FENIX OUTDOOR
ANNUAL REPORT 2018

FJÄLLRÄVEN TIERRA PRIMUS HANWAG SINCE 1921 BRUNTON ROYAL ROBBINS

FRILUFTS RETAIL EUROPE AB

NATURKOMPANIET PARTIOAITTA FRILUFTSLAND GLOBETROTTER

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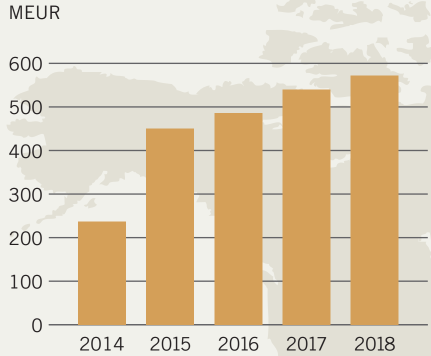
The Annual General Meeting of the shareholders of Fenix Outdoor International AG will be held at 14 00 pm on Wednesday, May 2 2019, at Hemvärnsgatan 9, Solna.

The announcement regarding the Annual General Meeting will be issued through the Official Swedish Gazette (Post och Inrikes Tidningar) and by publication on the Company's website www.fenixoutdoor.com. The fact that notification has been issued is announced in Svenska Dagbladet and Örnsköldsviks Allehanda. Shareholders who wish to attend the Annual General Meeting must notify the Company of their intention no later than 1 p.m. on Monday, April 29, 2019 at the following address: Fenix Outdoor International AGM, Hemvärnsgatan 15, SE - 171 54 Solna. The Company can also be notified by e-mail at info@ fenixoutdoor.se. Notification must include the shareholder's name, address, personal identity number /corporate identity number, phone number (daytime) and the number of shares he or she holds. Shareholders who, through a bank or another trustee, have trustee-registered shares must re-register the shares in their own names to be entitled to participate in the Annual General Meeting. To ensure that this registration is entered in the shareholder register on Thursday, April 25th, 2019 shareholders must request that their trustees conduct such registration well in advance of this date. The re-registration may be temporary.

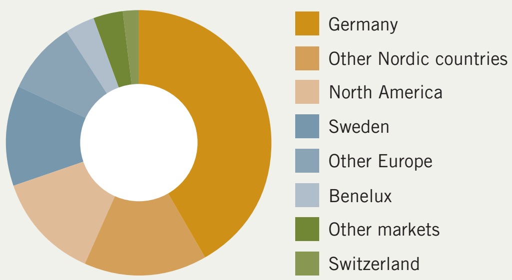
The Board of Directors proposes a dividend of 12,0 SEK per B-share (10.00) and a dividend of 1,2 SEK per A-share (1,0) for 2018. The Board of Directors proposes record date for payment of the dividend, May 6th, 2019. Payment date for the dividend will earliest be May 9th, 2019.

THIS IS

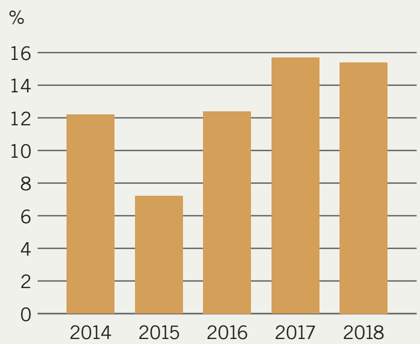
NET SALES



NET SALES PER MARKET



OPERATIONAL MARGIN



FENIX OUTDOOR

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

- **THE BUSINESS CONCEPT** of Fenix Outdoor is to develop and market high quality, lightweight outdoor products through a selected retail network with a high level of service and professionalism to end-consumers with high expectations.
- **THE CEO AND EXECUTIVE CHAIRMAN** is Martin Nordin, eldest son of the founder Åke Nordin.
- **THE OPERATION** was started in 1960. From year 2000 to now, there has been a major increase in sales from TEUR 27,7 to TEUR 572,4. In 2018, the brand Royal Robbins was added to the portfolio, mainly active in apparel for outdoor and travel.
- **THE PARENT COMPANY** of the group is Fenix Outdoor International AG. The company is listed on Nasdaq OMX Stockholm, Large cap.
- **THE GROUP** sells its products around the world. 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 consists of four outdoor retail chains in Sweden, Germany, Finland and Denmark. In total, there are 74 shops and an additional e-com business.

NATURKOMPANIET

FRILUFTSLAND

PARTIOAITTA

GLOBETROTTER

Frilufts MEUR	Jan–Dec 2018	Jan–Dec 2017
External net sales	273,4	270,5
EBIT	9,9	13,3
Stores	74	69

THE BRAND AND GLOBAL SALES SEGMENTS

This segment contains of six brands, a network of distribution companies around the world, 44 brand retail shops and an additional e-com business in North America, Asia and Europe.

FJÄLL RÄVEN

TIERRA

ROYAL ROBBINS

hanwag SINCE 1921

PRIMUS

BRUNTON

Brands MEUR	Jan–Dec 2018	Jan–Dec 2017
External net sales	155,9	123,2
EBIT	65,3	51,5
Stores	28	24

Global sales MEUR	Jan–Dec 2018	Jan–Dec 2017
External net sales	141,5	144,9
EBIT	22,5	25,5
Stores	16	14

A PROMISING END TO

Executive Chairman Martin Nordin outlines the highlights of 2018

2018 was a challenging year and I have to commend all my colleagues for how they have dealt with it.

We had a very good start to the year, but in the second quarter, Mother Nature decided to present us with the first challenge by cancelling spring in Europe and delivering summer temperatures right away. The effect was that instead of customers coming into the stores to buy jackets and trousers, they came in asking for t-shirts and shorts, which means lower average value per sales. Then Mother Nature decided that the summer was to be longer and hotter than ever, bringing us lower traffic as well as a very long season for T-shirts and shorts, which of course resulted in a distinctive shortage of these items in the stores.

A warmer-than-normal fall, on the continent did not improve the situation. In Sweden and Finland, a cold end in November and December did however greatly improve the situation there, bringing it almost back to plan in local currencies. We also faced challenges with a delayed launch of the new ERP system at Globetrotter, which led to a delay in the new logistics center in Ludwigslust being fully operational to deliver the expected efficiencies.

Becoming a truly global organization is challenging. Grey imports are a constant battle and we suspect that in some Asian markets up to 40 per cent of the consumption/sales of Fjällräven products are sold through unofficial channels. We are currently trying to limit these channels at source, which may have a negative effect on sales in some European markets, as we did in the US a few years ago.

Cultural differences have become more evident. We are working on it, but we still have a long way to go, especially in the areas of understanding and communication.

In many markets the growth was reasonable, but in the Nordic markets Brands had negative growth due to the change in channel strategy. The exception was North America, which showed excellent growth.

Our liquidity has further improved in spite of the heavy investment program in both logistics and IT in 2018.

DEVELOPMENT WITHIN OUR BUSINESS SEGMENTS

Brands and Global sales

Fjällräven is continuing to develop favorably, not least in North America. The cleaning of the channels a few years ago seems to be paying off, especially when we are looking at how the quality of the customers in our value chain has improved. However, the start of the Canadian direct distribution through a local subsidiary has not paid off yet, and the growth in the Americas was more driven by the US. Another encouraging factor is that the relative growth of products other than bags is higher, meaning that the potential for balancing the product dependence has improved. This development supports our decision to open another seven to 12 stores in North America in 2019.

The Chinese market, operated by our JV sales company, showed flat sales over the year, but a strong Q4. In total, JV contributed with a reasonable profit.

Hanwag has continued to improve in 2018, with reasonable growth and improved profitability. New designs and technical solutions have been very well received by the market. The delivery and planning functions are continuing their improvement.

Royal Robbins, acquired in 2018, did not contribute to profits, as expected. During the year, we carried out a successful integration of the brand and Royal Robbins has been received really well in Europe, where record preorder numbers have been seen for 2019.
In the US the brand has made some changes in channel strategy, which will take a few seasons to rebuild. We are investing heavily in this process, but do not expect Royal Robbins to contribute to the bottom line for 2019.

Primus's improvement in product development continues with a sustained strategic focus, and we are starting to see the effects though there has not yet been a satisfactory pay-off. Brunton is improving, but is still struggling. The dependence on military orders and the geology market makes the business different from how the rest of the Fenix Outdoor business operates. The tech-

A CHALLENGING YEAR

nical hardware part of Brands did contribute to group profits in 2018, but failed to contribute at brand level in 2018.

Tierra continues to build its role as a specialized and technical brand and is performing stronger than it has in previous years. I am confident that 2019 will be the year when Tierra will show a profit.

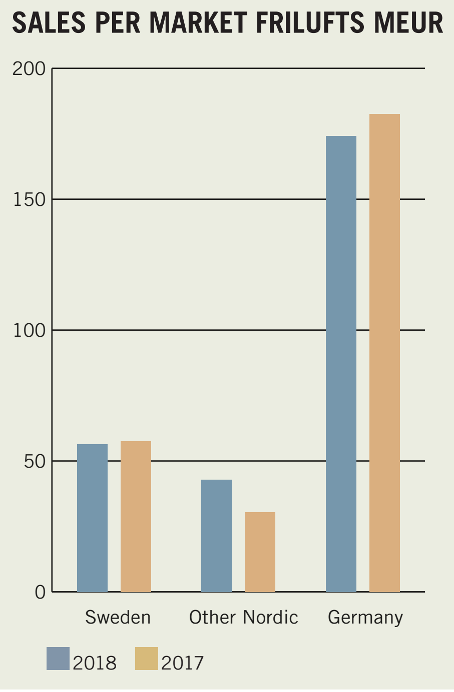
Frilufts

In terms of profitability, 2018 was a step back for Frilufts. The refocus on growth did not gain the necessary growth we anticipated. Even though I am very reluctant to blame external factors, I strongly believe that the weather played a major role in this failure. This is supported by the fact that Naturkompaniet made up its sales in local currency for the year when the weather in the Nordic area turned normal in the fourth quarter, as Partioaitta almost did too. We have also seen support for that hypothesis in the behavior among our competitors, particularly in Germany.

Frilufts and particular Globetrotter were also hit by higher costs due to the delay of the IT implementation and logistics systems. We also had exceptionally high absenteeism in the old warehouse operation in Hamburg during the restructuring, leading to lower service levels and higher costs. Naturkompaniet and Partioaitta were negatively affected in their digital sales, as there was a development stop of their systems due to the Globetrotter situation. On the positive side, we are now almost finished and expect the new IT and logistic systems to contribute with better service levels, as well as lower costs from Q2 2019, thereby creating a good basis for future growth. Given the success of the opening of the new smaller stores in Germany, we have decided to capitalize further, opening up to five new smaller concept stores in Germany in 2019.

Continuation of environmental awareness and compliance

Our environmental and ethical work are top priorities for Fenix Outdoor. Our focus here is how we integrate



it into our business. The weather we faced in 2018 put a potential new light on these issues. If these changes and occurrences of extreme weather become permanent, we would have to contemplate changes in how we develop our business, as it would change the seasons that we are used to. This would require us to become much faster in sourcing and production to be able to deliver what the customers need. This has a distinct risk of driving prices upward. I also know these things mean a lot to our customers and we are always working to be better.

We continue to work internally as we believe that charity begins at home and the only real change you can make yourself is in your own operation. It is not working to change others, as I wrote last year. We continue to publish an annual Sustainability Report alongside our Annual Report, in which our progress in this area is described.

Last year and the year before 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 Outdoor 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 as it has become even more evident, as a problem, in our growing US business.

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 been proven to work well. This does not mean that we can stand still; we must continuously evaluate our strategies. In 2018, we spent a lot of time on a project we call Fenix 2025, which we will launch later this year. The project involved hundreds of people who spent tens of thousands of hours and I want to take the opportunity to thank everybody for their contribution.

Last year I spoke a lot about our decision to develop a digital center of excellence. The work has started, but goes more slowly than anticipated. One of the key reasons for this has been the delay in integrating Globetrotter. We also discovered that we had to make a deeper analysis of the internal system to determine a baseline where we stand and prioritize in actions. We are now finished with that and are starting our recruitment to the first parts of the digital organization We have also started the first projects within this area and count on them being online during Q3 in North America and hopefully during Q4 in Europe for the first brands.

Outlook for 2019

The hot summer and warm fall of 2018 made us fear that we would see a delayed effect on the Brands division in 2019. When we look at the order books for 2019 this has not really materialized, at least not on a global basis. We see small improvements in the Asian markets and a continuing healthy growth in the North American markets. In Europe, it is a mixed bag. In some markets, where we made changes in our distribution strategy and lost some sales in 2018, we will see improvements and in others where we are making changes in 2019, we will see some negative effects; but overall, the order book looks healthy. We are still facing challenges in terms of investment in IT over the next couple of years, both on the ERP side as well as in investment on the digital trading and analytical side.

Our growth, especially outside of Europe, is putting extreme pressure on our managerial capacity. We are therefore forced to invest more in infrastructure and people to enable us to keep on growing and delivering. One step was to promote our North American President Nathan Dopp to Vice President of the Fenix Outdoor Group, ensuring that the increasingly important North American market has an input at the top decision level. We have many extremely talented people working for us. It is up to us now to take this talent and develop.

