FENIX OUTDOOR
ANNUAL REPORT 2016

FJÄLLRÄVEN · TIERRA · PRIMUS · HANWAG SINCE 1921 · BRUNTON · NATUR KOMPANIET · PARTIOAITTA · Globetrotter NEUE HORIZONTE

CONTENT

OPERATIONS

ANNUAL REPORT

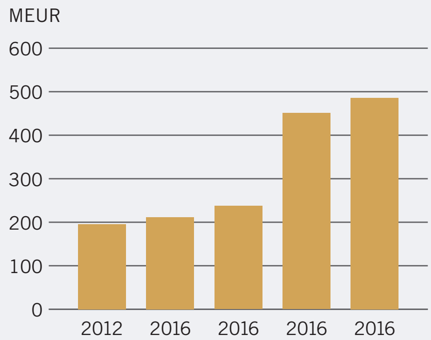
The Annual General Meeting of the shareholders of Fenix Outdoor International AG will be held at 2 p.m. on Tuesday, May 9th 2017, at Röntgenvägen 2, Solna.

The announcement regarding the Annual General Meeting will be issued through the Official Swedish Gazette (Post och Inrikes Tidningar) and by publication on the Company's website www.fenixoutdoor.se. The fact that notification has been issued is announced in Svenska Dagbladet and Örnsköldsviks Allehanda. Shareholders who wish to attend the Annual General Meeting must notify the Company of their intention no later than 4 p.m. on Friday, May 5, 2017, at the following address: Fenix Outdoor International AG, Hemvärnsgatan 15, SE - 171 54 Solna. The Company can also be notified by e-mail at info@ fenixoutdoor.se. Notification must include the shareholder's name, address, personal identity number/corporate identity number, phone number (daytime) and the number of shares he or she holds. Shareholders who, through a bank or another trustee, have trustee-registered shares must re-register the shares in their own names to be entitled to participate in the Annual General Meeting. To ensure that this registration is entered in the shareholder register on Tuesday, May 2, 2017, shareholders must request that their trustees conduct such registration well in advance of this date. The re-registration may be temporary.

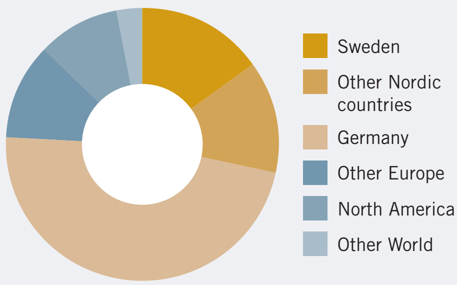
The Board of Directors proposes a dividend of 8,00 SEK per B-share (5.00) and a dividend of 0,8 SEK per A-share (0,5) for 2017. The Board of Directors proposes record date for payment of the dividend, May 11th, 2017. Payment date for the dividend will earliest be May 16th, 2017.

THIS IS

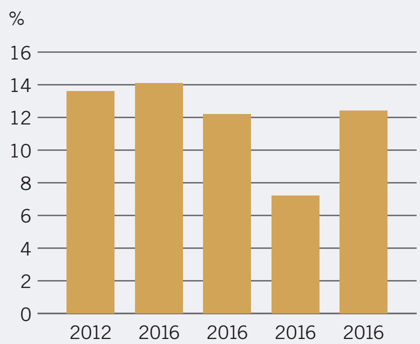
NET SALES



NET SALES PER MARKET



OPERATIONAL MARGIN



FENIX OUTDOOR

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

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

THE FRILUFTS SEGMENT

This segment consist of three outdoor retail chains in Sweden, Germany and Finland. In total, there are 61 shops and an additional e-com business.

NATUR KOMPANIET

PARTIOAITTA

Globetrotter
<< NEUE HORIZONTE >>

Frilufts MEUR	Jan–Dec 2016	Jan–Dec 2015
External net sales	258,2	259,1
EBIT	6,9	–6,7
Stores	61	63

THE BRAND AND GLOBAL SALES SEGMENTS

This segment contains of five brands, fourteen globally located distribution companies, 22 brand retail shops and an additional e-com business.

FJÄLL RÄVEN

TIERRA

hanwag SINCE 1921

PRIMUS

BRUNTON

Brands MEUR	Jan–Dec 2016	Jan–Dec 2015
External net sales	103,0	87,4
EBIT	44,0	34,9
Stores	22	19

Global sales MEUR	Jan–Dec 2016	Jan–Dec 2015
External net sales	123,0	102,5
EBIT	17,5	12,4

2016 – THE YEAR OF

2016 was a year of success, record in sales, record in profits and record in liquidity speaks for itself. The question is, was it really a year of success?

I am not really sure, it is always nice to achieve above targets, but as a company is the ultimate perpetuity, the focus always needs to be on the future to enable you to maintain your performance. My job is always to do so, as it also is for all of the managers of the Group. We have not finished yet, but we are already mentally working with these future issues.

I can only start out by commending and thanking my coworkers/associates in the whole Group for the performance during 2016. I ask them all to take two minutes and pad themselves on the back and then get back to work and focus on 2017 and beyond.

Even though the future is the challenge I would like to spend some words telling you what Fenix Outdoor has achieved during 2016:

1. We have become truly global, which has become evident in what kind of challenges we are facing and how we have to approach them. One example being grey imports based on price arbitrage due to price differences, differences in taxes, exchange rates etc which means that pricing of our products have become much more complex to manage as we have to take many more markets and perspectives into consideration. It is also showed in how we have to manage the business considering all the cultural differences.
2. We have achieved excellent growth in the most important markets, such as North America, Germany, China and the Nordics.
3. We have improved the cost basis in Globetrotter taking the first steps towards profitability, but much remains to do until we achieve the baseline targets set up for the operation.
4. We have become unleveraged again.

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

DEVELOPMENT WITHIN OUR BUSINESS SEGMENTS

BRANDS AND GLOBAL SALES

The Group's main brand, Fjällräven, has continued its journey across the world in 2016 and almost all markets have developed positively. The North American market has continued its strong performance and has developed according to the slogan "profitable growth". This was achieved in spite of cleaning the sales channel structure, The preorder book for 2017 looks positive and better than the market as a whole. The Chinese market, operated by our JV sales company, has shown great strides forward. During 2016 China became one of our top 15 markets in sales from a wholesale perspective and we expect this development to continue, as the pure outdoor retailers are still financially somewhat weak.

In China and many other markets the daypack range of Fjällräven has been the main driver for growth.

Hanwag has continued its improvement of operations in 2016. The sales have been flat but the adjustments made in the production has continued as planned and led to a much better delivery performance. New management and structures have been set in place to manage further improvements.

Primus has continued its improvement, particularly in product development, controlling of the product range and in strategic focus. Unfortunately Primus has been hit by some callbacks concerning a new kitchen product due to a production error that delayed the market introduction of said product almost two months, which had negative effect on sales.

The Brunton battle has continued in 2016. During the year the decision was taken to have Brunton focusing on navigation solely and all other business segments have been discontinued. This means Brunton is, as of the middle of the year, a sub-brand in the technical division under Primus .We expect the technical hardware division to contribute to group profits in 2017.

Tierra continues its role as a specialized and technical brand. In 2016 I saw the first positive effects of the new distribution strategy, reflected in improved volumes and decreased losses. Even though Tierra is delivering above our plan it is still not performing at a satisfactory level. As Tierra has a strategic importance for the Fenix Group, we will continue to work on improving the brands performance. We are, however, continuously evaluating the situation.

FRILUFTS

In 2016 Frilufts showed a great improvement in terms of profitability, but we need to keep in mind that 2015 had a lot of onetime costs included, but adjusted for those, there was still a great improvement. Naturkompaniet and Partioaitta both had improvements in sales as well as in profitability. Globetrotter improved in terms of profitability, but did not grow in terms of sales. During the year two shops were closed and one was turned into a franchise, but even on a like for like basis, Globetrotter did not show any significant growth. However all of this was according to plan. The operating target was to create a scale and cost base from

RECORDS

which future growth can be done profitably. We have achieved some very good things in terms of scaling the cost base, especially in the shops operating structure. We have gotten as far in this part as there will be two new shops opening in 2017, one in Dusseldorf and a second store in Hamburg. What remains are still further integration of overhead into the Fenix Group as well as scaling the overhead. One particular challenge, in which we have made great strides in, but still has much to do, is the internet sales. The E-com business of Globetrotter is now profitable, but we still have a lot to do in integrating it better and in creating growth. Investments in new IT systems, have been decided, but the effects are not expected until 2018.

CONTINUATION OF ENVIRONMENTAL AWARENESS AND COMPLIANCE

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

We continue to publish a yearly Sustainability Report alongside to our Annual Report in which our progress in this area is described.

As mentioned last year, due to our growth, it has also become more and more evident that compliance needs our attention even more. I have during the year implemented a new legal organization, but we still have to develop this department even further due to the fact that we are facing major legal costs due to arbitrage pricing created by grey imports and in particular copying of products. If I for once where to say something political it would be that I believe EU and our politicians should really take a look at the intellectual property matters, especially related to the global trade for consumers created through the internet. Given the resources Fenix has to spend on this as a relatively small company I can only imagine how other industries might be affected.

I can only invite our interested parties on our journey where sustainable profitable growth is the target and where sustainability and cost consciousness are part of the tools.

