| Handelsbanken Sverige Selektiv | - | 113 541 | 0,8% | 0,3% |
| Others | - | 2 429 613 | 18,1% | 6,9% |
| **Total** | **24 000 000** | **11 060 000** | **100,0%** | **100,0%** |

# BOARD OF DIRECTORS, SENIOR EXECUTIVES

### SVEN STORK
Born 1940 Chairman
Member of the Board since 1989 D Sc
OTHER ASSIGNMENTS:
CURRENT SHAREHOLDING IN FENIX OUTDOOR: —

### 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

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

### MARTIN NORDIN
Born 1962 Vice Chairman and CEO
Fenix Outdoor employee since 2002
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
18 300 000 A-shares and 242 568 B-shares

### MARTIN AXELHED
Born 1976 Vice President
Fenix Outdoor employee since 1997
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
6 500 B-SHARES

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

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

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

Other Senior Executives, three people.

# AUDITORS

### AUDITOR IN CHARGE
André Schaub
Licensed audit expert
Ernst & Young Ltd
Auditor at Fenix Outdoor
International AG since 2015

### AUDITOR
Annika Joseph
Licensed audit expert
Ernst & Young Ltd
Auditor at Fenix Outdoor
International AG since 2017

# ADDRESSES

**FENIX OUTDOOR INTERNATIONAL AG**
Industristrasse 6
6300 Zug
SWITZERLAND
Phone +46 (0) 660-26 62 00
Fax +46 (0) 660 26 62 21

www.fenioutdoor.se

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

Phone 0660-26 62 00
Fax 0660-26 62 21
www.fenixoutdoor.se
info@fenixoutdoor.se

**FENIX OUTDOOR LOGISTICS B.V**
Koningsbeltsweg 12
NL-1329 AG ALMERE
HOLLAND

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

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

Phone 08-564 842 30
Fax 08-564 842 40
www.primus.se i
nfo@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 i
nfo@tierra.se

**HANWAG GMBH**
Wiesenfeld Strasse 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

Phone +8004434871
Fax +3078574702
www.brunton.com

**BRUNTON EUROPE BV**
C/O Primus AB
Box 6041
SE- 171 06 SOLNA
SWEDEN

Phone 08-564 842 46

**FJÄLLRÄVEN INTERNATIONAL AB**
Box 209
SE-891 25 ÖRNSKÖLDSVIK
SWEDEN

Phone 0660-26 62 00
Fax 0660-26 62 21
www.fjallraven.se
info@fjallraven.se

**FJÄLLRÄVEN GMBH**
Wiesenfeld Strasse 7
DE-852 56 VIERKIRCHEN
GERMANY

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

**FJÄLLRÄVEN B.V.**
Koningsbeltweg 12 NL-1329
AG ALMERE HOLLAND

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

**ROSKER LTD**
13 Quay Lane Gosport
Hants. PO 124LJ
UK

Phone +42-39 25 28 711

**FENIX OUTDOOR AUSTRIA ITALY GMBH**
Valiergasse 60
Top 0-05
6020 INNSBRUCK AUSTRIA

**FENIX EASTERN EUROPE GMBH**
Wiesenfeld strasse 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 LTD**
Kingston Road
Causway Bay
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

**GLOBETROTTER AUSRÜSTUNG GMBH**
Neuer Höltigbaum 6
D-22143 HAMBURG
GERMANY

www.globetrotter.de

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

Phone 0660-29 35 50
Fax 0660-26 62 15

**PURCHASE NATURKOMPANIET**
Kungstensgatan 38
SE-113 59 STOCKHOLM
SWEDEN

Phone 0660-29 35 50
Fax 08-440 86 59
www.naturkompaniet.se
info@naturkompaniet.se

**PARTIOAITTA OY**
Nuijamiestentie 5C
00400 HELSINKI
FINLAND

www.partioaitta.fi

**FRILUFTSLAND A/S**
Frederiksborggade 52
1360 Copenhagen
DENMARK

www.friluftsland.dk

FENIX
OUTDOOR International AG

Fenix Outdoor International AG, Industristrasse 6, 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 www.tierra.se www.primus.se www.hanwag.de www.brunton.com www.naturkompaniet.se www.partioaitta.fi www.globetrotter.de