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, Switzerland
March 2019

Martin Nordin
Executive Chairman and CEO

FIVE-YEAR SUMMARY, GROUP

MEUR	2018	2017	2016	2015	2014
INCOME STATEMENT					
Net sales	572,4	539,9	486,2	451,0	237,3
Depreciation/amortization	-14,2	-12,7	-13,1	-13,0	-5,8
EBITDA	102,6	97,6	73,6	45,6	34,7
Operating profit	88,4	84,9	60,5	32,6	28,9
Net financial income	0,1	-2,7	-1,9	-0,8	3,7
Profit/loss after financial items	88,5	82,2	58,6	31,8	32,6
Tax	-21,1	-21,5	-10,4	-10,0	-11,9
Net profit for the year	**67,4**	**60,7**	**48,2**	**21,8**	**20,7**
BALANCE SHEET					
Fixed assets	119,2	100,6	79,4	74,2	77,7
Inventories	133,3	132,7	121,1	116,3	108,5
Accounts receivable - trade	42,9	39,8	39,9	23,4	24,9
Other current assets	5,4	4,9	4,8	15,4	20,7
Cash and cash equivalents, current investments	101,9	93,7	76,8	58,0	41,0
Total assets	**402,7**	**371,7**	**322,0**	**287,3**	**272,8**
Equity attributable to the parent company´s shareholders	285,6	230,8	186,7	147,8	114,5
Minority shareholdings	0,1	0,0	2,6	2,3	21,4
Provisions etc	13,0	13,8	9,5	5,2	8,3
Non-current liabilities, interest-bearing	12,0	1,9	0,0	0,0	11,1
Other non-current liabilities	1,0	1,0			
Current liabilities					
Interest-bearing	12,9	50,7	52,2	64,8	49,1
Non-interest-bearing	78,1	73,5	71,0	67,3	68,3
Total equity and liabilities	**402,7**	**371,7**	**322,0**	**287,3**	**272,8**
CASH FLOW					
Cash flow from operating activities	79,1	68,6	51,6	21,1	19,1
Cash flow from investment activities	-31,6	-36,6	-11,8	-4,3	-23,3
Cash flow after investments	**47,4**	**32,0**	**39,8**	**16,8**	**-4,2**
KEY RATIOS					
Growth in sales, %	6,0	11,0	7,8	90,0	12,0
Profit margin, %	15,5	15,2	12,0	7,1	13,8
Return on total assets, %	23,3	24,6	19,9	11,9	16,1
Return on equity, %	26,1	29,1	28,8	16,6	18,3
Equity/assets ratio, %	70,9	62,1	58,0	51,4	42,6
AVERAGE NUMBER OF FTE EMPLOYEES	2 492	2 270	2 128	2 008	906
DATA PER SHARE					
Number of shares, thousands per 31/12	35 060	35 060	35 060	35 060	34 850
Gross cash flow per B-share, EUR	6,06	5,45	4,55	2,60	2,00
Earnings per B-share, EUR	5,01	4,51	3,58	1,63	1,56
Equity per B-share, EUR	21,43	17,15	13,87	10,98	8,64
Market value 31/12, EUR	84	99	71	44	38
P/E ratio	17	22	20	27	24
Dividend per B-share in EUR 1)	1,17	1,02	0,84	0,54	0,42

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

1) Proposed dividend 1,2 kronor per A-share and 12,0 kronor per B-share, 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 he did indoors. After many long mountain treks, Åke decided that the backpacks of that time were unsatisfactory. He took matters into his own hands, building a wooden frame. With this frame the weight was evenly spread across his back, so that the pack did not end up uneven, uncomfortable and pear-shaped. It also meant he could carry more weight with ease. Åke's innovation quickly caught on and in 1960 his new company Fjällräven became the first one to make and distribute framed backpacks for commercial use.

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

An idea that carried weight

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

Functionality

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 time enjoying 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 life cycle depends on many factors - for example, production experience, superior choice of material, product assembly and strict quality controls during the production process.

Dependability

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

Our responsibility

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

Business

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

The Brands segment expanded during 2009 with the acquisition of

IMPORTANT DATES IN FENIX HISTORY

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

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

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

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

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

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

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

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

Parent

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

Business idea and goals

Fenix Outdoor is an international outdoor equipment group with a mission of developing and marketing high quality and lightweight outdoor products to 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 a faster response to trends and changing consumer demands. The retail stores also showcase the brands' assortments.

Brand strategy, marketing and sponsoring

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

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

Since 1986, Fjällräven has been a royal warrant holder 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 both Fjällräven and Fenix Outdoor. The group has since continued developing products for an active outdoor life based on the customer's needs. An example of this is Primus's stove development. The Primus OmniFuel™ camping stove can be used with almost any type of fuel, and the stove systems with Primus Eta Technology have an efficiency of 80 per cent, which halves fuel consumption compared to other camping stoves.

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

Other innovations include the

2004
Hanwag is acquired.

SINCE 1921

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.

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

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

The average number of FTE employees in the group totaled 2 492 in 2018. The group’s companies have flat, decentralized organizations characterized by quick decision-making.

Products

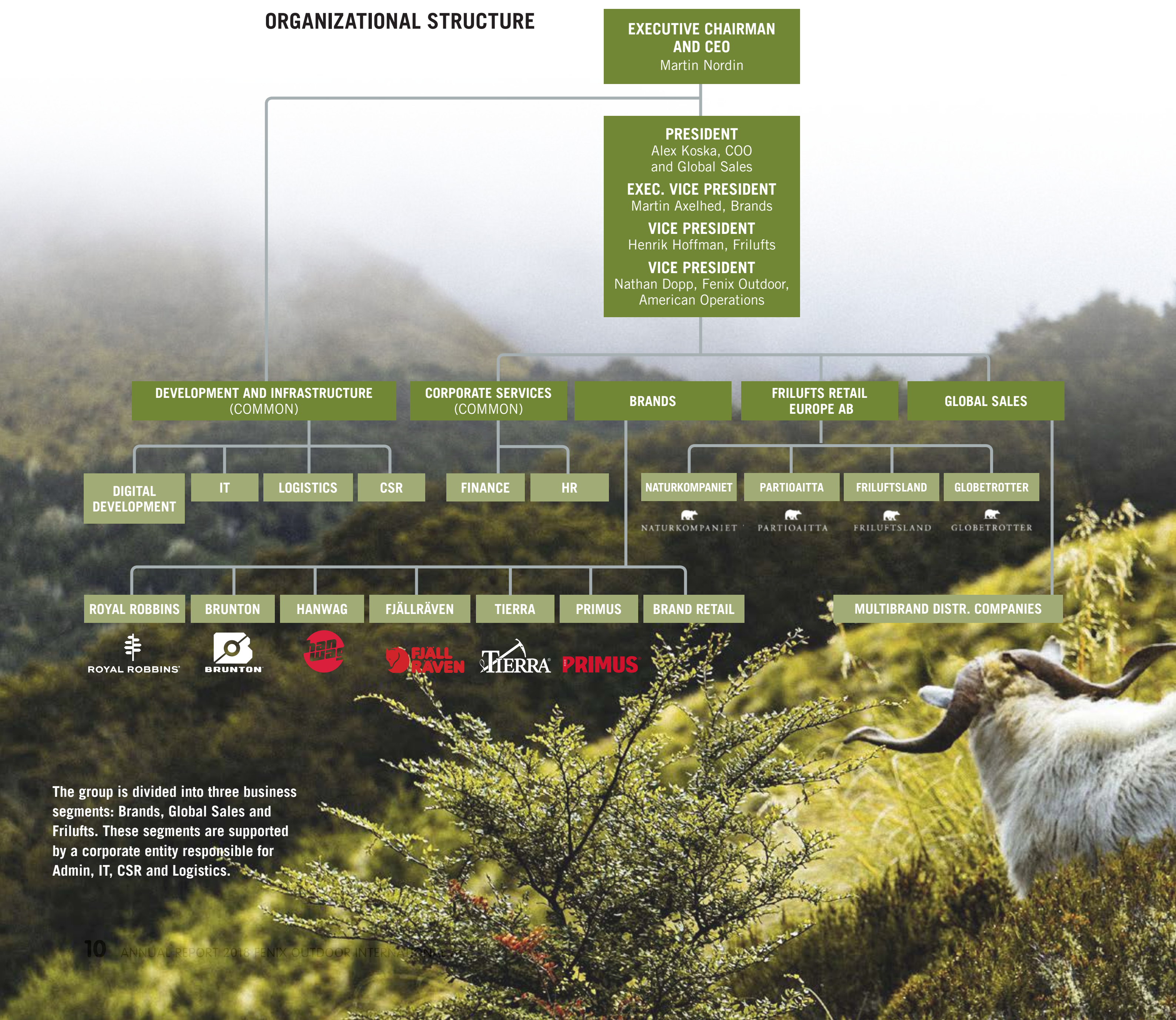
The range includes backpacks, sleeping bags, tents, stoves, lanterns, apparel, outdoor shoes and boots and navigation equipment. The products are high quality, durable, lightweight and classically designed. Product development adapts to the demands of the consumers and professional users. The brands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

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

Distribution

The Brand segment runs distribution companies concentrated in sales of one brand and operates business to consumer sales through brand retail stores in Europe (3), Asia (1) and North America (25). The Brand segment also operates online sales in all major markets.

The Global sales segment consists



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.

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 operating 17 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 each 100 per cent-owned by Frilufts Retail Europe AB, a subsidiary of Fenix Outdoor International AG. The Frilufts segment has a total of 74 stores, with 33 in Sweden, 19 in Finland, 12 in Germany and 10 in Denmark. Each of the Frilufts subsidiary companies also has its own online operation. ●

BRANDS

Segment Brands, MEUR	2018	2017
Net sales	155,9	123,2
Operating profit	65,3	51,5
Investments	3,3	1,8
Average number of FTE employees	773	632
Net sales per geographic market:		
Switzerland		0,0
Sweden	13,6	14,8
Other Nordic countries	5,1	5,5
Germany	64,3	62,1
Benelux	14,5	8,5
Other Europe	13,0	5,6
North America	43,0	23,5
Other markets	2,4	3,2
Total	**155,9**	**123,2**

FRILUFTS

Segment Frilufts, MEUR	2018	2017
Net sales	273,4	270,5
Operating profit	9,9	13,3
Investments	4,8	4,7
Average number of FTE employees	1 247	1 203
Net sales per geographic market:		
Sweden	56,4	57,5
Other Nordic countries	42,9	30,4
Germany	174,1	182,6
Total	**273,4**	**270,5**

GLOBAL SALES

Segment Global Sales, MEUR	2018	2017
Net sales	141,5	144,9
Operating profit	22,5	25,5
Investments	1,9	1,3
Average number of FTE employees	184	180
Net sales per geographic market:		
Switzerland	10,4	10,1
Other Nordic countries	37,5	40,8
Benelux	6,7	11,2
Other Europe	38,0	37,2
North America	31,3	28,2
Other markets	17,6	17,4
Total	**141,5**	**144,9**

Life-changing events

Fjällräven wants people to realize that anyone can enjoy and master the outdoor life. We encourage participation in nature by holding several events, such as our Fjällräven Classic Trekking and Polar Adventure. The former sees people from more than 65 countries take part in one or more of four events on three continents, while the latter is also wildly successful, with 6 000 people in 150 countries applying to join. Last time around, the Polar Adventure site had more than three million visitors.

Encouraging the world to walk with nature

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

History

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

Long-term goal

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

Focus areas 2019

Fjällräven is focusing on developing the product range, brand experiences and sustainability efforts to meet the needs of demanding outdoor enthusiasts worldwide. We will keep developing our presence in Europe and Asia and follow up on the successful expansion in North America, strengthening our own channels and key partner relationships in the North American marketplace.

In 2019 we introduce Bergshell, an award-winning material exclusive to Fjällräven that is waterproof and extremely durable. Bergshell is being introduced into backpacks and bags.

Fjällräven has also decided to expand the Save the Arctic Fox program to become the Arctic Fox Initiative, with more projects that put nature first and make it even more accessible. The first product to support the initiative is Kånken Art, a special edition printed Kånken with unique artworks from two Swedish designers.

After last year's introduction of the hard-pressed recovered wool backplate in the Lappland Hike backpack, we will have even more ethically responsible wool in our range later in 2019, using recovered wool padding from the Swedish island of Gotland and recycled wool.

The 2019 list also includes functional products made for traditional trekking, with materials such as G-1000 Eco and traceable wool. The daypack range will see the introduction of new colors for the Classic Kånken, and the new Vardag and Norrvåge series, the latter made from premium recycled wool with G-1000 Heavy Duty Eco S lining and G-1000 HeavyDuty Eco reinforcements. ●

ROYAL ROBBINS®

Born in Yosemite, built to go everywhere

As the newest member of Fenix Outdoor, Royal Robbins is poised to leverage 50 years of authentic heritage to become a global active travel brand.

History

Royal Robbins and his wife Liz were iconic Yosemite Valley rock climbers during the 1960s. They were part of a band of modern climber-philosophers who pioneered "clean climbing", a set of techniques for climbing with little or no damage to the rock, in accordance with their ethos of deep respect for the natural world.

When Royal and Liz were making their mark, the outdoor apparel industry started and ended with army surplus and cut-off jeans. Climbers and hikers sorely needed clothing that could move, could stand up to the harsh Yosemite granite, and that fitted and looked good.

In 1967, Liz became the first woman to climb Half Dome in Yosemite, posing at the top with Royal for a snapshot. Seeing their torn jeans shorts, they said: "Maybe we had better get in the apparel business!" Liz made a rugged pair of shorts that she called the 'Billy Goat', and the Royal Robbins apparel company was born.

Joining the Fenix family

April 2018 marked a new beginning for the Royal Robbins brand, when it was acquired by Fenix Outdoor. Since then, Royal Robbins has been working to become fully integrated within the group. The brand has also built a solid foundation for growth, with several new organizational initiatives. The priority has been to build an experienced team of leaders: a new senior leadership team was recruited, and staff numbers increased by a third.

Royal Robbins also opened a new global headquarters in San Francisco, moved logistics and customer service into the Fenix Outdoor North America shared services platform, and migrated its systems to the Fenix platform. All these and other changes prepare the brand for accelerated growth for years to come.

Long-term goals

Royal Robbins has deep roots and a firm commitment to social and environmental responsibility. As a part of the Fenix group, the brand now has the chance to make quicker progress with its primary objective: "To be the largest and most sustainable travel apparel brand on Earth". The challenge will be to apply rigorous standards such as the Higgs Index to match the other brands in Fenix, and to eventually take a lead in this critical area.