FUTURE CHALLENGES

Fenix Outdoor is one of the leading Groups in the outdoor industry in Europe. The Group's strategy regarding premium product and brand mix in combination with a retail strategy for a rapid flow of information has proven to work well. This does not mean that we can remain still; we must continuously evaluate our strategies. In 2016 the Group continued its retail strategy by implementing our restructuring project in Germany. This consolidation will continue and we believe there is still a lot to do. Our continuous expansion in North America, as in Asia, means we have plenty to do.

Several year overview, MEUR	2016	2015
Net sales	486,2	451,0
Operating profit	60,5	32,6
Profit margin, %	12,0%	7,1%
Profit after financial items	58,6	31,8
Net profit for the year	48,2	21,8
Earnings per share, EUR	3,58	1,63
Equity/assets ratio, %	58,0%	51,4%
Dividend per B-share, EUR	0,84*)	0,54
Average number of FTE Employees	2 128	2 008

*) Proposed dividend

OUTLOOK FOR 2017

To end up I have to stress that we are still facing challenges in many areas, particular in retail. The changing retail environment in Europe is challenging, but I believe that we are on the right way to become one of the best specialist retailers in the outdoor segment. Our international growth, especially outside of Europe, is putting extreme pressure on our managerial capacity. This combined with our "Fenix way" of working has created a challenging situation in terms of managing the business. We have many extremely talented people working for us. It is up to us now to take this talent and develop it into our future management team, by training them through interesting and educational tasks, so we can build tomorrows Fenix.

But in a world of changes, we also have to be able to adapt our way of working and that is the real challenge together with keeping our humility towards every stakeholder such as shareholders, customers, employees, subcontractors etc.

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

Zug March 2017

Martin Nordin
Chief Executive Officer

FENIX OUTDOOR GROUP AT A GLANCE

MAKING ADVENTURE LAST 1960

In the 1950's, 14 year-old Åke Nordin from Örnsköldsvik in Northern Sweden spent more time outdoors than indoors. After many long treks in the mountains, Åke decided the backpacks at the time were unsatisfactory and took matters into his own hands by building a wooden frame. This evenly distributed weight across his back so the pack did not end up uneven, pear-shaped, and uncomfortable. It also meant he could carry more weight with ease. Åke's innovation quickly caught on and in 1960 Fjällräven became the first to commercially make and distribute framed backpacks.

Fjällräven means Arctic Fox in Swedish, honoring the small and highly adaptable predator that lives in the Swedish mountains under the harshest conditions. From the small town of Örnsköldsvik, Fjällräven and Fenix Outdoor has now expanded to every corner in the world. The fundamental ideas remain the same; provide functional, durable, and timeless equipment to make the outdoors more enjoyable for all. We continue to find smart, innovative solutions to make every adventure an unforgettable one.

AN IDEA THAT CARRIED WEIGHT

Åke built 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 and used 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 had found its beginning.

FUNCTIONALITY

We work hard to develop functional equipment by carefully considering everything from new smart solutions to improved material. Our goal is to offer outdoor equipment that allows you to spend more – and more enjoyable – time in nature.

DURABILITY

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

DEPENDABILITY

When we design our products, we choose material and solutions that combined give you a safe, dependable product you will be able to use outdoors. We are aware that our equipment might be used in situations where there is not a lot of room for error, which is why all of our products are tested by experienced test groups before being sent to our retailers.

OUR RESPONSIBILITY

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

IMPORTANT DATES IN FENIX HISTORY

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

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

FJÄLL RÄVEN

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

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

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

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

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

TIERRA

NATUR KOMPANIET

BUSINESS

The Fenix Outdoor Group's business was originally based on the development and sales of the products from Fjällräven, one of the brands of the group. The Parent Company, after the redomiciliation of Parent Company in June 2014 is Fenix Outdoor International AG, based in Zug, Switzerland. The company is listed on Nasdaq OMX, Stockholm Mid Cap.

In 2001, the group acquired the retail chains Naturkompaniet and Friluftsbolaget, now merged under the name Naturkompaniet. Additionally, the brand Tierra, which develops and sells innovative, high-tech garments for outdoor activities, was acquired. In 2002, Fenix acquired the brand Primus, a world leading developer and producer of camping stoves and accessories. In September 2004, the German footwear brand Hanwag was acquired.

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

In the beginning of 2014 Fenix acquired 20 % in the German retailer Globetrotter. At the end of the year, all shares in Globetrotter were acquired by Frilufts Retail Europe AB, "Frilufts", through a contribution in kind by the owners of Globetrotter. From the June 2015 Fenix holds 100 % of Frilufts.

BUSINESS IDEA AND GOALS

Fenix Outdoor is an international outdoor group with the mission to develop and market high quality and lowweight outdoor products to customers with high expectations 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 percent aligned with the company's long-term plan.
- Achieve a long-term profit before tax of at least 10 percent.

STRATEGIES

Fenix Outdoor Group will achieve its goals through:

- Continued expansion within the business area Brands through both organic growth and acquisitions.
- Organic growth based on a strong global retail network with strong brands.

Owning a retail network increases control of the value chain through close contact with the end consumer, which enables faster actions in response to trends and changing consumer demands. The retail stores also showcase the brands' assortments.

2002

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

PRIMUS

2004

Hanwag is acquired.

SINCE 1921

2009

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

BRUNTON

2011

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

PARTIOAITTA

2013

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

2014-15

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.

Globetrotter
<< NEUE HORIZONTE >>

BRAND STRATEGY, MARKETING AND SPONSORING

The group works actively to protect and develop its brands, which are described in more detail on page 12–23. Brand management includes active brand protection through legal activities to preserve and strengthen the brands.

Activities to strengthen the brands include the hiking event Fjällräven Classic, Fjällräven Polar expedition and Hanwag's 24 hours in Bavaria. Tierra's brand strengthening includes the Arctic Ultra event.

Since 1986, Fjällräven is appointed by his majesty the King of Sweden and, according to a TNS-SIFO survey "Super brands" Fjällräven is one of Sweden's strongest brands.

INNOVATION AND PRODUCT DEVELOPMENT

Åke Nordin's invention of the framed backpack was the beginning of Fjällräven and Fenix Outdoor. The group has since continued developing products for an active outdoor life based on the customer's needs. An example of this is Primus stove development. Primus's OmniFuel™ camping stove can be used with almost any type of fuel and the stove systems with Primus Eta Technology has an efficiency of 80%, which halves fuel consumption compared to other camping stoves. The Fjällräven Thermo™ tent was the first tent in the world made out of synthetic fabric and the double weave principle. The iconic Fjällräven Kånken® backpack is one of the world's bestselling backpacks, recently considered and protected as a piece of art by the Swedish society of craft and design. Fjällrävens own Eco-Shell is a high-function shell material giving complete protection in wet-weather and tough conditions. Highly recognized and awarded for its functionality without the use of harmful PFCs in the impregnation. Other innovations include the G-1000® fabric and the "Ice grip" sole from Hanwag.

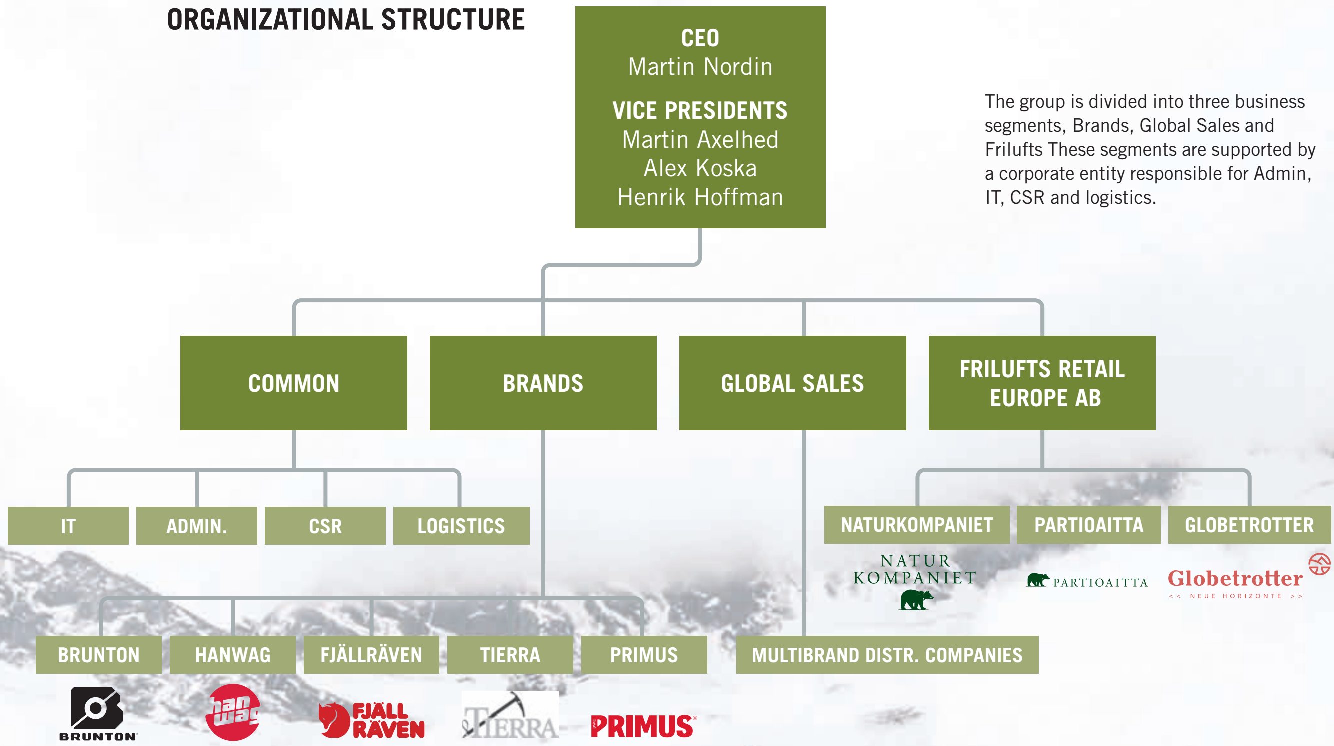
In 1894, D.W. Brunton created the Pocket Transit. This product is used by outdoor enthusiastic individuals as well as geologists, foresters, and other professionals.

ORGANIZATION AND EMPLOYEES

The Fenix Outdoor group's organization aims to achieve economies of scale within administration and centrally coordinate the activities within its business units. This entails realizing synergies through central core functions as IT, administration, CSR and also shared logistic services from two central warehouses in the Netherlands and Colorado (US).

The average number of FTE employees in the Fenix Outdoor Group totals 2 128 in 2016, an increase of 120 persons

ORGANIZATIONAL STRUCTURE



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

since last year. The Group's companies have flat, decentralized organizations characterized by quick decision-making.

PRODUCTS

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

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

Fjällräven is a well-renowned brand for apparel, tents, sleeping bags, and backpacks. Brunton is focused on technical outdoor equipment including compasses. In addition to continual development of the brands' product ranges, Fenix also focuses on investing in the brands. The products are primarily sold to external and internal outdoor retailers through wholly owned distribution companies.

The business area Frilufts is the retail segment of Fenix Outdoor. Owning a retail network increases control of the value chain through close contact with the end consumer, which enables faster actions in response to trends and changing consumer demands. The retail stores also showcase the brands' assortments.

Since November 11th, 2014, Naturkompaniet AB, Partioaitta OY and Globetrotter Ausrustnung GmbH have been 100 % owned by Frilufts Retail Europe AB. The company has a total of 58 stores, 32 in Sweden, 16 in Finland and 10 in Germany. Each company also has its own e-commerce operation. Frilufts Retail Europe AB, "Frilufts AB", is a subsidiary , that since 1st June 2015 is 100 % owned by Fenix Outdoor International AG.

BRANDS

Segment Brands, MEUR	2016	2015
Net sales	103,0	87,5
Operating profit	44,0	34,9
Investments	5,2	3,4
Average number of FTE employees	606	467
Net sales per geographic market :		
Sweden	19,4	15,9
Other Nordic countries	3,5	2,7
Germany	50,4	41,4
Benelux	8,2	8,8
Other Europe	1,3	1,0
North America	18,0	16,1
Other markets	2,2	1,6
Total	**103,0**	**87,5**

FRILUFTS

Segment Frilufts Retail Europe AB, MEUR	2016	2015
Net sales*)	258,2	259,1
Operating profit*)	6,9	-6,7
Investments	2,0	3,0
Average number of FTE employees	1 255	1 298
Net sales per geographic market :		
Sweden	54,7	48,7
Other Nordic countries	25,3	24,1
Germany	178,3	186,3
Total	**258,3**	**259,1**

GLOBAL SALES

Segment Global Sales, MEUR	2016	2015
Net sales	123,0	102,5
Operating profit	17,5	12,4
Investments	1,8	1,3
Average number of FTE employees	115	107
Net sales per geographic market :		
Sweden	—	—
Other Nordic countries	36,2	29,3
Germany	—	—
Benelux	9,9	8,7
Other Europe	27,4	22,4
North America	29,8	25,3
Other markets	11,4	9,4
Total	**123,0**	**102,5**

FIVE YEAR SUMMARY GROUP

MEUR	2016	2015	2014	2013	2012
INCOME STATEMENT					
Net sales	486,2	451,0	237,3	211,9	195,9
Depreciation, amortization and write-downs	–13,1	–13,0	–5,8	–4,5	–3,9
Operating profit	60,5	32,6	28,9	29,9	26,6
Net financial income	–1,9	–0,8	–1,0	0,0	–0,6
Profit/loss after financial items	58,6	31,8	32,6	29,9	26,0
Tax	–10,4	–10,0	–11,9	–7,7	–8,2
Net profit for the year	**48,2**	**21,8**	**20,7**	**22,3**	**17,9**
BALANCE SHEET					
Fixed assets	79,4	74,2	77,7	35,4	34,6
Inventories	121,1	116,3	108,5	62,3	53,3
Accounts receivable – trade	39,9	23,4	24,9	21,1	14,4
Other current assets	4,8	15,4	20,7	11,9	14,0
Cash and cash equivalents, current investments	76,8	58,0	41,0	14,9	16,7
Total assets	**322,0**	**287,3**	**272,8**	**145,6**	**133,0**
Equity	186,7	147,8	114,5	112,6	99,1
Minority shareholdings	2,6	2,3	21,4	1,1	0,9
Provisions etc	9,5	5,2	8,3	2,7	3,1
Non-current liabilities, interest-bearing	0,0	—	11,1	—	—
Current liabilities					
Interest-bearing	52,2	64,8	49,1	5,1	5,1
Non-interest-bearing	71,0	67,3	68,3	24,1	24,8
Total equity and liabilities	**322,0**	**287,3**	**272,8**	**145,6**	**133,0**
CASH FLOW					
Cash flow from operating activities	51,6	21,1	19,1	10,9	17,8
Investments	–11,8	–4,3	–23,3	–6,3	–6,3
Cash flow after investments	**39,8**	**16,8**	**–4,2**	**4,6**	**11,5**
KEY RATIOS					
Growth in sales, %	7,8	90,0	12,0	8,0	11,0
Profit margin, %	12,0	7,1	13,8	14,1	13,3
Return on total assets, %	19,9	11,9	16,1	21,5	21,5
Return on equity, %	28,8	16,6	18,3	20,8	19,3
Equity/assets ratio, %	58,0	51,4	42,6	77,3	74,8
Average number of FTE employees	2 128	2 008	906	766	696
DATA PER SHARE					
Number of shares, thousands per 31/12 [1)]	35 060	35 060	34 850	13 274	13 274
Gross cash flow per B-share, EUR	4,55	2,60	2,00	2,02	1,64
Earnings per B-share, EUR	3,58	1,63	1,56	1,68	1,35
Equity per B-share, EUR	13,87	10,98	8,64	8,48	7,47
Market value 31/12, EUR	71	44	38	32	21
P/E ratio	20	27	24	19	16
Dividend per B-share [1)]	0,84	0,54	0,42	0,45	0,47

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

1) Proposed dividend (8,0 kronor per B-share and 0,8 kronor per A-share, having 10% of the nominal value versus a B-share.

FJÄLLRÄVEN

Fjällräven has a strong tradition of not following in anyone's footsteps. We embrace change, and live with the idea of always exploring the unknown. In the past year we communicated this heritage and this future, in many ways. New innovative products, expanding consumer events, major increases in online followers, stronger sales, intensified efforts in CSR and branding focusing on one unified voice all make us better prepared for international competition.

ACTIVITIES 2016

Ever since the founding of the company in 1960, our ambition has been to inspire people to discover the outdoors and enjoy nature. Today, this is more relevant than ever, as hectic modern lifestyles and the growing presence of technology has brought about a longing for a slower pace and a desire to get back to simple activities such as making a basic campfire or exploring a new trail.

Fjällräven's mission is to lower the threshold to nature through inspiring trekking equipment that will stand the test of time, both in terms of design and durability. All our gear is produced using sustainable methods and an ethical mindset, with a timeless appeal that will last for generations.

SUSTAINABILITY

Fjällräven has always worked with a focus on being sustainable. It is in our DNA to thoroughly consider methods and materials in order to preserve nature as we found it. In the past year, these efforts have intensified significantly.

In 2016 we continued our success with the much-praised Eco-Shell made entirely out of recyclable polyester, and with PFC-free impregnation. It was introduced into more lines, both for summer and fall, further expanding our range of alternatives to traditional hardshell membranes. This prizewinning line of fully waterproof and breathable shells has been widely distributed across markets and Fjällräven has won major recognition for successfully phasing out PFCs. In the past year we have reached this important milestone where we now no longer use PFC impregnation anywhere in our entire range, all categories included.

We have also continued the Fjällräven Down Promise. All down garments from Fjällräven contain ethically produced down, which is 100% traceable and we can ensure that it is produced using modern and humane production methods. In addition, Fjällräven continues to support and promote the Save the Arctic Fox project. We fund a fulltime research position at Stockholm University with the aim of developing the best methods of preserving this endangered species. We have also introduced the opportunity for our customers to get involved as volunteers by spending time in the mountains collecting data and supporting research.

Mjältön, Höga kusten, Sweden. Abisko Dome, one of the tents from the upgraded collection. Photo: Fredrik Lewander

EQUIPMENT

We had some exciting new launches in 2016, all of which were aimed at driving the brand in the right direction.

We successfully launched a completely up-graded tent collection. Lighter, stronger, and of course – without any PFCs. We launched a total of sixteen high caliber models in a comprehensive range. Each model is made for a specific purpose – from single person shelters to large expedition and year-round workhorses. Then the much-praised Eco-Shell was introduced into more lines, both for summer and fall.

But the biggest fireworks was around one of our most loved items: the iconic Kånken backpack. Not only was the design of Kånken officially recognized as applied art by the Public Art Agency of Sweden, which also means that Kånken is automatically patent protected – the classic daypack is still increasing its sales in every corner of the world. To build further on this massive interest in Kånken, we successfully introduced the Re-Kånken– a fully recycled and recyclable pack, colored through spin dyeing which uses less water, energy and chemicals than traditional methods and thereby taking a huge strategic leap in Fjällräven's long term vision of becoming the world's most sustainable outdoor brand.