Focus 2019

2019 will be a year of key initiatives to make Royal Robbins a global brand. We will launch the most extensive brand campaign in our 50-year history: "Born in Yosemite, Built to Go Everywhere", to link our heritage with our focus on the active traveler. This storytelling will involve digital, in-store and consumer direct experiential marketing. The company will launch new websites in the US and Europe as the digital hubs for enhanced content and storytelling. We also plan to open our first flagship retail location, preparing for retail stores across North America, and will launch new Travel category product extensions to round out Royal Robbins' travel outfitting concept. ●

Inspiring people to stay out longer

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

History

Since its foundation in 1983, Tierra has maintained a strong connection with Swedish mountaineers. The company supplied clothing for Sweden's first successful expedition to Mount Everest in 1991, and sponsored the first successful Swedish expedition to K2 in 1993, while The Swedish Alpine Mountain Rescue service has been using Tierra for work clothes since 2006.

Fenix Outdoor acquired Tierra in 2001, and the brand continues to innovate and increase its sustainability. Both 2015's launch of the Rista jacket (an ecofriendly alternative to fleece) and 2017's ISPO award for the 100 per cent bio-based Deterra collection underline these ongoing commitments.

Long-term goals

Tierra's vision is to be the leading outdoor brand for functional, sustainable clothes. We will continue to reduce the amount of natural resources in our products, using more recycled or sustainable materials instead. We have again achieved recognition from the Global Textile Exchange as one of the few global brands to use 100 per cent organic cotton. Tierra is also using more and more alternative material such as hemp and Tencel to decrease its use of cotton overall. The company also tries to produce in Europe as much as possible so we can minimize the need for transportation; all knitted products are knitted in Sweden.

We see great potential for substantial growth in all markets, especially in Germany, where we see a steady increase in sales each year, with much more to come.

Focus 2019

In 2019 Tierra will continue to focus on growing with its current retailers and developing our close relationships still further. In the early part of the year, Globetrotter will seek to build the brand in Germany through the launch of an extensive Tierra campaign based on the re:sorted collection, showing one of the ways we work with sustainability.

There will also be more focus on increasing trouser sales, especially in Sweden, to balance the sales of shell garments and develop a broader product mix.

Innovative functionality

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 Polartec, Gore, 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. ●



OUTDOOR FOOTWEAR
SINCE 1921

Enduring craftsmanship

As it nears the centenary of its foundation, Bavarian company Hanwag has managed to integrate modern technology with its traditional approach to making handcrafted Alpine mountain boots.

History

Ever since it was founded near Munich by Hans Wagner in 1921, Hanwag has been committed to making the highest quality alpine footwear, with handmade manufacturing processes that remain virtually unchanged. Over its lifetime, the company has gone from making leather mountain and ski boots to setting new standards in climbing and mountaineering footwear, as well as high alpine ski touring boots.

With new CEO Thomas Gröger at the helm, the company is firmly focused on the future, not least with the launch of the Alverstone II and Ferrata II boots (ses Focus), with their new era in sole technology adapted to both hiking and climbing.

Long-term goals

The alpine environment plays a major role in Hanwag's business. We are dedicated to respecting nature and intend to reduce the footprint we leave when producing and selling high-quality shoes, so as to leave the world in good condition for the next generation. We are striving to uphold our tradition and relevance for years to come.

Focus 2019

For 2019, Hanwag's development team has created two brand-new models – the Alverstone II and Ferrata II boots. Both feature a new sole construction that provide superior cushioning but with the precision and efficiency required for alpine use. We feel that they will convince people of the advantages of functional high-cut footwear.

Hanwag will seize the opportunity offered by the OutDoor by ISPO trade fair in Munich in June. We are planning a completely new exhibition stand, and will address new audiences at the additional events around the main show.

With Hanwag celebrating its 100th anniversary in 2021, the party planning has already begun. ●

A sustainable, durable and reliable duo

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

History

Primus and Brunton each have more than 125 years of history.

Primus began in 1892, when F.W. Lindquist invented a soot-free Kerosene stove in Stockholm. The Primus stove went on to be used by some of the 20th century's most famous explorers, including Roald Amundsen in the first successful expedition to the South Pole in 1911, and Sir Edmund Hillary and Tenzing Norgay in the first-ever ascent of Mount Everest, in 1953. Since becoming part of the Fenix Outdoor family in 2002, Primus has continued to innovate, launching the Winter Gas stove in 2016 and PrimeTech in 2017.

On the other side of the Atlantic, US geologist and mining engineer David W. Brunton founded his company in 1894. Brunton's innovative Pocket Transit compass was adopted by the US Army and in its M2 guise is still used to this day. As a part of Fenix Outdoor since 2009, Brunton has continued developing leading-edge navigational products, including the TruArc compass in 2014 and the Axis Pocket Transit for geologists in 2017.

Long-term goals

Primus and Brunton share a common vision of providing sustainable and durable equipment that any type of user can trust in any environment to get the best out of their time outdoors. Our long-term strategies continue to reflect this vision and we have our own factories so we can control quality, competence and production, thus preserving our unique identities.

Primus will keep delivering stoves, lanterns, fuel and accessories for food within the segments of Expedition, Trekking and Campfire. Our long-term goals are to focus on sustainable products and business models for users and demanding retailers/specialists.

Brunton will keep focusing on developing the best navigational equipment on land for recreational and professional users. After a very good 2018, when the demand for the professional Transit compasses exceeded possible production, there is strong growth potential. Brunton's export business is increasing with the development of mining and forestry in many countries.

Focus 2019

The main priority for 2019 for both Brunton and Primus will be to strengthen the supply chain in planning, production quality and control. We see product demand increasing, and we need to be able to meet that with a stable level of quality. Innovation remains strong, with a steady supply of new products. The strategies for Primus and Brunton are to maintain their own production and R&D. The organization has been reinforced in North America, and Primus and Brunton are now have the same framework. In future, both hardware companies will work more closely with one another to benefit from each other's resources and knowledge in different markets. ●

Friluftsland in Lyngby, Denmark.

Opening in Rovaniemi, Finland.

Friluftsland's new logotype welcomes customers to Danish stores.

Customer first

In the last couple of years at Frilufts has put much time and resources into major restructuring and IT-projects. This continues, though the company will shift focus back to customers and sales, especially in Germany.

Four retail chains

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

The company has a total of 71 stores: 31 in Sweden (plus two franchise stores), 19 in Finland, 11 in Germany (plus one franchise store), and 10 in Denmark. Each company also has its own e-commerce store. Frilufts Retail Europe AB is a fully owned subsidiary of Fenix Outdoor International AG.

A busy year

In 2018, Globetrotter focused on preparing for the launch of new infrastructure and IT systems for 2019. The warehouse in Hamburg was closed, and all goods and logistics operations moved to the new Fenix warehouse in Ludwigslust. The new warehouse will provide quicker and more effective e-com deliveries and stock replenishment. The change from SAP to Microsoft Dynamics AX has been delayed but will go live Q2 2019. We have also been preparing to adopt a new shopfitting concept that will be implemented in five new stores which will open during 2019. These are city stores of about 1 000 square meters each, which will be located in premium retail locations. In 2019 there will be less restructuring, which will allow Globetrotter to return to a more customer-centred mode.

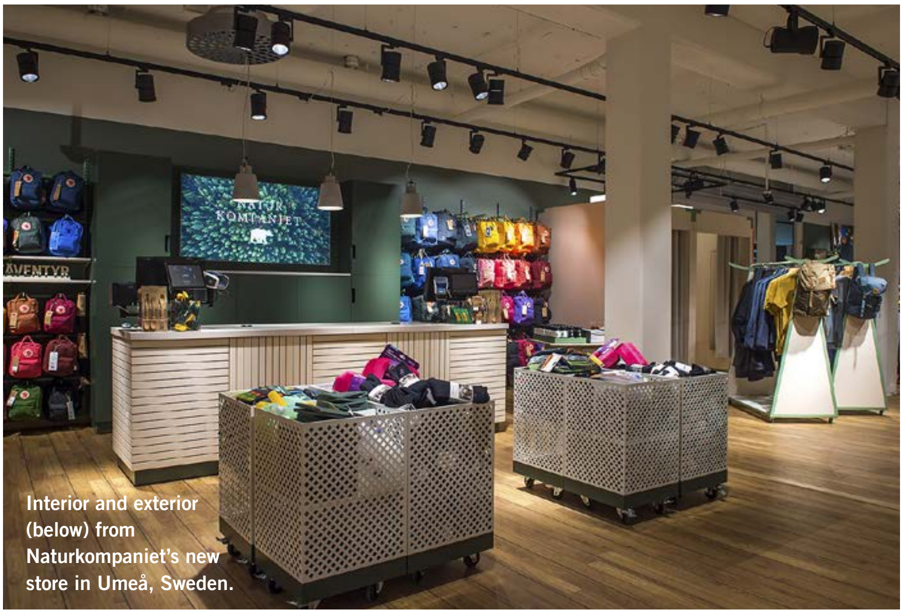
Naturkompaniet moved its store in Halmstad, Sweden, to a better location. The first of the new Frilufts groupwide store fitting concept was successfully implemented and tested. In addition, Naturkompaniet took over a franchise store in Uppsala and acquired an independent store in Umeå. The company had a good year overall, continuing its recent positive trend.

In late 2018, Partioaitta added three new stores, sited in Lappeenranta, Rovaniemi and the shopping centre Koskikeskus in Tampere. These stores all reflect the new Frilufts store concept. The organization has been reinforced and the team is now complete. The loyalty club continued to grow and one per cent from the members' total purchases are donated every year, with EUR 101 250 given in 2018.

Friluftsland has changed its logo to align with Naturkompaniet and with Partioaitta. In 2018 there was a lot of focus on upgrading the store network, with one new store added in Randers, Denmark. Seven of the existing stores have been renovated and upgraded, some have been moved, some extended and some upgraded.

Long-term goals

Operational challenges differ between the markets but common to all of them is that consumer behaviour is shifting and markets are becoming more and more global, with price pressure.



Interior and exterior (below) from Naturkompaniet's new store in Umeå, Sweden.

Frilufts' strategy is to stay away from the ongoing price war since it does not fit to our market position as a premium retailer. A general trend within retail is declining footfall in stores and this is a challenge for Frilufts. The project to align business systems within the group will continue over the next few years. The project will result in a more efficient IT environment, but at the same time it puts pressure on our current resources.

Focus 2019

All companies have been working on strategic plans for 2025. This will be the first year of implementing the strategic plans. In Germany, the biggest focus is on getting back to a more customer-centred mode, with the opening of five new stores. There will also be change of logo in the fall of 2019 for Globetrotter's 40th anniversary. Naturkompaniet will renovate and rebuild its flagship store in Gothenburg, open up a new store in Kungsbacka south of Gothenburg and relocate and renovate the store in Norrköping. The focus for Partioaitta will be on getting the new team members and organization up and running. Friluftsland will focus on fine-tuning the new store concept and develop how to merchandise the products in this new concept. The flagship store in Copenhagen will be totally renovated in the spring. ●

Globetrotter workshop in Dresden, Germany.

Every year, Naturkompaniet donates one percent of loyalty club sales to nature and outdoor projects. In 2018, MSEK 2,3 was handed out to four different organizations.

Company facts

NATURKOMPANIET AB

Scoutvaror AB, Naturkompaniet's oldest subsidiary, was founded in 1931 by the Swedish Scouts. In 1951, the name was changed to Friluftsmagasinets Scoutvaror AB before the stores changed their name to Naturkompaniet in 1991. Today, Naturkompaniet is Sweden's largest outdoor retailer, with 33 stores (two franchises) and a fully operational e-commerce site. Naturkompaniet sells equipment for outdoor and travel activities from the world's leading brands. The vision is to promote outdoor recreation and health by providing equipment to facilitate and enrich outdoor life.

PARTIOAITTA OY

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

GLOBETROTTER AUSRÜSTUNG GMBH

In 1979 two outdoor enthusiasts founded Germany's first store for outdoor pursuits and expedition equipment. From the outset they looked for the best, most functional products for outdoor life and for travelling to the most far-flung corners of the world. Their shop in Hamburg's Wandsbek district quickly became a meeting point for globetrotters and adventurers. Today, Globetrotter has a big e-commerce business and 11 shops (one franchise). Fenix Outdoor acquired the company in 2014.

FRILUFTSLAND A/S

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

ANNUAL REPORT – MANAGEMENT REPORT

The Board of Directors of Fenix Outdoor International AG, Corporate Identity Number CHE-206.390.054, with its registered offices in Zug, Switzerland, hereby present the annual report and consolidated financial statements for the financial year 2018. Fenix Outdoor International AG is listed on Nasdaq OMX Stockholm, Large Cap.

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

OPERATIONS

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

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

The three business segments are supported by common functions for management, CSR/CSO, finance, 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 acquired a new brand, Royal Robbins, which mainly focuses on outdoor and travel apparel. The head office of Royal Robbins is located in the USA. At the Annual General Meeting in April 2018, Martin Nordin was elected Executive Chairman of the Board. Alexander Koska was appointed President. The new retail logistics center in Ludwigslust, Germany, started its operations during fall 2018.

SALES AND PROFIT

The group's net sales increased by 6,0% to MEUR 572,4 (539,9). The operating profit increased to MEUR 88,4 (84,9).

Overall, the Brands and Global Sales segments continued to grow with good profitability. A main driver in this growth was the North American market.

Frilufts' sales volumes, especially in Germany, were affected by the weather. On a like-for-like basis, excluding the effect from Friluftsland, sales were lower than last year. That, in combination with investment relating to Friluftsland, contributed to a lower result for the segment.

The "common segment" presented an operating result that was MEUR 3,7 lower than last year. The overrun in costs related to the restructuring and establishment of a new retail warehouse in Germany.

Despite this cost overrun and the cost of bringing Royal Robbins into the group, Fenix delivered an operating margin of 15,4% (15,7%).

PROSPECTS FOR 2019

We are positive about the prospects for 2019, even though we are still facing challenges. We have not seen any major negative impact from the weather regarding the development of the order books' growth for 2019. The North American operations show no sign of declining growth. We are looking forward to launching new digital platforms and combined brick and mortar/digital concepts. For example, we are aiming to open between eight and 12 new Fjällräven stores in North America and five new smaller Globetrotter stores in Germany.