GROWING MARKETS

2016 was an exciting year with growing e-commerce, new retail stores, and with representatives in the more than 30 markets. Great effort has been invested in improving the brand retail experience – mainly through an increased number of shop-in-shops, Brand Corners together with Globetrotter, Naturkompaniet and Partioaitta. We have opened a Flagship Brand Center in Hong Kong and a Brand Store in Stavanger, Norway. We also invited more than 100 shop representatives to an extensive ambassador education in Stockholm.

ONE BRAND, ONE VOICE

Fjällräven is the strongest outdoor brand in the Swedish market and a fast-growing brand internationally. Our products are often long-lived, passed from generation to generation, and Scandinavians have grown up alongside the brand. Fjällräven's heritage and DNA stems from founder Åke Nordin's conviction of always pursuing a better way to construct outdoor gear, regardless of how others do it. This has led to a unique position in the market, where we are known as determined, competent and reliable. In order to build on these strengths, we are committed to a clear communication platform of 'one brand, one voice'. Our communication is highly recognizable in all markets and ensures associations with positive values, stories and history that we have built during our first 60 years.

We are proud of our core culture. For us, its second nature to explore if things can be done better, driving for continuous improvements and innovation. Our Product development team is always striving to create stronger, lighter, and more practical products. Gear that is better fitting, better looking and more sustainable. We are manic about function, helping anyone find their own adventure and equipping as many as we possibly can with equipment that makes the outdoors both enjoyable and safe.

FUTURE CHALLENGES

As for any sustainable brand, even one that has embraced an ethical existence from the very beginning, competition from newly established brands will only become stronger. As consumers are demanding more sustainability from all brands, the importance of telling the story in an authentic, truthful and inspiring manner will be paramount. Luckily, Fjällräven's story comes from the core of its being and makes for very inspiring communication. Another timeless challenge is to keep the brand constantly progressing in terms of innovating new products, being relevant and creative in communicating these to a consumer who lives in a highly connected & digitalized world, and being true to our brand's essence on a global arena. A focus on 'one brand, one voice' will become even more important, especially when meeting the demands of the highly globalized and digitalized consumer. This requires management of the brand in the same world-class manner as the innovation team manages new product launches.

PRIORITIES 2017

As we are facing a new year of global adventure we will continue our focus on improving the brand experience by increasing our digital presence as well as opening up more shop in shops, Brand Corners and Brand Centers. We are proud to have a line-up of clothing and equipment that is just as functional as it is conscious. All our new products and projects aim to drive our brand in the right direction, in different ways.

For spring and summer we've focused on making warm-weather trekking and travelling smarter, lighter, more comfortable and more sustainable than ever. We have also come up with even more innovative travel solutions, lightweight shelters, practical hardware and an inspiring range of jackets, shorts, shirts and dresses, along with our first trekking tights, made for rough mountain terrain, but still with fantastic freedom of movement. Discovering more means experiencing new challenges and new conditions. *Fjällräven's* latest *G-1000* fabric *G-1000 Air* has been developed for situations where it's more important to transport away heat and moisture than to keep out the cold and rain. We are also expanding *Fjällräven Classic* to new locations in both Hong Kong and North America – to inspire even more people to actively make nature a bigger part of their lives.

For fall and winter we're moving further up the mountain with our new range of outdoor apparel Bergtagen, but we are still focusing on the basics of staying warm and dry. Bergtagen is a system of garments engineered for a life above the treeline, using state of the art solutions and our classic materials such as *G-1000* and *Eco-Shell*. We cherish our heritage, and we're constantly developing it.

The iconic *Expedition Down Jacket* has also been carefully redesigned – it will – still keep people really warm and comfortable in the cold, but it´s now lighter and more pliable. Our award-winning, much-appreciated *Eco-Shell* fabric is being put to the test in the outdoors in many new garments – keeping people dry, without the use of fluorocarbons. Our sustainability work continues. All new *G-1000* garments are now made using *G-1000 Eco* in organic cotton and recycled polyester and we're using recycled wool to create new shirts and knitwear in the Re-Wool collection. We are all journeying together, with nature. As we always have.

Eco-Shell: waterproof, breathable and sustainable.
Photo: Fredrik Lewander

QUALITY, FUNCTION AND INNOVATION

Tierra develops products with a clear focus that details and design should be driven by functionality. The brand has proven quality and innovation in the choice of materials and technical solutions to the extent that professional users have chosen to work in Tierra clothes. Users include the police force, rescue services, the Accident Investigation Authority and the Alpine Mountain Rescue. Tierra is always using the best available materials from well-known best in class suppliers such as Gore, Polartec, Pertex and Primaloft. The patterns of the products are designed to reduce left over material, and fluorocarbon free DWR is used where possible. A large percentage of the fabrics used are Bluesign® fabrics. The product development team, together with the test team consisting of professional mountain guides, is continuously working to evaluate existing and future technical solutions putting Tierra in the forefront as an innovative brand.

Lofoten, Norway.
Photo: Marcus Sjöberg

TIERRA

Tierra was founded in 1983 to make garments for climbers and outdoor people that demand the highest standard of functionality and reliability. The brand is well established in the Nordics and has, especially in Sweden, a very high brand recognition in the target group.

Tjäktja, Sweden.
Photo: Christian Wittig

ACTIVITIES 2016

Tierra continues to work with a few carefully selected Key Accounts in order to build a stronger relationship and a shorter value chain. This enables us to focus more time on supporting the sales staff in the stores through clinics and events. During 2016, we have started to see the positive effects in both sales and attitudes from this approach.

Sales have increased in all markets where we are present. Especially softshell trousers and the new travel collection are performing very well as complements to the shell garments. Trousers sales have doubled since last year in Sweden, and Tierra is dominating the sales of softshell trousers at Naturkompaniet. We are also happy to see the continued growth in the German market where we still are in the beginning of our journey.

Product development has been busy developing new innovative products, as always from Tierra, with a focus on sustainability in different ways. We are truly in the forefront in exploring new sustainable materials, some resulting in products to be released during 2017.

FUTURE CHALLENGES

With a deepened focus on sustainability from all stakeholders, Tierra keeps working on using less natural resources by using more recycled or environmental friendly materials. We also try to produce as much as we can in Europe in order to minimize transportation. Some products are even made entirely in Sweden.

PRIORITIES 2017

Tierra's focus in 2017 will be on continued growth in the markets where we are currently present. We will work together with Globetrotter to push the growth and establishment in Germany. We will also continue to develop more styles with exiting new environmental friendly materials.

Product test in the Bavarian alps, well equipped with Hanwag and Tierra gear. Photo: Christian Wittig

ONE BRAND, ONE VOICE

Hanwag has been a premium brand for over 90 years. Hanwag's customers are very specialized outdoor enthusiasts, hikers, mountaineers, hunters, military employees and campers. About 50% of the company's products are exported to other European countries, as well as to markets in North America or Asia. Our overall goal is to increase brand awareness to grow Hanwag's market share in the long-term. In 2017, Hanwag is launching an international marketing campaign to communicate the Hanwag manufacturing approach in a traditional, yet modern manner. *"Mountain boots handcrafted with passion, born in Bavaria – worn around the world"* serves as both the campaign theme and its slogan. It shows the way that Hanwag and its consumers are moving and clearly demonstrates our passion for handcrafted expertise. The campaign will set the course for the next two to three years, focusing on key target groups and telling a wide range of different stories, but with the same story angle. All our marketing activities will focus on our core brand values: handcrafted expertise, function, best fit and quality.

SUSTAINABILITY

Hanwag and the entire Fenix Outdoor Group see sustainable production, high quality and long-lasting, durable products as key to success. The brand has maintained high quality standards and focussed on functionality ever since it was founded. Today, over 90 years later, Hanwag is producing some of the world's most innovative mountain and trekking boots, still at its original headquarters in Vierkirchen. Additional production takes place in Hungary or Croatia – all according to rigorous European standards. In addition, all our boots are made with long-lasting cemented or double-stitched constructions, which makes it possible to resole every single model. This makes Hanwag boots especially long-lasting. When it comes to our main material – leather – we're working to be as traceable as possible. In Europe, we only work with approved tanneries, such as Heinen in western Germany, to guarantee traceability to approved slaughterhouses and farms. However, we are not there yet. In 2017 we will continue integrating sustainable processes step by step, in everything that we do.

HANWAG

"Born in Bavaria – worn around the world" – Hanwag was founded in 1921 by Hans Wagner in the small village of Vierkirchen outside Munich. Over the years, Hanwag has become one of the world's leading brands for high-quality mountaineering and trekking footwear. Since 2004, Hanwag has been part of the Fenix Outdoor Group. It still manufactures boots at its original headquarters in Vierkirchen as well as other factories in Europe.

ACTIVITIES 2016

2016 has been a year full of changes at Hanwag. New people, new internal responsibilities and new set-ups have been introduced. New technologies and new products have been launched.

During the year, the Hungarian company Progressz Kft was successfully acquired and integrated into Hanwag's production. Today, we are proud to say that we make all our footwear in Europe – in Germany, Hungary or Croatia – and meet European quality and sustainability standards. As the market for mountain and trekking boots continues to strengthen, we can now ensure that we have the necessary resources to meet the growing demand and guarantee on-time delivery for our customers.