Our new logistics center in Ludwigslust will be in fully operation at the end of Q1 2019. This brings us up to where we want to be in servicing our digital customers and it brings us the efficiencies and cost savings we are aiming for during 2019.

EMPLOYEES

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

LIQUIDITY AND FINANCIAL POSITION

The group's total cash and cash equivalents totaled MEUR 101,9 (93,7) as of December 31, 2018. The group's interest-bearing liabilities decreased to MEUR 24,9 (52,5). The group's total equity attributable to the Parent Company's shareholders at the end of the year was MEUR 285,6 (230,8), which corresponds to an equity ratio of 70,9% (62,1%).

RISK FACTORS

- **Cyclical risks.** Historically, upswings and downturns in the economy have not had any significant impact on the group's sales or earnings trend, even though the risk may have increased by the larger retail share of the operations, including the changing retail environment.
- **Weather-related and seasonal risks.** Certain parts of the group's product range and sales are affected by weather conditions. Portions of the winter collection, mainly available in the markets with a colder climate, are negatively affected by warm and late winters.
- **Trend risks.** The group does not consider itself to be a group of fashion products, but the business is affected by long-term trends such as the positive active and outdoor life trend. Some markets in warmer climates which have a different product mix are still more impacted by single product trends compared to other more traditional outdoor markets.
- **Currency risks.** The group's net sales in different currencies are distributed as following: SEK 12%, EUR including DKK 64%, USD 13% and other currencies 11%. A major portion of the Brand segment's purchases take place in USD, even though certain brands make a large share of purchases in EUR. The Frilufts and Global Sales companies mainly buy in local currency. The group's policy is to hedge its short USD position from purchase orders, through forward contracts lasting up to a year. Further information regarding the group's risk management can be found in the section Accounting Principles and in Notes 3 and 18. The group had outstanding currency forwards as per December 31, 2018, where USD had been purchased against EUR and NOK, at a value of MUSD 45,5. 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 brands' primary success factors has been the ability to continually develop new products and improve existing ones. This holds true for each of the group's brands. The products are tested in both laboratory environments and in authentic conditions through regular events, such as the Fjällräven Classic, Fjällräven Polar and Hanwag's Alpine experience.

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

CAPITAL EXPENDITURES

The group's capital expenditures totaled MEUR 32,1 (30,4). The investments are primarily attributable to the ERP system, a building of a B2C logistics center in Ludwiglust, as well as capital expenditures relating 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, which usually takes place at the end of April or the beginning of May. The Board of Directors, the Chairman, the Compensation Committee and independent proxies are elected at each Annual General Meeting. Auditors are appointed.
The annual financial statements are adopted and resolutions are undertaken regard-

ing discharge from liability. In addition, the appropriation of profits and compensation to the Senior Executives and the Board of Directors are approved. Each shareholder, listed in the shareholders' register on a specified date prior to the meeting, and who has also registered to attend the Annual General Meeting, is entitled to attend the meeting and vote for their combined ownership of shares. Shareholders may be represented by proxy. Fenix Outdoor International AG complies with Swiss company laws and regulations.

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

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

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

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

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

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

Attendance at Board meetings Fenix Outdoor International AG in 2018

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

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

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

OWNERSHIP STRUCTURE
Fenix Outdoor International AG had 6 442 shareholders at the end of 2018. The ownership participation of the ten largest shareholders constituted 77,0% of the total capital. A list of the major shareholders can be found on page 55.

RESULTS AND FINANCIAL POSITION
For information regarding the group's and the parent company's results and financial position, we refer to the consolidated and parent income statement, balance sheet, cash flow statement and notes on pages 26-51.

PROPOSED APPROPRIATION OF PROFITS IN PARENT

	31.12.2018 TEUR
Profit reserves at the beginning of the period	**89 453**
Net profit of the year	39 851
Profit reserves at the end of the period	**129 304**
Allocation to the general legal profit reserves	0
Profit to be carried forward	**129 304**

PROPOSAL FOR DISTRIBUTION OF DIVIDENDS

Capital contribution reserves TEUR	**411 132**
Dividends TEUR*	15 751
Capital contribution reserves	**395 381**

* SEK 1,2 Kronor per A-share and SEK 12,0 Kronor per B-Share calculated at EUR/SEK 10,2548 (24 000 000 x 1,2 + 11 060 000 x 12,0 = SEK 161 520 000) = EUR 15 750 673.

THE BOARD'S STATEMENT ON THE PROPOSED DIVIDEND
The board's opinion is that the proposed dividend of SEK 1,2 (1,0) per A-share and SEK 12,0 (10,0) 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 being maintained at a satisfactory level.

CONSOLIDATED INCOME STATEMENT

Amounts in TEUR	Note	2018	2017*)
Net sales	5	572 408	539 936
Other operating income	7	10 372	11 296
		582 780	**551 232**
Cost of goods sold		-241 479	-237 787
Other external expenses		-131 847	-118 091
Personnel expenses	6	-108 324	-99 289
Depreciation/amortisation	11/12	-14 162	-12 683
Result from participations in associated companies	9	2 141	2 214
Other operating expenses	7	-678	-656
Operating profit	5	**88 431**	**84 940**
Financial income	9	2 408	430
Financial expenses	9	-2 318	-3 143
Profit/loss before tax		**88 521**	**82 227**
Tax	10	-21 093	-21 555
Net profit for the year		**67 428**	**60 672**
Net profit for the year attributable to:			
Parent company's shareholders		67 390	60 429
Non-controlling interests		38	243

*) 2017 Restated, see note 2.

Earnings per share after tax attributable to the parent company's shareholders during the year after dilution and before dilution in EUR	2018	2017*)
A shares	0,501	0,451
B shares	5,01	4,51
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) - A shares	0,117	0,102
Proposed dividend per share (EUR) - B shares	1,170	1,016

STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in TEUR	2018	2017 *)
Net profit for the year after tax	67 428	60 672
Not to be reclassified in the income statement in the future		
Re-measurements of post employment benefit obligations	31	55
Taxes	-7	-12
To be reclassified in the income statement in the future		
Change in translation reserve during the period	-2 356	-4 162
Cash flow hedges	68	-3 307
Taxes	-15	590
Total other comprehensive income for the year:	**-2 279**	**-6 836**
Total comprehensive income for the year	**65 149**	**53 836**
Total comprehensive income attributable to:		
Parent Company's shareholders	65 111	53 593
Non-controlling interests	38	243

*) 2017 Restated, see note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December, Amounts in TEUR	Note	2018	2017
ASSETS			
Fixed assets			
Intangible fixed assets	11	36 871	29 043
Tangible fixed assets	12	63 338	52 250
Investments in associated companies	13	3 649	4 750
Deferred tax assets	10	14 082	13 408
Other non-current financial assets	13	300	100
Other non-current receivables	13	965	1 014
Total fixed assets		**119 205**	**100 565**
Current assets			
Inventories	15	133 292	132 741
Accounts receivable trade and other receivables	16	42 857	39 777
Prepaid expenses and accrued income	19	5 435	4 920
Cash and cash equivalents	17	101 862	93 736
Total current assets		**283 446**	**271 174**
TOTAL ASSETS		**402 651**	**371 739**
EQUITY AND LIABILITIES			
EQUITY			
Equity and reserves attributable to the Parent Company's shareholders			
Share capital		12 378	12 378
Other contributed capital		39 765	39 765
Other components of equity		-2 808	-2 986
Retained earnings		236 255	181 654
Total equity attributable to the Parent Company's shareholders		**285 590**	**230 811**
Non-controlling interest		65	27
Total equity		**285 655**	**230 838**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	10 549	7 993
Employee benefits	20	1 001	988
Other non-current provisions	21	1 415	4 764
Interest-bearing liabilities	22	12 000	1 850
Other non-current liabilities		1 021	1 041
Total non-current liabilities		**25 986**	**16 636**
Current liabilities			
Other current liabilities	23	44 965	39 557
Current tax liabilities		4 560	8 368
Interest-bearing liabilities	22	12 911	50 658
Accrued expenses and deferred income	24	28 574	25 682
Total current liabilities		**91 010**	**124 265**
Total equity and liabilities		**402 651**	**371 739**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in Equity TEUR	Share capital	Other contributed capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
01-01-2017	12 378	39 765	1 803	2 090	130 674	186 710	2 552	189 262
Net profit for the year					60 429	60 429	243	60 672
Other comprehensive income for the year			-2 717	-4 162	43	-6 836	-	-6 836
Total comprehensive income for the year	-	-	-2 717	-4 162	60 473	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**	**-914**	**-2 072**	**181 654**	**230 811**	**27**	**230 838**
01-01-2018	**12 378**	**39 765**	**-914**	**-2 072**	**181 654**	**230 811**	**27**	**230 838**
Net Profit for the year					67 390	67 390	38	67 428
Other comprehensive income for the year			53	-2 356	24	-2 279	-	-2 279
Total comprehensive income for the year	-	-	53	-2 356	67 414	65 111	38	65 149
Dividends					-12 813	-12 813	-	-12 813
Transfer of cash flow hedge reserve to inventories			2 480			2 480	-	2 480
31-12-2018	**12 378**	**39 765**	**1 620**	**-4 428**	**236 255**	**285 590**	**65**	**285 655**

*) 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. Per 31.12.2018 the company hold 6 700 of B-shares.
**) Acquisition of the 29 % remaining non-controlling interests of Bus Sport AG.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TEUR	Note	2018	2017
OPERATING ACTIVITIES			
Net profit for the year		67 428	60 672
Tax expense in income statement		21 073	21 555
Financial net in income statement		-90	2 713
Depreciation		14 162	12 683
Adjustment for items not included in the cash flow, etc.	27	-4 003	-4 016
Interest received		802	430
Interest paid		-1 742	-2 500
Income Tax paid		-23 034	-21 606
Cash flow from operating activities before changes in working capital		74 596	69 931
Change in inventories		2 359	-3 641
Change in operating receivables		-2 163	1 764
Change in operating liabilities		4 342	499
Cash flow from operating activities		**79 135**	**68 553**
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		-10 143	-7 093
Purchase of tangible fixed assets		-21 997	-23 257
Sale of tangible fixed assets		47	443
Acquisition of subsidiaries, net of cash acquired		-1 504	-6 025
Settlement of loans		-887	-1 215
Sale of associated companies		600	-
Dividend from associated companies		2 281	-
Change in non-current receivables		49	614
Cash flow from investing activities		**-31 554**	**-36 533**
FINANCING ACTIVITIES			
Borrowings		5 328	10 208
Repaid borrowings		-32 950	-13 478
Acquisition of minority shares in subsidiaries		-	-1 272
Purchase of own shares		-	393
Dividends paid		-12 813	-11 132
Cash flow from financing activities		**-40 435**	**-15 281**
Change in cash and cash equivalents		**7 146**	**16 739**
Cash and cash equivalents at beginning of year		**93 736**	**76 774**
Effect of exchange rate differences on cash and cash equivalents		**980**	**223**
Cash and cash equivalents at year-end	**17**	**101 862**	**93 736**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

BUSINESS ACTIVITY

Fenix Outdoor International AG (the parent company) and its subsidiaries (collectively, the group) is a group whose business idea is to develop and market high-quality, low-weight outdoor products through a selected retail network with a high degree of service to customers with high demands. The group conducts development, production and sales in a large number of subsidiaries throughout Europe, Asia and North America. The parent company is a Swiss Corporation (AG) with its registered offices in Industriestrasse 6, 6300 Zug, Switzerland, Corporate Identity Number CHE-206.390.054 and is listed on the Nasdaq OMX Stockholm, Large Cap.

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS as issued by the IASB and compliant with IFRS as adopted by the EU. The consolidated figures are presented in TEUR if not otherwise stated. The accounting is consistent with those applied in prior year, except as stated under "New or revised standards applied by the Group". Affected 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 occurred 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 applied on the transaction date. Exchange rate gains and losses resulting from such transactions or from the revaluation of foreign currency assets and liabilities at the balance sheet date are recognized in the income statement.
The financial statements of the group's companies that are reported in foreign currencies are translated into EUR as follows; balance sheet at closing rates at the date of the balance sheet, Equity at historical rates and the income and expenses for each income statement are translated at average exchange rates.
The change in accumulated exchange rate differences from the translation of foreign companies is reported in other comprehensive income. If the company is sold, or if part of it is sold and control is lost, the cumulative exchange differences are reclassified to the income statement.

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

	Average rate		Balance sheet closing rate	
	2018	**2017**	**2018**	**2017**
SEK/EUR	10,2937	9,6464	10,2548	9,8438
CHF/EUR	1,1512	1,1152	1,1269	1,1702
USD/EUR	1,1778	1,1353	1,1450	1,1993
SEK/CHF	8,9418	8,6502	9,1000	8,4121

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 are also defined as the Chief Operating Decision Maker of the group. The Chief Operating Decision Maker is responsible for the allocation of resources and the assessment of the profit from the operating segments.

REVENUE

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

Loyalty points programme

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

Rights of return

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

INCOME TAX

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

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

FINANCIAL INSTRUMENTS

Financial assets

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

Financial assets at amortized cost

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

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

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

Financial liabilities

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

Borrowings

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

Trade payables

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

INVENTORIES

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

PROVISIONS

Provisions are only recorded if the group has a present obligation (legal or constructive) to third parties that will lead to a proable outflow of resources 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 the amount can be reliably estimated but the timing cannot be reliably estimated are reported as provisions.

PENSION COMMITMENTS

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

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

CONTINGENT LIABILITIES

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

CASH FLOW STATEMENT

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

NEW OR REVISED STANDARDS APPLIED BY THE GROUP

Standards that have been adopted as of 1 January 2018

A number of new standards and interpretations have become effective for financial year beginning 1 January 2018 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, as information the impact of IFRS 15 is presented.

IFRS 15 Revenue from Contracts with Customers has been applied retrospectively in full and the Group has restated the 2017 income statement. The major effect of IFRS 15 relates to the receipt of advertising contributions from vendors that were previously accounted for as other operating income. Under the new IFRS 15 guidance the Group has determined that these advertising activities do not fully represent payments for distinct services provided to customers and should be accounted for as a reduction of the purchase price of the underlying goods purchased from those vendors. This restatements has resulted in a decrease of other operating income and of cost of goods of MEUR 1,4 for 2017.

	2017	2017 Restated
Net sales	539 936	539 936
Other operating income	12 709	11 296
	552 645	551 232
Cost of goods	-239 200	-237 787
Other operating cost	-228 505	-228 505
Operating profit	84 940	84 940

IFRS 9 Financial instrument became effective on 1 January 2018. The Group has not restated comparative information and applies IFRS 9 since 1 January 2018. The Group enters into cash flow hedges on forecast transactions to purchase inventory in foreign exchange. IFRS 9 requires that if a hedged forecast transaction subsequently results in the recognition of a non-financial asset (inventory) the entity must remove that amount from the cash flow hedge reserve and include it directly in the initial cost of the inventory. This is not a reclassification adjustment and, as such, it does not affect other comprehensive income. The Group has transferred MEUR 2,5 for 2018 directly from equity to inventory, in the corresponding periods of 2017 such movements were recorded within other comprehensive income.

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 16 Leases will become effective from 1 January 2019. IFRS 16 introduces a single accounting model for lessees and requires the recognition of substantially all leases in the balance sheet and the separation of depreciation of right-of-use assets from interest of lease liabilities in the income statement. Fenix Outdoor has chosen to use the modified retrospective approach, which does not require restatement of comparative periods.

The Group has elected the option to set the right-of-use asset equal to the lease liability at transition, with adjustments to the opening balance at 1 January 2019.

The Group's lease portfolio consists mainly of leased retail shops with fixed lease payments. The Group's initial estimate is that approximately an additional 110 MEUR of right-of-use assets and lease liabilities will be recognized in the balance sheet at transition. Recognizing depreciation of right of use assets and interest expense on the lease liability below EBITDA rather than the lease payments in other external expense within operating costs instead of lease payments is estimated to have a major positive impact on EBITDA.

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 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 fix the exchange rate against EUR for purchases made in USD. Company management can decide on hedging up to 12 months of future cash flows, as long as hedge position is in balance with planned order book. Hedging is undertaken by holding liquidity in actual currency and/or making forward contracts. The most important sales currency is EUR, which accounts for approximately 58% of the Group's net sales. The Group does not have a significant net exposure to foreign exchange rates including the effects from hedging made and thus no sensitivity analysis is disclosed.

Translation exposure

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

Interest rate risk

The group's financial result is affected by changes in interest rates. As per 31 December 2018, all loans are entered into variable interest rates (total loan amount TEUR 24 911). To get a longer interest duration of the loan portfolio, one swap contract representing around 40% of the total loan amount is made. An increase in the short-term interest rate of one percentage should therefore effect the interest cost by TEUR 149 (270). 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 24 911 (52 508) at year-end, which is approximately 6,2 (14,1) percent of total assets. As per 31 December 2018, the group's interest-bearing liabilities was denominated in USD, EUR and KRW. The maturity structure is presented in Note 22. The group has found it acceptable, in terms of risk exposure, to use short-term external financing.

Contractually agreed cash flow of non-derivate financial liabilities.

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

2017	<6 months	<12 months	<24 months	Total
Account payable	19 753	-	-	19 753
Refund liabilities	489	-	-	489
Other payables - financial	-	-	656	656
Interest bearing loans	50 658	-	1 850	52 508
Interest payment from loans	-	190	429	619
	70 900	190	2 935	74 025

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 institutions credit risk

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

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGMENTS

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

Estimates

TESTING OF GOODWILL FOR IMPAIRMENT

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

VALUATION OF INVENTORY

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

TAX

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

NOTE 5 SEGMENT REPORTING

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

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

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

MEUR	2018	2017
External Sales		
Brands	156,1	123,2
Global Sales	141,7	144,9
Frilufts	273,2	270,5
Common	1,3	1,3
Group	572,4	539,9
Operation profit per segment		
Brands	65,3	51,5
Global Sales	22,5	25,5
Frilufts	9,9	13,3
Common	-9,2	-5,4
Group	88,4	84,9

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

Capital Expenditures		
Brands	3,3	1,8
Global Sales	1,9	1,3
Frilufts	4,8	4,7
Common	22,1	22,6
Group	32,1	30,4
Depreciation and amortization		
Brands	-3,7	-3,3
Global Sales	-1,3	-0,9
Frilufts	-6,5	-6,6
Common	-2,7	-1,8
Group	-14,2	-12,7

NET SALES PER GEOGRAPHIC MARKET

MEUR	2018	2017
Switzerland	10,4	10,1
Sweden	70,0	72,3
Other Nordic countries	85,4	76,7
Germany	239,8	246,0
Benelux	21,2	19,7
Other Europe	51,1	42,8
North America	74,4	51,7
Other markets	20,1	20,6
Total	572,4	539,9

INTANGIBLE AND TANGIBLE ASSETS PER MARKET

MEUR	2018	2017
Switzerland	1,3	1,3
Sweden	27,4	18,9
Other Nordic countries	11,6	9,9
Germany	42,7	36,6
Benelux	4,2	4,2
Other Europe	3,5	3,3
North America	7,9	5,1
Other markets	1,7	2,0
Total	**100,2**	**81,3**

NOTE 6 PERSONNEL EXPENSES

Full-time average number of employees

	2018		2017	
	Number of employees	Of whom men	Number of employees	Of whom men
Sweden	329	169	318	153
Norway	31	17	31	16
Denmark	87	66	76	57
Finland	154	69	133	67
Estonia	32	4	29	4
Germany	1 101	529	1 063	604
Austria	5	3	5	3
Holland	91	55	97	56
England	17	14	17	14
Switzerland	13	4	11	3
Hungary	122	25	107	18
North America	301	163	199	108
China	123	37	111	36
Other countries	86	52	73	36
Total, Group	**2 492**	**1 207**	**2 270**	**1 175**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

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

2017	Salary and remunerations	Social security expenses (of which pension costs)	Other personnel costs	Total
Total	78 157	18 602 (3 514)	2 530	99 289

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

2017	Salary	Benefits and other remunerations	Pension contributions	Total
President	448	5	5	458
Other Senior executives	1 281	219	155	1 655
Total	1 729	224	160	2 113

	2018		2017	
	Total	of whom men	Total	of whom men
President and other Senior Executives	8	7	8	7

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

NOTE 7 OTHER OPERATING INCOME AND EXPENSES

	2018	2017
Other operating income		
Royalty and licensing income	216	-
Franchise income	81	106
Marketing contribution	2 562	3 264
Other	7 513	7 926
Total	**10 372**	**11 296**
Other operating expenses		
Exchange rate differences	-184	-229
Other	-494	-427
Total	**-678**	**-656**

NOTE 8 OPERATING LEASE AGREEMENTS

The expense for operating leases, which is usually not contingent, is recognised on a straight line basis in the income statement. The majority of the operating lease agreements below are rents for retail premises which are considered operating leases. Only very few contracts contain clauses for variable lease payments. Nominal value of agreed-upon future lease payments are distributed as follows. The lease expenses for 2018 amounted to TEUR 23 725 (23 071).

	2018
Due for payment in 2019	25 915
Due for payment in 2020	20 869
Due for payment in 2021	18 635
Due for payment in 2022 or later	77 346
Total	**142 765**

	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**

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

	2018	2017
RESULT FROM ASSOCIATED COMPANIES AND JOINT VENTURES		
Results from associated companies and joint ventures	2 091	2 130
Other	-150	84
Results from sale associated companies and joint ventures	200	-
Total result from associated companies and joint ventures	**2 141**	**2 214**
FINANCIAL INCOME AND EXPENSES		
Financial income		
Interest income	802	430
Exchange rate differences	1 606	-
Total financial income	**2 408**	**430**
Financial expenses		
Interest expenses	-1 668	-2 442
Exchange rate differences	-576	-643
Other financial expenses	-74	-58
Total financial expenses	**-2 318**	**-3 143**

NOTE 10 TAX

	2018	2017
Current tax:		
Current tax on profits for the year	-21 207	-19 502
Adjustments in respect of prior years	706	172
Total current tax	**-20 501**	**-19 330**
Deferred tax:		
Origination and reversal of temporary differences	-591	241
Impact of change in the local tax rate	-1	-2 466
Total deferred tax	**-592**	**-2 225**
Income tax expense	**-21 093**	**-21 555**

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:

	2018	2017
Profit before tax	**88 522**	**82 228**
Tax calculated at domestic tax rates applicable to profits in the respective countries	-20 614	-20 459
Tax effects of:		
- Income not subject to tax	39	871
- Expenses not deductible for tax purposes	-941	-1 457
- Utilisation of previously unrecognised tax losses	69	302
- Tax losses for which no deferred income tax assets was recognized	-467	1 377
Re-measurement of deferred tax - change in the local tax rate	1	-2 466
Exchange rate difference in untaxed reserves	113	-20
Adjustment in respect of prior years	706	172
Tax charge	**-21 093**	**-21 555**

The effective tax rate was 23,8% (26,2 %). The remeasurement of deferred tax for change in local tax rate in 2017 related to the change tax rate in USA.

Deferred tax assets	**2018**	**2017**
Difference between book value and tax value of assets	590	341
Temporary differences regarding inventories	3 376	2 450
Loss carry-forwards	10 116	10 617
Reported deferred tax assets	**14 082**	**13 408**

The Group has no material unrecoginsed tax losses.

Deferred tax liabilities	**2018**	**2017**
Temporary differences regarding untaxed reserves	10 070	7 971
Difference between book value and tax value of assets	479	22
Reported deferred tax liabilities	**10 549**	**7 993**

NOTE 11 INTANGIBLE FIXED ASSETS

Capitalised expenditure for computer software	**2018**	**2017**
Opening acquisition cost	12 510	12 276
Expenditure capitalised during the year	77	1 212
Sales and disposals	-39	-240
Reclassifications	3 781	-466
Translation differences	-358	-272
Closing acquisition cost	**15 971**	**12 510**
Opening amortisation	-8 826	-7 649
Amortization for the year	-2 282	-1 942
Sales and disposals	39	240
Reclassifications	2	304
Translation differences	253	221
Closing amortisation	**-10 814**	**-8 826**

Installation in progress	**2018**	**2017**
Opening aquisition cost	6 634	–
Purchases Installation in progress	9 793	5 067
Reclassifications	-3 784	1 567
Translation differences	-646	–
Closing acquisition cost	**11 997**	**6 634**
Closing balance	**17 154**	**10 318**

Trademarks	**2018**	**2017**
Opening acquisition cost	9 590	9 894
Acquisitions	1 576	–
Increase through acquistion of subsidiary	–	3
Sales and disposals	–	-175
Reclassifications	2	–
Translation differences	16	-132
Closing acquisition cost	**11 185**	**9 590**
Opening amortisation	-8 102	-7 935
Amortization for the year	-415	-416
Sales and disposals	–	175
Reclassifications	-2	–
Translation differences	1	74
Closing amortisation	**-8 518**	**-8 102**
Closing balance	**2 666**	**1 488**

Rental rights	**2018**	**2017**
Opening acquisition cost	4 208	409
Acquisitions	152	98
Increase through aquisition of subsidiary	–	121
Sales and disposals	-275	-40
Reclassifications	-75	3 626
Translation differences	-19	-6
Closing acquisition cost	**3 992**	**4 208**

	2018	2017
Opening amortization	-3 419	-335
Amortization for the year	-473	-555
Sales and disposals	275	40
Reclassifications	75	-2 579
Translation differences	16	10
Closing amortisation	**-3 527**	**-3 419**
Closing balance	**465**	**789**

Goodwill	**2018**	**2017**
Opening acquisition cost	18 891	13 805
Acquisitions	116	5 315
Translation differences	18	-229
Closing acquisition cost	**19 025**	**18 891**
Opening write-downs	-2 443	-2 446
Translation differences	4	2
Closing write-downs	**-2 439**	**-2 443**
Closing balance	**16 586**	**16 448**
Total intangible fixed assets	**36 871**	**29 043**

SPECIFICATION OF GOODWILL

	2018	**2017**
Brands	4 481	4 612
Frilufts	9 058	8 694
Global sales	3 046	3 142
Book value	16 586	16 448

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 acquisition of external outdoor shops by Naturkompaniet AB. The recoverable amount of the Group's goodwill is determined annually by means of an impairment test. Take away of any impairment requirement. As part of this assessment, the estimated value of current assets (cash generating units) is calculated by discounting future cash flows that have been estimated on the basis of an internal assessment of the coming five years, after which an unchanged cash flow is assumed, e.g. a zero growth is assumed. The internal assessment is based on historical income and expense trends, with adjustments made for any changes in circumstances, the competitive situation, etc., as deemed suitable by Group management. The discount rate applied is equivalent to the required return on the market. This required return is calculated using the weighted average cost of capital (WACC) according to the Capital Asset Pricing Model (CAPM). The cost of capital is converted to a required return, with consideration given to the tax rate and interest rates. The pre-tax discount rate used for 2018 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	**2018**	**2017**
Opening acquisition cost	13 374	12 543
Purchases	280	731
Sales and disposals	-83	-125
Reclassifications	8 485	293
Translation differences	-51	-68
Closing acquisition cost	**22 005**	**13 374**
Opening depreciation	-5 376	-4 110
Amortisation for the year	-719	-1 585
Sales and disposals	82	54
Translation differences	239	265
Closing depreciation	**-5 774**	**-5 376**
Closing balance	**16 231**	**7 998**

Cost of leasehold improvements	**2018**	**2017**
Opening acquisition cost	48 129	44 875
Purchases	3 747	2 976
Increase through acquisition of subsidiary	234	726
Sales and disposals	-2 436	-449
Reclassifications	1 606	737
Translation differences	249	-736
Closing acquisition cost	**51 529**	**48 129**
Opening deprication	-30 346	-25 710
Depreciation for the year	-5 871	-4 875
Sales and disposals	2 414	301
Reclassifications	-266	-102
Translation differences	-381	40
Closing depreciation	**-34 450**	**-30 346**
Closing balance	**17 080**	**17 783**