Following strong double-digit growth (in %) in 2015, Hanwag achieved solid single-digit growth (in %) in 2016. The strategy implemented in 2016 – focusing on a smaller number of models, enhancing our own production and developing new technologies – will be continued in 2017. With the presentation of our Spring/Summer 2017 collection at the OutDoor tradeshow in Friedrichshafen in July 2016, Hanwag took another big step forward. The collection has fewer SKUs, focusing more on products that match Hanwag DNA and have a strong commercial viability. This is already paying off. Pre-orders for the collection have grown by 6% (in pairs) internationally, compared to the previous year. New products, such as the ROBIN LIGHT and MAKRA FAMILY have been pre-ordered in very strong numbers – ranking them up there with the most successful shoe launches at Hanwag ever. In addition, we have already received very good feedback on the new models for Fall/Winter 2017/18 that feature a new sole technology, developed with a new, strong partner: Michelin Technical Soles.

FUTURE CHALLENGES

We have seen a very positive development happening among our consumers. Sustainable production and long-lasting products are becoming more and more important when it comes to buying decisions. We have made significant progress at Hanwag and within the Fenix Outdoor Group, but we know that there is still a long way to go. Our ultimate goal is to develop, produce and sell mountaineering and trekking boots that are as eco friendly as possible. Doing this, while strengthening our Research & Development, optimizing our collection and growing general brand awareness are the main challenges for the future.

PRIORITIES 2017

Now with new resources and new manpower on board, Hanwag wants to grow its market share in the future while at the same time focusing the collection on its strong core products. In 2017, we aim to further streamline the range and introduce new categories to have a better overview. At the same time, we want to speed up processes and deliveries. New products are going to be discussed and approved by the innovative "Hanwag Product Steering Group" – a taskforce made up of Research & Development, Sales, Operations and Marketing to make sure that new products fit the Hanwag strategy and that they are easy to market and sell.

Additionally, Hanwag will focus its competences on the lightweight trekking sector, female design and mountaineering and continue developing new technologies with new partners.

Thanks to double-stitched and cemented construction all Hanwag shoes can be resoled. Photo: Christian Wittig

PRIMUS

Products, sales channels and competitors

Sales in Sweden and Germany are handled by Primus AB. In other Nordic countries, North America, Eastern Europe, the UK, Austria, Switzerland, Be-Ne-Lux and China, sales are conducted through the Fenix Outdoor Group's sales organizations, which reflect the ambition to use internal sales companies. In Japan, Primus is distributed through a local distributor in which Primus AB is part owner. In other markets, sales are made primarily through external distributors. Primus's main competitors are MSR, Snow Peak, Soto, Coleman, Trangia, Kovea, Optimus, Jetboil and Campingaz.

Environmentally Friendly Cooking

Primus stoves with Primus Efficiency Technology are among the most fuel-efficient stoves available on the market. Primus gas is a carbon neutral fuel alternative through CO_2 compensation. To compensate for the gas emissions of carbon dioxide and the metal canister, a stove project in Uganda is supported. Uganda is one of the world's poorest countries, where due to low income levels and a lack of affordable alternatives, the vast majority of households (> 90%) use firewood or charcoal for cooking. This has many negative impacts. By helping households obtain a fuel-efficient stove many positive environmental and social effects can be obtained. Families benefit from lower energy costs and health risks associated with indoor smoke. Less time spent collecting firewood means more time for girls to attend school and for women to pursue income generating activities.

BRUNTON

Brunton was founded in 1894, when D.W. Brunton created the Pocket Transit, a compact, precision compass, which is still used today by outdoorsmen and women, geologists, foresters, and other professionals.

Brunton products are designed to enhance the outdoor experience. They are designed to withstand nature's harshest conditions and extremely tough treatment – all to give users the best possible outdoor experience.

The product developers at Brunton strive to produce the most durable, reliable and accurate products on the market.

PRIMUS & BRUNTON TECHNICAL GOODS

Primus develops, manufactures and sells outdoor/camping stoves, lanterns and accessories for outdoor activities. The majority of the products are manufactured by subsidiary company Primus Eesti OÜ, located in Tartu, Estonia. The subsidiary is important for the company's control over the supply chain, testing and production. Products from Primus are sold in 50–60 countries worldwide. Primus is a very well-known brand globally and the company has extensive experience in producing high quality, innovative, durable and reliable products.


Primus Lite+ has won multiple awards and praise in the industry since its launch in 2014. It is also contains two patents for Primus. Photo: Lisa Löwenborg

ACTIVITIES 2016

In 2016 the launch to the consumers was focused around the Campfire segment. This is along our long-term plan to grow towards the camping market which is much bigger globally compared to the hiking/trekking market. With this Primus remains the brand in the industry launching the most news and innovations as the acknowledged leader in the segment of stoves, lanterns and related accessories. The launch is the most all-embracing as a full concept in many years for the brand. The camping market has wider possible distribution channels than the backpacking market and with the new product range, Primus has made an important strategic move in order to have a better product offering, particularly in key markets like Europe, North America and Japan.

Primus has launched a wide range of new products in the Trekking segment. This will reach consumers in spring 2017. With this launch we once again bring out innovations such a regulators on small light weight stoves and improved fuel efficiency. One of the stoves called PrimeTech has already won multiple prestigious industry awards for its innovations.

FUTURE CHALLENGES

The future outlook for Primus remains positive. The worldwide launch to consumers of the new Campfire range opens up new possibilities in terms of customers and distribution. With the new innovative premium concept in this area, it is a first step to grow the market share.

The biggest growth potential remains to be in North America and Japan. In North America a new organization and sales strategy has been implemented where Primus and Brunton are working under one technical hardware group and have a joint CEO within Fenix. Due to this, the hardware companies Primus and Brunton will work more closely with one another to benefit from each other's resources and knowledge in different markets.

PRIORITIES 2017

The main priority for 2017 will be to continue the introduction of Campfire globally. To do this Primus is planning to visit some new trade shows and also widen the range of sales in Japan with more control of that distribution.

At the same time, Primus will keep the pace up and prepare for a strong presence at present and new trade shows in the summer of 2017 with the important launch of the new Trekking segment that will reach consumers in 2017.

The Brunton Pocket Transit is a specialized compass instrument used by professionals to make accurate advanced measurements in the field. This is for example geologists, archaeologists and environmental engineers.

NATURKOMPANIET AB

Naturkompaniet's oldest subsidiary, Scoutvaror AB, was founded in 1931 by the Swedish Scouts. In 1951, the name was changed to Friluftsmagasinets Scoutvaror AB and in 1991 the stores changed their name to Naturkompaniet. Today, Naturkompaniet is Sweden's largest outdoor retailer with 32 stores (3 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. Our appeal to our customers is: "Make everyday an adventure!" Naturkompaniet is characterized by an entrepreneurial spirit, cost awareness, ambition and a passion for outdoor life.

Both Naturkompaniet and Partioaitta have five key words that are very important and that we focus on in every aspect of our business: service, quality, knowledge, assortment and nature.

PARTIOAITTA OY

Partioaitta OY was founded in 1928 by the Finnish Scouts and when translated to English means Scout Shops. Partioaitta is a merger of several different scout organizations and today is Finland's largest outdoor retailer with 16 stores and an e-commerce site. Fenix Outdoor acquired the company in May 2011. Since being founded, Partioaitta has equipped outdoor enthusiasts with equipment from the world's leading brands for all kinds of outdoor activities. Scouts originally made up the foundation of the customer base but today the concept has customers from all age groups, all with a common desire to have an active outdoor life.

GLOBETROTTER AUSRÜSTUNG GMBH

In 1979 two outdoor enthusiasts turned their passion into a profession, and founded Germany's first store for outdoor pursuits and expedition equipment. From the outset they looked for the best, most functional products for outdoor life and travelling to the most far-flung corners of the world. They were uncompromising when it came to quality and functionality. Their shop in Hamburg's Wandsbek district quickly became a meeting point for ambitious globetrotters and adventurers. Globetrotter today has a big e-commerce business and 10 shops.The company's philosophy: to be specialists for outdoor living – not only experts, but people who "live their dreams". That is the key emotional tie between staff and customers.

The Globetrotter store in Cologne is the biggest outdoor store in Germany. During 2016 it was partly refurbished and new Shop in Shops was launched.

FRILUFTS RETAIL EUROPE AB

Since November 11th, 2014, Naturkompaniet AB, Partioaitta OY and Globetrotter GmbH have been 100% owned by Frilufts Retail Europe AB. The company has a total of 58 stores, 32 in Sweden, 16 in Finland and 10 in Germany. Each company also has its own e-commerce store. Frilufts Retail Europe AB, "Frilufts AB", is a subsidiary company, that since June 1st, 2015 is 100% owned by Fenix Outdoor International AG, "Fenix AG".

ACTIVITIES 2016

Globetrotter is working and following the 2016–2018 strategic plan that was launched in January 2016. The main focus is on sales, cost reduction, margin and internal processes and communication. We are following the plan and have taken many steps in the right direction, especially when it comes to cost reduction and margin improvement. During the year a new e-com platform and shop was launched and also many new omni channel features. A new CI and logotype was also introduced. We have closed down two non profitable stores, Filderstadt and the outlet in Frankfurt. Furthermore we have made the store in Torfhaus into a franchise store. Two new lease contracts were signed and during spring 2017 Globetrotter will open up one store downtown in Hamburg and one downtown in Dusseldorf. During 2017 the process to change the ERP system from SAP into Microsoft Dynamics AX will start.