Equipment, tools, fixtures and fittings	**2018**	**2017**
Opening acquisition cost	33 232	36 273
Purchases	4 535	3 582
Increase through acquisition of subsidiary	50	117
Sales and disposals	-1 636	-2 965
Reclassifications	7 359	-3 321
Translation differences	218	-454
Closing acquisition cost	**43 758**	**33 232**
Opening depreciation	-22 305	-24 180
Depreciation for the year	-4 402	-3 309
Sales and disposals	1 587	2 538
Reclassifications	291	2 326
Translation differences	-332	320
Closing depreciation	**-25 161**	**-22 305**
Closing balance	**18 597**	**10 927**

Constructions in progress	**2018**	**2017**
Opening aquisition cost	15 542	1 979
Purchases	13 411	16 030
Sales and disposals	-3	-5
Reclassifications	-17 474	-2 385
Translation differences	-45	-77
Closing balance	**11 430**	**15 542**
Total tangible fixed assets	**63 338**	**52 250**

NOTE 13 OTHER FINANCIAL ASSETS

Other non-current financial assets	2018	2017
Opening fair value	100	100
Reclassification	200	-
Closing fair value	**300**	**100**

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

Other non-current receivables	2018	2017
Other non-current receivables	965	1 014
Closing acquisition cost	**965**	**1 014**

Participations in associated companies and joint ventures	2018	2017
At beginning of the year	4 750	2 638
Share of result	2 091	2 130
Dividends from associated companies	-2 281	-
Sales	-400	-
Write-downs	-150	-
Reclassification	-200	-
Translation difference	-161	-18
Closing balance	**3 649**	**4 750**

	Country	Participating interest
Jiang Su Fenix	China	50%

NOTE 14 PARTICIPATIONS IN SUBSIDIARIES

Subsidiary	Corporate Identity Number	Registered offices	Number of shares	Share of equity	Book value in Parent Company, TEUR
Alpen International Co Ltd	220-88-25317	Seoul	210 285	75%	3 000
Fenix Outdoor AB	556110-6310	Örnsköldsvik	13 273 731	100%	517 375
AB Raven Incorporate (Inc)	556603-5662	Örnsköldsvik	1 000	100%	-
Brunton Inc.	27-1437119	Denver	1	100%	-
Fenix Outdoor Import LLC	27-2473714	Riverton	-	100%	-
Bus Sport AG	CH-320.3.032.659-8	Buchs	100	100%	-
Fenix Outdoor Austria Italy GmbH	FN387475t	Innsbruck	1	100%	-
Fenix Outdoor Benelux B.V.				100%	-
Fenix Outdoor Danmark ApS	25894383	Århus	1	100%	-
Fenix Outdoor Finland Oy	1068339-4	Helsingfors	100	100%	-
Fenix Outdoor Import AS	916 145 578	Lillehammer	100	100%	-
Fenix Outdoor Italia s.r.l	REA187336		-	100%	-
Fenix Outdoor Mono Retail AS	912 893 030	Lillehammer	100	100%	-
Fenix Outdoor Norge A/S	920 417 280	Lillehammer	100	100%	-
Fenix Outdoor s.r.o, Czech	6484212			100%	-
Fenix Outdoor s.r.o, Slovakia				100%	-
Fjällräven AB	556605-9795	Örnsköldsvik	1 000	100%	-
Fjällräven B.V.	24251858	Almere	140	100%	-
Fenix Epic B.V.	57902585	Almere		100%	-
Fjällräven Center B.V.	34127188	Almere		100%	
Fjällräven Canada Retail Inc	BC0997845	British Columbia	100	100%	-
Fenix Outdoor Logistics B.V.	64755177	Amsterdam	40	100%	-
Fenix Outdoor Logistics GmbH				100%	-
Fjällräven International AB	556725-7471	Örnsköldsvik	1 000	100%	-
Fjällräven GmbH	HRB56169	München	450	100%	-
Hanwag GmbH	HRB153419	Vierkirchen	1	100%	-
Hanwag Sales GmbH	GRB220690	Vierkirchen	1	100%	-
Progress Kft	09-09-000101	Kinizsi	1	100%	-
Fenix Eastern Europé	HRB182742	Vierkirchen	1	100%	-
HW Media GmbH & Co. KG	HRA91095	Vierkirchen	-	100%	-
Fjällräven Sverige AB	556413-5548	Örnsköldsvik	100	100%	-
Fenix Outdoor E-com AB	556080-3362	Örnsköldsvik	6 080	100%	-
Fjällräven USA Llc	27-0611578	New York	1	100%	-
Fenix USA Retail US	38-3937088	Denver		100%	-
Friluftsbolaget Ekelund & Sagner AB	556543-0229	Örnsköldsvik	1 294 000	100%	-
Jiangsu Leader Outdoor Company Limited	91321000694454647M	Yangzhou	1	90%	-
Jiangsu Leader Outdoor Technology Development Company Limited	91321000694454655G	Yangzhou	1	100%	-
Primus AB	556152-5766	Örnsköldsvik	1 000	100%	-
Primus Eesti OÜ	10848501	Tartu	1	100%	-
Rosker Ltd	2091967	Gosport	10 000	100%	-
Tierra Products AB	556095-1526	Örnsköldsvik	1 010	100%	-
Turima Jakt AB	556018-8392	Örnsköldsvik	800	100%	-
Fenix Outdoor Brand Retail AG	CHE-115.678.335	Zug	100	100%	92
Fenix Outdoor Import Asia	66355568	Hong Kong	1	100%	-
Fenix Outdoor Asia	62384460	Hong Kong	1	100%	-
Fenix Outdoor R&D and CSR AG	CHE-145.043.963	Luzern	100	100%	368
Frilufts Retail Europé AB	556788-3375	Örnsköldsvik	13 250 000	100%	24 731
Friluftsland A/S	76470316	Copenhagen	5 000	100%	-
Globetrotter GmbH	HRB23422	Hamburg	38	100%	-
Globetrotter Academie GmbH	HRB13414KI	Ascheffel	3	94%	-
Naturkompaniet AB	556433-7037	Örnsköldsvik	8 835 528	100%	-
Fiskarnas Redskapshandel AB	556029-5585	Stockholm	5 000	100%	-
Utebutiken i Umeå AB	556469-5541	Stockholm	2 000	100%	-
Naturkompaniet AS	912 893 367	Lillehammer	100	100%	-
Outlet-Outdoor.com GmbH				100%	-
Partioaitta Oy	0201830-0	Helsingfors	94 285	100%	-
RR Acquisition Corporation	C3596965			100%	1 434
Royal Robbins LLC	201 221 310 331			100%	-
Royal Robbins Hong Kong Limited	1 887 476			100%	-
RR Canada Inc	450 672 910			100%	-
Ronmar AG	CHE-364.759.885	Zug	100	100%	92
					547 092

NOTE 15 INVENTORIES

	2018	2017
Goods for resale	117 769	117 493
Raw materials	14 049	13 047
Advance payments to suppliers	1 474	2 201
Total	**133 292**	**132 741**

Write-downs have reduced the book value in the Group in an amount of TEUR 13 920 (TEUR 10 037).

NOTE 16 ACCOUNTS RECEIVABLE, OTHER RECEIVABLES

	2018		2017	
Accounts receivable - trade	**Contract assets**	**Expected credit loss**	**Contract assets**	**Expected credit loss**
Not yet due	25 739	-84	24 797	-64
Overdue				
0-30 days	5 464	-603	3 640	-458
31-60 days	1 724	-532	1 457	-404
61-90 days	771	-449	787	-341
More than 90 days	1 121	-955	1 306	-726
Total	**34 819**	**-2 623**	**31 987**	**-1 993**

Payment terms for accounts receivables are 30-60 days, depending on order type.

Accounts receivable and Other receivables	2018	2017
Accounts receivable	32 196	29 994
Tax receivables	1 472	2 449
Right of return assets	1 064	489
Other receivables	8 125	6 845
Total	**42 857**	**39 777**

Customer contract balances	2018	2017
Right of return assets	1 064	489
Refund liabilities from Rights of return	-1 349	-1 119
Trade receivables	32 196	29 994
Advance payments from customers	-3 020	-2 508
Gift cards	-7 338	-6 780
Loyalty points	-3 244	-3 400
Total	**18 309**	**16 676**

NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets	2018	2017
Derivated designated as hedging instruments		
Foreign exchange forwards contracts	1 617	-
Interest rate swaps	166	101
Financial assets at FVTPL		
Equity instruments	300	100
Financial instruments at amortised costs		
Other non-current receivables	965	1 014
Trade receivables	32 196	29 994
Cash and cash equivalents	101 862	93 736
Total financial assets	**137 106**	**124 946**

Financial liabilities	2018	2017
Derivates not designated as hedging instruments		
Foreign exchange forward contracts	-	-140
Interest rate swaps	-69	-100
Derivates designated as hedging instruments		
Foreign exchange forward contracts	-	-1 556
Financial liabilities at fair value through profit and loss		
Contingent consideration	-	-404
Other financial liabilities at amortised cost		
Put option liabilities for purchase of Alpen international	-656	-656
Accounts payable	-24 560	-19 753
Advance payments from customers	-3 020	-2 508
Refund liabilities	-1 349	-1 119
Interest-bearing loans and borrowings	-24 911	-52 509
Accrued interest	-243	-124
Other financial loans at amortised cost	-1 994	-
Total financial liabilities	**-56 802**	**-78 868**

NOTE 18 HEDGE ACCOUNTING

Foreign Exchange Risk
The group hedges the major part of its committed purchase orders stated in USD within the coming 12-month period. The reason for the USD hedging mainly being undertaken against EUR is that a major portion of the group's sales are invoiced in EUR. The group's primary hedging instrument is currency forwards. The market value of the contracts are reflecting the difference in value between the agreed forward rate and the rate of a similar forward as per the closing day, 31 Dec 2018.

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

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

Net outstanding forward agreements	2018	2017
FX Forwards per balance date		
Purchased TUSD	43 500	43 500
Sold TEUR	36 066	37 475
Rate	1,206	1,1610
Purchased TUSD	2 000	1 500
Sold TNOK	16 640	12 736
Rate	8,320	8,4910
Interest Swap		
Taken Long term TUSD due 2020-03-19	11 000	15 000
Given short term TUSD 3 months	11 000	15 000

The market value of outstanding forward agreements per 31 Dec 2018 TEUR 1 617 (- 1 556), is reported in full as a change in the hedging reserve under Equity. The market value of the interest swap agreements per 31 Dec 2018, TEUR 166 (101), is also reported in full as a change in the hedging reserve under Equity.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	2018	2017
Advertising expenses	154	312
Licensing income	103	70
Rental Charges	2 439	2 244
Insurance premiums	186	220
Other items	2 552	2 074
Total	**5 435**	**4 920**

NOTE 20 PENSION COMMITMENTS

	2018	2017
Pension commitments in funds	1 001	988
Total	**1 001**	**988**

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

NOTE 21 OTHER PROVISIONS

Other non-current provisions	**2018**	**2017**
Warranty provision		
Opening balance	247	247
Additional provisions during the year	84	–
Total warranty provision	**331**	**247**
Other provisions		
Opening balances	4 517	1 665
Additions	54	2 766
Additions from acquisition of subsidiary	-	146
Used	-3 487	-60
Total Other provisions	**1 084**	**4 517**
Total	**1 415**	**4 764**

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

A major part of the opening balance consists of a provision for a restructuring of logistics services. During the year the amount has been defined to amount and timing of payment and are changed to current liabilities. The balance as of 31 December 2018 for other provisions consists of restore costs for rented premises and a minor amount of restructuring provisions that is still ongoing and not finally negotiated.

NOTE 22 INTEREST-BEARING LIABILITIES

	2018	2017
Long term liabilities		
Liabilities to credit institutions	12 000	1 850
Total long term liabilities	**12 000**	**1 850**
Short term liabilities		
Liabilities to credit institutions	12 911	50 658
Total short term liabilities	**12 911**	**50 658**
Total interest-bearing liabilities	**24 911**	**52 508**

The long term liability mature during first half year 2020.

Assuming stable interest rates during 2019 and 2020, the group expects interest of TEUR 598 to be paid up to due date of actual interest bearing liabilities.

Unutilized bank overdraft facilities in the group amount to TEUR 3 230 (TEUR 14 069).

Maturity structure for interest-bearing liabilties	**2018**	**2017**
2-5 Years	–	–
1-2 Years	12 000	1 850
1-12 months	12 911	50 658

The liabilities have an average fixed interest term of 0,6 years, including effects from swap arrangements. 59,3 (53,8 %) of the liabilities are in EUR.

	2018	2017
Opening interest-bearing liabilities	52 508	52 195
Borrowings	5 328	10 208
Repaid borrowings	-32 950	-13 478
Additions from acquisition of subsidiaries	887	4 017
Settlement of loans	-887	-1 215
Translation differences	25	781
Total	**24 911**	**52 508**

NOTE 23 SHORT-TERM LIABILITIES

	2018	2017
Accounts payable trade	24 560	19 753
Advance payments from customers	3 020	2 508
Refund liabilities	1 349	489
Other liabilities	16 036	16 807
Total	**44 965**	**39 557**
Account payable not yet due	20 948	13 349
Overdue 0-90 days	3 612	6 244
Overdue more than 90 days	-	160
Total	**24 560**	**19 753**

NOTE 24 ACCRUED EXPENSES

	2018	2017
Holiday pay and salary liabilities	10 291	8 889
Accrued social security contributions	2 074	1 666
Other items	16 209	15 127
Total	**28 574**	**25 682**

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

NOTE 25 PLEDGED ASSETS

	2018	2017
For own liabilities		
Chattels, as corporate mortgages	16 218	34 734
Cash	–	58
Land and Buildings, as property mortgages	985	1 026
Total	17 203	35 818

NOTE 26 CONTINGENT LIABILITIES

	2018	2017
Other contingent liabilities	2 845	4 332
Total	2 845	4 332

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

	2018	2017
For own liabilities		
Change in other provisions	-	2 852
Result associated companies	-2 091	-2 130
Other items not affecting cash flow	-1 912	-4 738
Total	**-4 003**	**-4 016**

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 instalment 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 Chairman of the Board. Susanne Nordin, of the Nordin family, is a Director of the Board. Details about their total remunerations, including salaries and bonuses, see Compensation report page 52-53.

PURCHASES OF GOODS AND SERVICES FROM RELATED PARTIES

	2018	2017
Purchases of services:		
DalSam Security AB	114	-
Martin Nordin, Rent	52	-
Rolf Schmid	5	-
Consilo AB	48	72
Total	**219**	**72**

OPERATING RECEIVABLES/LIABILITIES ATTRIBUTABLE TO RELATED PARTIES

	2018	2017
Receivables to related parties:		
Martin Nordin	25	274
Liabilities to related parties:		
DalSam Security AB	-14	-

NOTE 30 MAJOR EVENTS DURING THE PERIOD

2017

Employee options

On February 14 th, 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.

Acqusitions

In June, 2017, the remaining shares (25%) of Bus Sport AG were acquired.
In May, 2017, 75 % of ownership in Alpen International Co., Ltd., were acquired. The agreement included put/call arrangements for the 25 % non-controlling interests. The present value of the redemption amount has been recognized as long-term liability and the non-controlling interests have been derecognized.
In October, 2017, Frilufts Retail Europe AB acquired 100 % of Friluftsland AS. For the acquisition a contingent consideration liability of MEUR 0,4 was recognised.

2018

Acqusitions

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

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

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

Trademark	1 571
Tangible Fixed assets	259
Total fixed assets	1 830
Inventories	2 910
Short-term receivables	3 294
Cash and cash equivalents	63
Total current assets	6 267
Total assets	8 097
Liabilities	
Other liabilities	6 933
Total liabilites	**6 933**
Purchased net assets	1 164
Acquired cash	-63
Payment in cash	**1 101**

NOTE 31 EVENTS AFTER THE REPORTING PERIOD

Fenix Outdoor International AG announcement by press release dated 7 February 2019 that the board decided that the company, on one or more occasions (including through block deals), should repurchase up to 700 000 own B-shares during the current calendar year.

1. The re-purchase will be carried out on Nasdaq Stockholm at a price per share within the price interval registered at any given time, which means the interval between the highest bid price and the lowest selling price.
2. The company currently owns 6 700 Fenix Outdoor International AG B-shares and the decision limit, as informed, of 700 000 B shares are to be added to that amount. The total number of repurchased shares can thus amount to a maximum of 706 700 B shares.
3. Through the repurchase of own shares, the company wishes to optimize its capital structure. The company currently holds a significant net cash.
4. Current holding of own shares are presented in the company's forthcoming quarterly reports.
5. Completed acquisitions of own shares will be carried out, published and notified in accordance with applicable laws and regulations and Nasdaq Stockholm's Rules For Issuers.

BOARD APPROVAL

The consolidated financial statements were approved for publication by the Board of Directors of Fenix Outdoor International AG on March 29, 2019, and will be presented to the Annual General Meeting for approval on May 2, 2019

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

AUDIT REPORT CONSOLIDATED FINANCIAL STATEMENT

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 2018 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 28 to 43) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 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 33.1% of the Group's total assets and 46.7% of the Group's total equity as at 31 December 2018. The Fenix Group measures the net realizable value of its inventory by using the first-in, first-out method, at the lower of acquisition cost or net realizable value on balance sheet date. This involves judgment in estimating future revenues and margins and assessing appropriate provisions for potential obsolescence as the values can be subject to rapidly changing consumer demands and weather conditions. Refer also to note 2 of the consolidated financial statements. The valuation, in combination with the significant share of inventory balance on hand as part of total assets, made us conclude that the existence and valuation of inventories are a key audit matter of our audit.

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

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

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

Our audit response
We assessed the Group's internal controls over its taxation processes and key assumptions applied. We 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.

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/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.

Zurich, March 29, 2019

Ernst & Young Ltd

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

INCOME STATEMENT, PARENT COMPANY

	TCHF 2018	TEUR 2018	TCHF 2017	TEUR 2017
Dividend income from investments	52 093	45 107	52 394	46 961
Interest income group loans	443	384	106	95
Interest income banks	538	466	5	4
Total income	**53 074**	**45 957**	**52 505**	**47 060**
Interest expenses bank loans	-176	-152	-137	-122
Interest expenses group loans	-94	-82	-103	-92
Costs for own shares	-78	-67	-27	-24
Currency gain	651	564	337	302
Currency loss	-2 227	-1 928	-644	-577
Bank charges	-10	-9	-6	-5
Operating result	**51 140**	**44 283**	**51 925**	**46 542**
Personnel expenses	-1 653	-1 432	-992	-889
Group services	-2 202	-1 907	-1 582	-1 419
Other operating expenses	-739	-639	-744	-668
Marketing expenses	-495	-429	-857	-769
Depreciation property, plant and equipment	-11	-10	-17	-14
Result before tax	**46 040**	**39 866**	**47 733**	**42 783**
Direct taxes	-18	-15	-17	-15
Net profit of the year	**46 022**	**39 851**	**47 716**	**42 768**

BALANCE SHEET, PARENT COMPANY

ASSETS		31-12-2018 TCHF	31-12-2018 TEUR	31-12-2017 TCHF	31-12-2017 TEUR
CURRENT ASSETS					
Cash at bank		74 562	66 165	998	853
Other receivables		73	65	354	303
-third parties	*39*				
-group companies	*5*				
-shareholders	*29*				
Short-term interest bearing receivables		6 454	5 728	20 097	17 175
-group companies	*6 454*				
TOTAL CURRENT ASSETS		**81 089**	**71 958**	**21 449**	**18 330**
NON-CURRENT ASSETS					
Financial assets		22	19	22	18
-bank deposits	*22*				
Investments		596 717	547 091	595 028	545 658
Property, plant and equipment		29	26	39	34
TOTAL NON-CURRENT ASSETS		**596 768**	**547 136**	**595 089**	**545 710**
TOTAL ASSETS		**677 857**	**619 094**	**616 538**	**564 040**

BALANCE SHEET, PARENT COMPANY

LIABILTIES AND SHAREHOLDERS' EQUITY		31-12-2018 TCHF	31-12-2018 TEUR	31-12-2017 TCHF	31-12-2017 TEUR
SHORT-TERM LIABILITIES					
Trade payables		-	-	9 505	8 123
Short-term interest bearing liabilities		11 024	9 783		
-group companies	*11 024*				
Other short-term liabilities		29 566	26 236	215	190
-third parties	*121*				
-group companies	*29 445*				
Accrued expenses and deferred income		673	597	334	286
-third parties	*219*				
-shareholders	*454*				
TOTAL SHORT-TERM LIABILITIES		**41 263**	**36 616**	**10 054**	**8 599**
TOTAL LIABILITIES		**41 263**	**36 616**	**10 054**	**8 599**
PROVISION FROM TRANSLATION EUR TO CHF		**432**		**1 295**	
SHAREHOLDERS' EQUITY					
Share capital		13 460	12 378	13 460	12 378
Own shares		-429	-399	-429	-399
Legal capital reserves		475 951	438 720	491 000	451 533
-reserves from capital contributions	*445 952*				
-other capital reserves	*29 999*				
General legal profit reserves		2 692	2 476	2 692	2 476
Voluntary profit reserves		144 488	129 304	98 466	89 453
-retained earnings	*98 466*				
-net profit of the year	*46 022*				
TOTAL SHAREHOLDERS' EQUITY		**636 162**	**582 478**	**605 189**	**555 441**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**677 857**	**619 094**	**616 538**	**564 040**

PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

	in TCHF 31-12-2018	in TEUR 31-12-2018	in TCHF 31-12-2017	in TEUR 31-12-2017
RETAINED EARNINGS				
Profit reserves at the beginning of the period	**98 466**	**89 453**	**50 750**	**46 685**
Net profit of the year	46 022	39 851	47 716	42 768
Profit reserves at the end of the period	**144 488**	**129 304**	**98 466**	**89 453**
Allocation to the general legal profit reserves	-	-	-	-
Profit to be carried forward	**144 488**	**129 304**	**98 466**	**89 453**
PROPOSAL OF THE APPROPRIATION:				
Capital contribution reserves	**445 952**	**411 132**	**461 001**	**423 946**
Other movements	-	-	7	6
Dividends	-17 742	-15 751	-15 055	-12 820
Capital contribution reserves	428 210	395 381	445 953	411 132

* The capital contributions in CHF and EUR are only preliminary. The Board of Directors proposes to distribute a dividend of SEK 1,2 per for A-shares and SEK 12,0 per B-shares. As per due date of the dividend payment, the SEK dividend will be converted into CHF and EUR.

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 of the consolidated financial report on page 31-49. All amounts are presented in '000 EUR if not otherwise stated.

1.1 INVESTMENTS

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

1.2 INCOME RECOGNITIONS

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

1.3 EXPENSES

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

1.4 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, 2018 were translated to the reporting currency (CHF) using the following exchange rates:

	EUR/CHF
Assets and liabilities except equity and Investments	0.8874
Profit & loss accounts (average rate)	0.8659
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 65 comprises mainly short-term debts towards subsidiaries amounting to TEUR 4 as well as an amount of TEUR 25 towards shareholders and third parties of TEUR 36 which are repayable within the next 12 months.

2.2 INVESTMENTS IN SUBSIDIARIES

As of December 31, 2018 the company holds the following participations:

Participations (direct)			31.12.2018		31.12.2017	
Name, Domicile	Purpose	Capital	Capital	Votes	Capital	Votes
RONMAR AG, Switzerland	Holding	CHF 100'000	100%	100%	100%	100%
Fenix Outdoor AB, Sweden 1)	Trading	SEK 26'547'462	100%	100%	100%	100%
Frilufts Retail Europe AB, Sweden 2), 3)	Holding	EUR 8'833'333	70%	64.50%	70%	64.50%
Fenix Outdoor Development and CSR AG, Switzerland	Services	CHF 100'000	100%	100%	100%	100%
Fenix Outdoor Brand Retail AG, Switzerland	Dormant	CHF 100'000	100%	100%	100%	100%
Alpen International Ltd, South Korea	Trading	KRW 2'803'800'000	75%	75%	75%	75%
RR Acquisition Company, USA	Holding	USD 1	100%	100%	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 a 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 2018 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	Total
Balance as per 31.12.2017	**12 378 150**	**451 533 209**	**2 475 564**	**89 453 403**	**-399 349**	**555 440 975**
Dividends *		-12 813 461				-12 813 461
Allocation to the reserves						
Selling own shares 2018						
Net profit of the year 2018				39 850 834		39 850 834
Balance as per 31.12.2018	**12 378 150**	**438 719 748**	**2 475 564**	**129 304 237**	**-399 349**	**582 478 348**

* Net dividend; dividend payment of TEUR 12 820 minus dividend on own shares TEUR 6

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 6200 B-shares were exercised by the senior Executives. As of 31 December 2018, the company keeps 6700 B-shares at historic price of 595 Swedish Kronor per share.

2.5 DIVIDEND INCOME FROM INVESTMENTS

In June 2018, a dividend from Fenix Outdoor AB in the amount of TEUR 44 865 and a dividend from Fenix Outdoor Development and CSR AG of TEUR 242 were distributed to Fenix Outdoor International AG.

2.6 FINANCIAL INCOME AND EXPENSES

The currency gain of TEUR 564 and currency loss of TEUR 1 928 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 1 907 mainly comprise of the company's share of costs for services provided by other group companies, such as board and shareholder costs, administration, legal costs and marketing costs.

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

3.1 NUMBER OF EMPLOYEES

Fenix Outdoor International AG has employed 3 fulltime employees (2017: 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 54.

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	31.12.2018	31.12.2017
Guarantees, contingent liabilities, assets pledged in favour of third parties	15 930	39 392
thereof used	15 930	31 037

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 Nordin family, along with its related companies, represents 61,4% of the company's nominal share value, corresponding to 85,1% 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 31.12.2018 (31.12.2017)

	2018	2017
Martin Nordin chairman	18 300 000 A-shares and 242 568 B-shares	18 300 000 A-shares and 242 568 B-shares
Susanne Nordin (Nidmar Invest AB)	20 000 B-shares	20 000 B-shares
Mats Olsson	No shares	No shares
Ulf Gustafsson	No shares	No shares
Sebastian von Wallwitz	100 B-shares	No shares
Rolf Schmid	No shares	(not a member)

5.3 SHAREHOLDING OF SENIOR EXECUTIVES AS PER 31.12.2018 (31.12.2017)

	2018	2017
Alex Koska, President	1 000 B-shares	1 000 B-shares
Martin Axelhed, Vice President	6 500 B-shares	6 500 B-shares
Henrik Hoffman, Vice President	10 250 B-shares	10 250 B-shares
Thomas Lindberg, CFO	1 100 B-shares	1 100 B-shares
Nathan Dopp	1 200 B-shares	1 200 B-shares

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 46 to 50), for the year ended 31 December 2018.

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 2018 comply with Swiss law and the company's articles of incorporation.

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

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

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

IMPAIRMENT ASSESSMENT OF INVESTMENTS IN SUBSIDIARIES

Area of focus

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

Our audit response

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

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

Zurich, March 29, 2019

Ernst & Young Ltd

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

COMPENSATION REPORT

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

PRINCIPLES

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

BASIC PRINCIPLES

The disclosed compensation of the Board of Directors and the senior executives comprise the compensation for the full reporting year, subject following additions and limitations:

– The compensation paid to new members of the Board of Directors or senior executives is included from the date on which the member takes over the relevant functions.

– If a member transfers from the senior executives to the Board of Directors, or vice versa, the full compensation is taken into account and reported under the new function.

– If a member resigns from and/or steps down from the Board of Directors or the senior executives position, the compensation paid up to date on which the member stepped down plus any compensation paid in the reporting year in connection with his/her former activities is included.

– The Board of Directors' remuneration is paid by Fenix Outdoor International AG. Senior executives are paid by the company they are employed by.