Naturkompaniet moved the store from A6 shopping center (Jönköping) to a larger downtown location. The store in Bergvik/Karlstad was closed in January and during spring the downtown store in Karlstad was extended and renovated. During Q4 an independent


OUTWARD BOUND
FINLAND RY
62 324,49€


-20%

Left: Partioaitta, picture with the handover of the donation check and from staff event.
Right: The Partioaitta store in Turku, Hansa shoppingmall, was rebuilt and a new very attractive Fjällräven Brand corner opened in spring 2016.

outdoor store in Skövde was acquired, Skövde Natur. In the beginning of the year Naturkompaniet loyalty club donated nearly 1,5 Mkr to different nature and outdoor projects. 2016 was a strong year for Naturkompaniet, sales and EBIT developed positively in a very competitive market.

Partioaitta launched a loyalty club and had a successful first year with a fast growing number of members. 1% from the club turnover is donated and in January 2016 a check of 62 324 euro was handed over to Outward Bound, a premier provider of experience-based outdoor leadership programs for youth and adults. No new stores were opened but a Fjällräven Brand Corner was launched in the Jumbo store and the store in Turku city center was extended and updated. The Finish market is still challenging due to both the financial downturn and competition in the sports- and outdoor market.

FUTURE CHALLENGES

The upcoming years for Frilufts includes some big changes in IT platforms. The group will step by step move into the same ERP system, implementing a new system for Globetrotter and making updates for Naturkompaniet and Partioaitta. A common e-com platform and PIM system will also be implemented. Operational challenges differ between the markets but common to all of them is that consumer behavior is shifting and markets are becoming more and more global and price sensitive. This is of course both a challenge and an opportunity for the group. The three companies are in different phases but are all market leaders in their respective local markets. The Frilufts Group with same IT platforms will together have more resources and better possibilities to be in the forefront, adapt to changes, and drive the outdoor retail market.

PRIORITIES 2017

For the Frilufts group it is important that Globetrotter continue to develop in a positive direction and follow the 2016–2018 plan. The new and common IT platforms that will be launched is a huge project for the group and it will have top priority during 2017. Side by side with that we still also have to keep up the speed and momentum in the sales channels and stores on each local markets. This will be a challenge for the organizations. Customer focus, sales, cost control and sustainability is as always on our priority list.

Welcome to our new store in Skövde. Naturkompaniet acquired the store from an independent retailer and re-opened it in November. The sales area is 170 sqm, here we offer a wide range of equipment for outdoor activities and travel.

ANNUAL REPORT – MANAGEMENT REPORT

The Board of Directors and Managing Director 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 2016. Fenix Outdoor International AG is listed on Nasdaq OMX Stockholm, Mid cap.

OPERATIONS

Since 2016-01-01 the Group is organized in three business segments: Brands, Global sales and Frilufts.

- Brands includes the brands Fjällräven, Tierra, Primus, Hanwag and Brunton. It also includes Brandretail (The E-com, the Brand- and Flagshipstores) and distribution companies concentrated on sales of only one brand.
- Global sales includes distribution companies selling more than one Fenix brand.
- In Frilufts the retailers Naturkompaniet AB, Partioaitta Oy and Globetrotter Ausrüstung GmbH are included.

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

LARGEST OWNER

The main owner of Fenix Outdoor International AG is Martin Nordin holding 53,0% of the total voting rights and 15,6% of the total capital.

SIGNIFICANT EVENTS

No significant events have taken place during the year. Brands and Global sales have continued their growth and in Frilufts the integration of Globetrotter has continued.

SALES AND PROFIT

The Group's net sales increased by 7,8% to MEUR 486,2 (451,0). The operating profit increased to MEUR 60,5 (32,6).

Brand and global sales

Brands and Global Sales segments continued to grow with good profitability. The positive deviation in sales and profit mainly come from:

- Continued global growth.
- Strong growth in the product category "daypacks" of Fjällräven.
- Good growth in other major Fjällräven categories such as jackets and pants.
- Stable sales by Tierra, Hanwag and Primus.
- Brunton contributed with lower sales due to concentration of operations to navigation equipment.

Frilufts

Frilufts in Finland and Sweden had a good year, with increased net sales. The German market had profitable sales and cost control as goals and met defined targets for the year. In total the Frilufts segment showed net sales in line with last year figures. The efforts made in Germany and the positive sales development in Sweden resulted in a major improvement of operating result for the Frilufts segment. Last year figures were, however, also affected by restructuring costs in Globetrotter.

PROSPECTS FOR 2017

The Group expects to see continued growth in net sales for the Brand and Global sales segments. The focus for the Frilufts segment will also this year be concentrated on efforts increasing the result.

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 page 50–51

LIQUIDITY AND FINANCIAL POSITION

The Group's total cash and cash equivalents totaled MEUR 76,8 (58,0) as of December 31, 2016. The Group's interest bearing liabilities decreased to MEUR 52,2 (64,9). The Group's total equity attributable to the Parent Company's shareholders at the end of the year was MEUR 186,7 (147,7), which corresponds to an equity/assets ratio of 58,0% (51,4%).

RISK FACTORS

- **Cyclical risks** Historically, upswings and downturns in the economy have not had any significant impact on the Group's sales or earnings trend, even though the risk has increased from larger share of retail operations.
- **Weather-related and seasonal risks** Certain parts of the Group's product range and sales are affected by weather conditions. Portions of the winter collection, mainly available in the Nordic markets, are negatively affected by warm and late winters.
- **Trend risks** The Group does not consider itself to be a company of fashion products and views itself as only marginally affected by varying fashion trends.
- **Currency risks** The Group's net sales in different currencies are distributed as follows: SEK 15,3%, EUR and DKK 62,5%, USD 12,7% and other currencies 9,5%. A major portion of the Brand segments purchases take place in USD, even though certain brands undertake a large share of purchases in EUR. The Frilufts and Global Sales companies are mainly buying in local currency. The Company's policy is to hedge its major portion of the USD order exposure through forward contracts lasting up to a year. Further information regarding the Group's risk management can be found in Notes 3 and 18, in the section Accounting Principles and Notes.

The Group had outstanding FX forwards at the end of 2016, where USD had been purchased against EUR and NOK for a value of MUSD 30,0. The immediate effect of a 5% change in USD would, through these forwards, be neutralized by an amount of MEUR 1,5.

RESEARCH AND DEVELOPMENT

Since its beginning, one of the Company's primary success factors has been the ability to continually develop new products and improve existing ones. This holds true for each of the Group's brands, and the work is mainly undertaken by the Company's own staff. The products are tested in both laboratory environments and in authentic conditions through regular events, such as the Fjällräven Classic, Fjällräven Polar and Hanwag's "24-hour" in Germany. Principles applied in the reporting of development costs and information regarding monetary amounts are presented in a separate section in Note 2, Accounting and Valuation Principles.

BRANCH OFFICES

Fjällräven's purchasing company had a branch office in Norway until December 2015. This office was primarily responsible for Fjällräven's logistics in Norway and sales to Fenix Outdoor's Norwegian sales company. The Branch is replaced by a local incorporated company operating the same services from January 2016.

INVESTMENTS

The Group's investments totaled MEUR 11,8 (9,1). The investments are primarily attributable to IT support systems as well as investments related to new stores within Brands and Frilufts.

CORPORATE GOVERNANCE REPORT

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

THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

Annual General Meeting

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

The Nomination Committee
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 60,0% of the Company nominal share value, corresponding to 84,6% 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 appeared necessary. However, the company is to strive for gender balance on the board. Proposals regarding Chairman of the Board at the Annual General Meeting, Board elections, the appointment of the auditor and whether remuneration is to be paid to members of the Board and auditors are, thus, submitted by the Company's larger shareholders and presented in the notice of the Annual General Meeting and on the Company's website.

Duties of the Board
The Board of Fenix Outdoor International AG consists of five 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 seven minuted meetings. At the board meeting following the election, resolutions are adopted regarding the formal work plan of the Board and the Managing Director, aiming to ensure that the Board has the information required.

An economic and financial report is submitted at each regular meeting. The Board convenes annually with the Company's auditors in order to review the audit and the activities undertaken during the year. As there are no special committees, except for the Remuneration Committee, within Fenix Outdoor International AG, the Board, in its entirety, addresses all matters except matters related to remuneration. The members of the remuneration committee are Sven Stork and Susanne Nordin. Total remuneration to members of the Board, elected at the Annual General Meeting, is determined by the Annual General Meeting according to the proposals submitted by the Company's largest shareholders. Over the course of the year, the Board has monitored the Company's financial reporting, as well as its systems for internal control, to ensure that the operations are efficient and in line with laws and regulations, and that the financial reporting is reliable. The Board has examined and evaluated the accounting and financial reporting procedures, and has followed up and evaluated the work, qualifications and independence of the external auditors.

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

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

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

Follow-up
The internal control of financial reporting is evaluated on a continuous basis. The Board receives quarterly reports showing financial outcomes and with comments on the operations provided by the management. At each Board meeting, the financial situation is addressed and the Board monitors that the internal controls related to financial reports and reporting to the board function adequately. A Board evaluation is conducted on annual basis to secure that the Board is receiving adequate material and information to take best possible decisions.

Attendance at Board meetings Fenix Outdoor International AG in 2016

Directors	Attendance, regular and inaugural meetings
Sven Stork (Chairman)	7
Ulf Gustafsson	7
Mats Olsson	7
Sebastian von Wallwitz	5
Susanne Nordin	5

INFORMATION
The Company's information to shareholders and other stakeholders is provided in the Annual Report, the interim reports, press releases and the Company's website, www.fenixoutdoor.se. Financial reports and press releases from the past few 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 total number of votes in the Company are 35 060 000.