FIXED COMPENSATION (BASIC COMPENSATION)

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

VARIABLE COMPENSATION

In addition to the fixed compensation, the senior executives are also eligible to receive variable compensation, which is based on sales and profitability targets. For senior executives, variable remuneration is a maximum of 50 percent of the basic annual salary. Except for the Chairman, no variable compensation is offered to the Board of Directors. The AGM is asked to vote on the total variable compensation retrospectively for the senior executives, i.e. variable compensation proposed by the Board of Directors to be payable for 2018 is subsequently confirmed by the annual general meeting in May 2019.

RESPONSIBILITIES AND DETERMINATION PROCESS

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

MEMBERS OF THE COMPENSATION COMMITTEE

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

THE BOARD OF DIRECTORS

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

COMPENSATION FOR THE REPORTING YEAR

Compensation overview: Board of Directors
The amounts in EUR have been translated to CHF using an FX rate of 1,1512 (LY 1,1152)

At the AGM held in May 2017 the AGM approved a maximum total fixed compensation for 2018 to the Board of Directors of EUR 100 000 (CHF 115 120). Excluding the compensation to Martin Nordin and Susanne Nordin classified as senior executives in that decision, the compensation paid in 2018 was totally EUR 53 086 (CHF 61 113), last year EUR 25 887 (CHF 28 869). EUR 13 280 (CHF 15 288) to Ulf Gustafsson, EUR 13 274 (CHF15 281) to Sebastian von Wallwitz, EUR 13 274 (CHF 15 281 to Mats Olsson and EUR 13 258 (CHF 15 263) to Rolf Schmid. Susanne Nordin received in total, as salary, remuneration and pension contribution, EUR 132 039 (CHF 152 003), last year EUR 133 770 (CHF 149 180). Martin Nordin, who shifted from President to Executive Chairman in May 2018, received as fixed compensation, salary, remuneration and pension contribution of EUR 456 159 (CHF 525 130), last year EUR 458 265 (CHF 511 057).

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

Two directors of the board, Rolf Schmid and Ulf Gustafsson, received a consultant fee for some specific consultant work performed by them for the Fenix Outdoor Group. Ulf Gustafsson, through a company controlled by himself, Consilo AB EUR 47 602 (CHF 54 799) and Rolf Schmid EUR 4 073 (CHF 4 689).

Martin Nordin holds 18 300 000 A-shares and 242 568 B-shares, Susanne Nordin 20 000 B-shares and Sebastian von Wallwitz 100 B-shares. No other Director of the Board holds any shares in Fenix Outdoor International AG as per December 31, 2018.

Compensation overview: Senior executives, including Martin Nordin shifting from President to Executive Chairman during the year 2018.

2018 TEUR	Salary	Granted fair value from Employee stock option program	Benefits and other remunerations	Pension contributions	Social costs	Variable compensation related to and accrued in 2018	Total	Total in TCHF
Executive Chairman	433		20	4	78	220	755	869
President	292	-	31	9	7	156	495	570
Other Senior executives	1 046		37	158	248	327	1 816	2 091
Total	**1 771**	**-**	**88**	**171**	**333**	**703**	**3 066**	**3 529**
Total Fixed compensation	**1 771**		**88**	**171**	**333**		**2 363**	**2 720**

2017 TEUR	Salary	Granted fair value from Employee stock option program	Benefits and other remunerations	Pension contributions	Social costs	Variable compensation related to and accrued in 2017	Total	Total in TCHF
President	448	-	5	5	54	224	736	821
Other Senior executives	1 281	133	86	155	374	500	2 529	2 820
Total	**1 729**	**133**	**91**	**160**	**428**	**724**	**3 265**	**3 641**
Total Fixed compensation	**1 729**		**91**	**160**	**428**		**2 408**	**2 685**

Variable compensation (including prior year) has been determined based on the accrual principle. The highest individual compensation is given to Martin Nordin. At the AGM held in May 2017 the AGM approved a maximum total fixed compensation for 2018 to the senior executives, including Martin Nordin, of EUR 3 100 000 (CHF 3 568 720). A total of EUR 2 363 063 (CHF 2 720 358) was paid out in fixed compensation in 2018.

In 2018 a total variable compensation to the senior executives, including Martin Nordin, of EUR 702 823 (CHF 809 090) was given. A retroactive approval from the AGM to be hold in April 2019 is suggested.

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 2018

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, 2018, except EUR 25 438 (CHF 28 666) related to a payment made by the company for Martin Nordin that was settled in January 2019. The open position as per December 31 2017 of EUR 274 374 (CHF 320 395), related to a payment made by the company for the President, was settled by Mr. Nordin in January 2018.

VARIABLE COMPENSATION PAID OUT 2019, RELATING TO 2018

The aggregate amount of variable compensation for the Board of Directors and the Senior Executives, including the Executive Chairman, for the reporting year 2018 will be proposed to the General Meeting of Shareholders in 2019 for retrospective approval.

No variable compensation for the Board of Directors, except for the Executive Chairman, Martin Nordin is proposed.

The Executive Chairman is entitled to a bonus based on return on total assets for the Fenix Outdoor Group (Income after financial items plus interest expenses, as a percentage of average total assets).

The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 10 %. The base +1 % gives an extra monthly salary; the base +2 % gives a further monthly salary, up to 6 monthly salaries. In 2018 the average repo rate was 0 %. The return on total assets in year 2018 was 23,3%. For 2018 Martin Nordin thereof is entitled of a bonus of 6 months salary.

The President, Alexander Koska, is entitled to a bonus based on return on total assets for the Fenix Outdoor Group (Income after financial items plus interest expenses, as a percentage of average total assets).

The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 15 %. The base +1 % gives an extra monthly salary; the base +2 % gives a further monthly salary, up to 6 monthly salaries. In 2018 the average repo rate was 0 %. The return on total assets in year 2018 was 23,3%. For 2018 Alexander Koska 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 2018	
Martin Nordin	18 300 000 A-shares and 242 568 B-shares
Mats Olsson	No shares
Ulf Gustafsson	No shares
Susanne Nordin	20 000 B-Shares (through company)
Sebastian von Wallwitz	100 B-shares
Rolf Schmid	No shares
(Sven Stork, Permanent Honorary member of the Board)	No shares
Senior Executives 2018	
Alex Koska, President	1 000 B-shares
Martin Axelhed, Executive Vice President	6 500 B-shares
Henrik Hoffman, Vice President	10 250 B-shares
Thomas Lindberg, CFO	1 100 B-shares
Nathan Dopp	1 200 B-shares

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 2018. 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 52 to 53 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 2018 of Fenix Outdoor International AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, March 29, 2019

Ernst & Young Ltd

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

FENIX OUTDOOR SHARE DATA

SHARE PERFORMANCE 2018

Fenix Outdoor was listed on the stock market in 1983 and is traded on Nasdaq OMX Stockholm's Mid Cap list (from 2nd of January 2019, on Large Cap list). The shares are classified in the Personal & Household Goods sector. The symbol is FOI-B and ISIN code is CH0242214887. Based on the last price paid on December 28, 2018, which was 857,00 SEK, Fenix Outdoors market capitalization was 11,5 billion SEK (13,1).

Fenix Outdoor's share price fell 14,5 per cent in 2018, while the total index, OMX PI Stockholm, fell 7,8 per cent. The highest closing price during the year was 1 148,00 SEK, on February 2nd, and the lowest closing price was 844,00 SEK, on December 7th.

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 6 442 (5 412) at 2018. The ten largest shareholders held 77,0 percent of the capital and 91,2 percent of the votes.

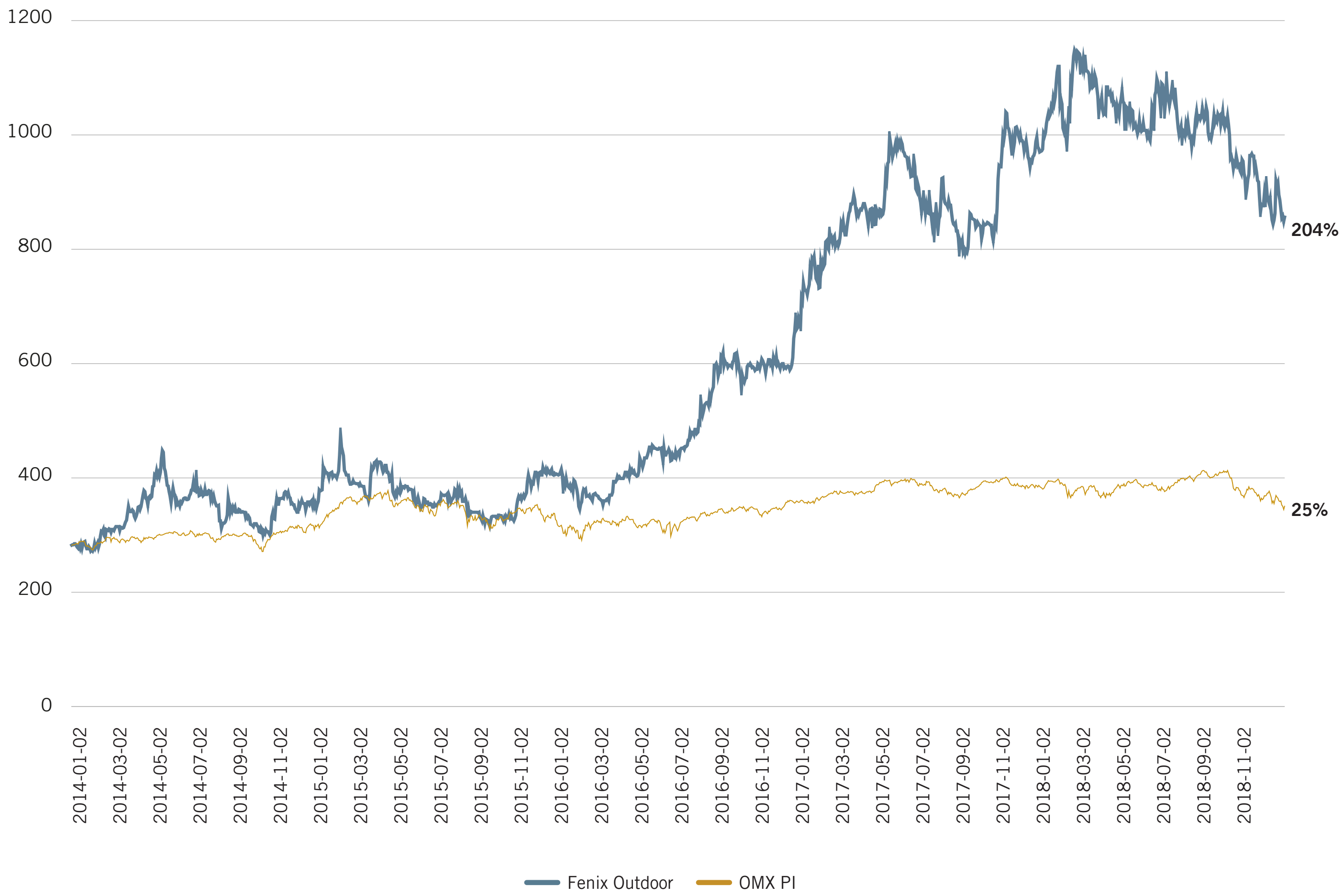
DIVIDEND

For the 2018 financial year, the Board of Directors has proposed a dividend of 12,00 (10,00) SEK per B-share and a dividend of 1,20 (1,00) SEK per A-Share, corresponding to 22,8 percent of profit after tax.

Based on the last price paid on December 28th 2018 (SEK 857,00), the proposed dividend represents a dividend yield of 1,4 percent.

Since 2014, Fenix Outdoor has paid out an average of 22,5 percent of profit after tax in yearly dividends.

FENIX OUTDOOR SHARE PRICE NASDAQ OMX, 2014–2018



ANNUAL GENERAL MEETING, FINANCIAL INFORMATION 2019

The Annual General Meeting of the shareholders of Fenix Outdoor International AG (publ) will be held at 2 pm on Thursday, May 2 2019, 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 29, 2019, 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 25, 2019, 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 12,00 SEK per B-share (10,00) and a dividend of 1,20 SEK per A-share (1,00) for 2018.

- Final day of trading Fenix Outdoor shares, including the right to the dividend: May 2, 2019
- Record date for payment of the dividend: May 6, 2019
- Payment date for the dividend: Earliest May 9, 2019

FINANCIAL CALENDER

Interim report January–March, May 2, 2019
Interim report January–June
Interim report January–September
Year-end Report 2019, February 2020

THE MAJOR SHAREHOLDERS 2018–12–31

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	1 900 000	1 703 767	14,1%	10,3%
PLACERINGSFOND SMÅBOLAGSFOND, NORDEN	-	921 967	6,8%	2,6%
BESTSELLER UNITED A/S	-	763 784	5,7%	2,2%
VERDIPAPIRFONDE ODIN SVERIGE	-	349 171	2,6%	1,0%
MAJA CEDERWELLS DB		245 000	1,8%	0,7%
NORDEA SMÅBOLAGSFOND SVERIGE	-	242 130	1,8%	0,7%
VON DER ESCH, STINA	-	200 000	1,5%	0,6%
UBS SWITZERLAND AG, W8IMY	-	166 649	1,2%	0,5%
NORDIN, ANNA	-	161 485	1,2%	0,5%
HANDELSBANKEN SVERIGE SELEKTIV	-	149 889	1,1%	0,4%
CARNEGIE SMABOLAGSFOND	-	92 803	0,7%	0,3%
NORDEA 1 SICAV	-	81 529	0,6%	0,2%
RIKSBANKENS JUBILEUMSFOND	-	75 000	0,6%	0,2%
ÖVRIGA		2 371 724	17,6%	6,8%
TOTAL	**24 000 000**	**11 060 000**	**100,0%**	**100,0%**

BOARD OF DIRECTORS, SENIOR EXECUTIVES

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

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

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

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

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

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

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

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

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

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

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

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

MARCEL GERRITS
Born 1965 Global Supply Chain Director
Fenix Outdoor employee since 2013
CURRENT SHAREHOLDING IN FENIX OUTDOOR: —

AUDITORS

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

AUDITOR
Roman Ottiger
Licensed audit expert
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Auditor at Fenix Outdoor
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