OWNERSHIP STRUCTURE
Fenix Outdoor International AG had 3 655 shareholders at the end of 2016. The ownership participation of the ten largest shareholders constituted 74,0 % of total capital. A list of the major shareholders can be found on page 53 and on www.fenixoutdoor.se.

RESULTS AND FINANCIAL POSITION
For information regarding the Group's and the Parent Company's results and financial position, we refer to the consolidated and parent income statement, balance sheet, cash flow statement and notes in pages 44–48.

PROPOSED APPROPRIATION OF PROFITS IN PARENT

	31.12.2016 TEUR
Profit reserves at the beginning of the period	**53 352**
Net profit of the year	–5 158
Profit reserves at the end of the period	**48 194**
Allocation to the general legal profit reserves	0
Profit to be carried forward	**48 194**

PROPOSAL FOR DISTRIBUTION OF DIVIDENDS

Capital contribution reserves TEUR	**435 052**
Capital contributions TEUR	0
Dividends TEUR*	–11 272
Capital contribution reserves	**423 780**

*SEK 8,0 Kronor per B-Share and SEK 0,8 Kronor per A Share calculated at EUR/SEK 9,5525 (24 000 000 * 0,8+ 11 060 000 * 8,0 = SEK 107 680 000) = EUR 11 272 442

THE BOARD'S STATEMENT ON THE PROPOSED DIVIDEND
The Board's opinion is that the proposed dividend of SEK 0,8 (0,5) per A-share and SEK 8,0 (5,0) per B-share will not hinder the Company from fulfilling its short and long-term obligations, nor from making necessary investments. Considering that the Company's operations continue to be run with profitability, the Company's equity/assets ratio is satisfactory. Liquidity in the Company is deemed to be maintainable on a similarly satisfactory level

CONSOLIDATED INCOME STATEMENT

Amounts in TEUR	Note	2016	2015
Net sales	5	486 234	451 019
Other operating income	7	9 984	8 635
		496 218	459 654
Cost of materials		–223 384	–216 792
Other external expenses		–106 909	–103 957
Personnel expenses	6	–91 878	–94 163
Depreciation/amortisation		–13 086	–12 995
Result from participations in associated companies	9	1 260	3 297
Other operating expenses	7	–1 701	–2 404
Operating profit	5	**60 520**	**32 640**
Financial income	9	68	2 475
Financial expenses	9	–2 029	–3 318
Profit/loss before tax		**58 559**	**31 797**
Tax	10	–10 402	–10 030
Net profit for the year attributable to:		**48 157**	**21 767**
Parent Company's shareholders		47 867	28 267
Non-controlling interests		290	–6 500
Earnings per share after tax attributable to the Parent Company's shareholders after dilution and before dilution in EUR;			
A shares		0,358	0,162
B shares		3,58	1,62
Number of outstanding shares, A		24 000 000	24 000 000
Number of outstanding shares, B		11 060 000	11 060 000
Proposed dividend per share (EUR) – B shares		0,837	0,539
Proposed dividend per share (EUR) – A shares		0,084	0,054

STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in TEUR	2016	2015
Net profit for the year after tax	**48 157**	**21 767**
Not to be reclassified in the income statement in the future		
Remeasurements of post employment benefit obligations	8	138
Taxes	–2	–30
To be reclassified in the income statement in the future		
Change in translation reserve during the period	–1 785	–1 323
Cash flow hedges	1 111	–304
Taxes	–244	67
Total other comprehensive income for the year:	**–912**	**–1 452**
Total comprehensive income for the year	**47 245**	**20 315**
Total comprehensive income attributable to:		
Parent Company's shareholders	46 954	26 815
Non-controlling interests	290	–6 500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December, Amounts in TEUR	Note	2016	2015
ASSETS			
Fixed assets			
Intangible fixed assets	11	18 019	19 349
Tangible fixed assets	12	41 670	43 274
Investments in associated companies	13	2 638	1 776
Other non-current financial assets	13	100	100
Other non-current receivables	13	1 437	2 123
Deferred tax assets	10	15 529	7 548
Total fixed assets		**79 393**	**74 170**
Current assets			
Inventories	15	121 109	116 318
Accounts receivable trade and other receivables	16	39 908	34 526
Prepaid expenses and accrued income	19	4 808	4 258
Cash and cash equivalents	3	76 774	58 021
Total current assets		**242 599**	**213 123**
TOTAL ASSETS		**321 992**	**287 293**
EQUITY AND LIABILITIES			
EQUITY			
Equity and reserves attributable to the Parent Company's shareholders			
Share capital		12 378	12 378
Other contributed capital		39 765	39 765
Retained earnings		134 567	95 636
Total equity attributable to the Parent Company's shareholders		**186 710**	**147 779**
Non-controlling interest		2 552	2 262
Total equity		**189 262**	**150 041**
LIABILITIES			
Non-current liabilities			
Employee benefits	20	604	114
Other non-current provisions	21	1 912	1 240
Deferred tax liabilities	10	6 995	3 866
Total non-current liabilities		**9 511**	**5 220**
Current liabilities			
Other current liabilities	23	36 376	38 860
Current tax liabilities		12 128	7 407
Interest bearing liabilities	22	52 195	64 770
Accrued expenses and deferred income	24	22 520	20 994
Total current liabilities		**123 219**	**132 031**
TOTAL EQUITY AND LIABILITIES		**321 992**	**287 293**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in Equity TEUR	Share capital	Other contributed capital	Retained earnings	Total	Non-controlling interest	Total Equity
01-01-2015	**11 014**	**24 935**	**76 260**	**112 209**	**23 706**	**135 915**
Net Profit for the year			28 267	28 267	–6 500	21 767
Other comprehensive income for the year	1 163	5 812	–8 427	–1 452	—	–1 452
Total comprehensive income for the year	1 163	5 812	19 840	26 815	–6 500	20 315
Transactions with non-controlling interests	201	9 018	5 225	14 444	–14 944	–500
Dividends			–5 689	–5 689	—	–5 689
31-12-2015	**12 378**	**39 765**	**95 636**	**147 779**	**2 262**	**150 041**
01-01-2016	**12 378**	**39 765**	**95 636**	**147 779**	**2 262**	**150 041**
Changes during 2016						
Net Profit for the year			47 867	47 867	290	48 157
Other comprehensive income for the year			–912	–912	—	–912
Total comprehensive income for the year	—	—	46 955	46 955	290	47 245
Purchase of own shares			–769	–769	—	–769
Dividends			–7 255	–7 255	—	–7 255
31-12-2016	**12 378**	**39 765**	**134 567**	**186 710**	**2 552**	**189 262**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TEUR	Note	2016	2015
OPERATING ACTIVITIES			
Net profit for the year		48 157	21 767
Tax expense in income statement		10 402	10 030
Financial result net in income statement		1 961	843
Depreciation/amortisation		13 086	12 995
Adjustment for items not included in the cash flow, etc.	27	383	–3 592
Interest and dividends realised		133	704
Interest paid		–1 785	–3 312
Income tax paid		–10 533	–8 432
Cash flow from operating activities before changes in working capital		**61 804**	**31 003**
Change in inventories		–4 791	–7 866
Change in operating receivables		–5 248	7 003
Change in operating liabilities		–139	–9 009
Cash flow from operating activities		**51 626**	**21 131**
INVESTING ACTIVITIES			
Purchase of intangible fixed assets	11	–798	–1 181
Purchase of tangible fixed assets	12	–11 003	–7 887
Sale of tangible fixed assets	12	196	698
Acquisition of subsidiaries, net of cash acquired		–204	–755
Sale of associated companies		—	6 233
Change in non-current receivables		—	–1 193
Cash flow from investing activities		**–11 809**	**–4 085**
FINANCING ACTIVITIES			
Borrowings		22 873	30 993
Repaid borrowings		–35 669	–26 411
Acquisition of minority shares in subsidiaries		—	–500
Purchase of own shares		–769	—
Dividends paid		–7 255	–5 689
Cash flow from financing activities		**–20 820**	**–1 607**
Change in cash and cash equivalents		**18 997**	**15 439**
Cash and cash equivalents at beginning of year		**58 021**	**41 020**
Effect of exchange rate differences on cash and cash equivalents		**–244**	**1 562**
Cash and cash equivalents at year-end	3	**76 774**	**58 021**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

BUSINESS ACTIVITY

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

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS as issued by the IASB and are compliant with IFRS as adopted by the EU. Accounting standards and interpretations introduced during the year have not impacted the Group's results or financial position. The consolidated figures are presented in EUR. All figures, unless otherwise stated, are rounded to the nearest thousand. These assets and liabilities are derivative financial instruments which are measured at fair value through profit or loss, or for which hedge accounting is applied. Intangible and tangible fixed assets are reported at acquisition cost less depreciation/amortization and write-downs, where applicable. Fixed assets and non-current liabilities essentially consist of the amounts expected to be recovered, or paid, at a date more than twelve months after balance sheet date.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

BUSINESS COMBINATIONS, GOODWILL AND NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method. Acquisition costs comprise the consideration paid either in cash or other assets which are measured at fair value. Transaction costs are recognized as operating expenses. Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. The difference between the acquisition costs and the fair value of the proportionate interest in the net assets acquired is recognized as goodwill. Non-controlling interests are recognized in the balance sheet at their acquisition date fair value. Goodwill and changes in the fair value of the net assets are recognized in the assets and liabilities of the acquiree in its functional currency. Intangible assets and goodwill are recognized in those cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows. If the Group gains control of an associate (business combination achieved in stages), the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. Shares of the profits continue to be allocated to the non-controlling interests. When calculating cash flow from business combinations, the values of the acquired cash and cash equivalents are deducted from the purchase price paid. Divested companies are included in the consolidated financial statements until the date of sale and/or loss of control. Companies acquired during the year are included in the consolidated financial statements from the acquisition date.

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 Group companies that are reported in foreign currencies are translated into EUR as follows: balance sheet at closing rates at the date of the balance sheet, and the income and expenses for each income statement are translated at average exchange rates.

The change in accumulated exchange rate differences from the translation of foreign companies is reported in other comprehensive income. If the company is sold, or if part of it is sold and control is lost, the cumulative exchange differences are reclassified to the income statement.

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

	Average rate		Balance sheet closing rate	
	2016	**2015**	**2016**	**2015**
SEK/EUR	9,4700	9,3400	9,5525	9,1878
CHF/EUR	1,0905	1,0650	1,0739	1,0833
USD/EUR	1,1026	1,1040	1,0541	1,0885
SEK/CHF	8,6837	8,7700	8,8951	8,4813

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

SEGMENT REPORTING

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

REVENUE

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

INCOME TAX

Reported income tax includes tax to be paid or received regarding the current year, adjustments regarding previous years' current taxes and changes in deferred tax. All tax assets and liabilities are measured at their nominal amount according to the tax regulations based on tax rates that have been enacted, or that have been announced and are substantially enacted. In the case of items reported in the income statement, associated tax effects are also reported in the income statement.

The tax effects of items that are accounted for in other comprehensive income or directly against equity are also reported in other comprehensive income or equity, respectively. Deferred tax is calculated according to the balance sheet method on all temporary differences arising between the reported values and the tax values of assets and liabilities. Temporary differences have primarily arisen as a result of the depreciation of properties, internal profit elimination, derivative contracts, and tax losses carried forward.

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

INTANGIBLE FIXED ASSETS

Goodwill

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

Capitalized expenditure for software

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

Trademarks

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

Rental rights

Expenses for acquired rental rights are capitalized and amortized on a straightline 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 and impairment. Expenditure for repairs and maintenance is expensed. Borrowing costs are expensed as incurred. Tangible fixed assets are depreciated systematically over their estimated useful life. If applicable, the residual value of the assets is taken into consideration when determining the depreciable amount. The straight-line method of depreciation is used for all types of tangible assets.

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

LEASING

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

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

INVENTORIES

Inventories for all segments 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 Frilufts 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 probable obligation (legal or constructive) to third parties as a result of a past event and if the obligation can be reliably estimated. Existing provisions are reassessed at every balance sheet date. Obligations that are related to a past event for which an outflow of economic benefits is expected and the when the amount can be reliably estimated but for which the timing cannot be reliably estimated, are reported as provisions.

PENSION COMMITMENTS

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

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

CONTINGENT LIABILITIES

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

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The reported cash flow includes only those transactions that have resulted in cash receipts or payments. For the purposes of the cash flow statement, cash and cash equivalents comprise, in addition to cash and bank balances, current investments, which are exposed to an insignificant risk of fluctuation in value and which

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

NEW OR REVISED STANDARDS APPLIED BY THE GROUP

Standards that have been adopted as of 1 January 2016
A number of new standards and interpretations have become effective for financial year beginning 1 January 2016 and have been applied in the preparation of this financial report. The impact of these new standards can be summarized as follows:

IFRS 11 "Accounting for Acquisition of Interests in Joint Operations – Amendments to IFRS 11". The amendments to IFRS 11 increased the scope of transactions that should be assessed to determine whether they represent the acquisition of a business or of an assets. The Amendments to IFRS 11 become effective 1 January 2016. The adoption had no impact on the accounting for joint arrangements.

Annual improvements to IFRS, 2012-2014 cycle
Amendments to IAS1 - Disclosure Initiative

Standards that have been early-adopted by the Group
There have been no early adoptions of standards for the Group.

New standards, amendments and interpretations that have not yet come into effect
IFRS 9 Financial Instruments addresses the classification, valuation and accounting of financial liabilities and assets. IFRS 9 was issued as completed version in July 2014 and replaces IAS 39 in its entirety. IFRS 9 becomes effective 1 January 2018. The Group will evaluate the effects of IFRS 9 in due course.

IFRS 15 Revenue from Contracts with customers IFRS 15 replaces all existing revenue guidelines in IFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets. The core principle is that an entity will recognize revenue when control (rather than significant risk and rewards of ownership) transfers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 becomes effective 1 January 2018. The Group has not finished its evaluation of the impact of the new standard.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. Given the major operational lease contracts in the Fenix Group, this future standard will have a major impact on the balance sheet of the group.

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

NOTE 3 FINANCIAL RISK MANAGEMENT

Purpose
The Fenix Group is exposed to various financial risks, primarily comprised of foreign exchange risk and interest rate risk. The Group's risk management aims to minimize the potential negative effects on financial performance. Finance and risk management is handled centrally by the Parent Company's finance function, in accordance with principles approved by the Board. The main cash hedge positions taken are related to future currency flows. A complete description of the effects can be found in Note 18, Hedge accounting.

Currency risk
Transaction exposure
The Group's companies make and receive payments in different currencies and the Group is, therefore, exposed to risks with regards to exchange rate fluctuations. This risk is referred to as transaction exposure. The most significant aspect of the hedges is to ensure the exchange rate in EUR for the purchases that are made in USD. Company management can decide on the hedging of forecasted cash flows in foreign currency for up to 12 months into the future. Hedging is undertaken by means of holding the liquidity in the currency in question and/or through forward contracts. The most important sales currency is EUR, which accounts for approximately 63% of the Group's net sales.

Translation exposure
The Group's equity is affected by changes in exchange rate when the foreign subsidiaries' balance sheet is translated into EUR. This exposure is generally not hedged. This exposure is not hedged, with the exception of internal lending in USD from exposure unit, which is, primarily, hedged externally by external borrowing in the same currency.

Interest rate risk
The Group's financial result is affected by changes in interest rates. As per 31 December 2016, all loans in the Group are entered into at variable interest rates. To get a longer interest duration of the loan portfolio, two different swap contracts, representing around 50% of the total loan amount have been made. An increase in the short term interest rate of one percentage point should therefore effect the interest cost by TEUR 270 (500). Group management continuously monitors the interest rate market in order to assess any possible changes in the interest duration, but given the total volume of loans in relation to the net profit and total assets of the Group, the risk is however seen as limited.

Financial and liquidity risk
The Group's interest-bearing liabilities amounted to TEUR 52 195 (64 770) at year-end, which is approximately 16 (23) percent of the balance sheet total. As per 31 December 2016, the major part of the Group's interest-bearing liabilities, was denominated in EUR and USD. The maturity structure is presented in Note 22. The Group has found it acceptable, in terms of risk exposure, to use mainly short term external financing.

TEUR	2016	2015
Unutilised portion of overdraft facilities	12 337	12 955

Credit risk

Client credit risk

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

Financial credit risk

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

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGMENTS

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

Estimates

TESTING OF GOODWILL FOR IMPAIRMENT

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

VALUATION OF INVENTORY

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

TAX

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

NOTE 5 SEGMENT REPORTING

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

- Brands includes the brands Fjällräven, Tierra, Primus, Hanwag and Brunton. It also includes Brandretail (The E-com, the Brand- and Flagshipstores) and distribution companies concentrated on sales of only one brand.
- Global sales includes distribution companies selling more than one Fenix brand.
- In Frilufts the retailers Naturkompaniet AB, Partioaitta Oy and Globetrotter Ausrüstung GmbH are included.

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

	2016	2015
External Sales		
Brands	103,0	87,4
Global Sales	123,0	102,5
Frilufts	258,2	259,1
Common	2,0	1,9
Group	**486,2**	**451,0**
Operating profit per segment		
Brands	44,0	34,9
Global Sales	17,5	12,4
Frilufts	6,9	-6,7
Common	-7,9	-8,0
Group	**60,5**	**32,6**

The negative result in Common mainly comes from central costs for administration, IT, the trainee program and internal profits in inventory between the segments.

Cap. Expenditures		
Brands	5,2	3,4
Global Sales	1,8	1,3
Frilufts	2,0	3,0
Common	2,8	1,4
Group	**11,8**	**9,1**

NET SALES PER GEOGRAPHIC MARKET

MEUR	2016	2015
Switzerland	10,1	7,4
Sweden	72,3	64,6
Other Nordic countries	66,4	56,1
Germany	219,0	229,7
Benelux	17,6	17,5
Other Europé	38,7	23,4
North America	49,1	41,4
Other markets	13,1	10,9
Total	**486,2**	**451,0**

NOTE 6 PERSONNEL EXPENSES

FULL TIME AVERAGE NUMBER OF EMPLOYEES

	2016		2015	
	Number of employees	Of whom men	Number of employees	Of whom men
Sweden	298	150	269	142
Norway	27	16	23	13
Denmark	9	5	8	5
Finland	129	61	128	66
Estonia	29	4	28	4
Germany	1 089	621	1 137	645
Austria	5	3	5	2
Holland	103	58	98	57
England	17	14	17	13
Switzerland	11	4	15	5
North America	182	103	155	85
China	121	37	125	34
Hungary	108	25		
Total, Group	**2 128**	**1 101**	**2 008**	**1 071**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

2016

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

2015

TEUR	Salaries and remunerations	Social security expenses (of which pension costs)	Other personnel costs	Total
TEUR	73 613	16 895	3 656	94 163
		(2 133)		

2016

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

2015

	Gross salary	Benefits and other remunerations	Pension contributions	Total
CEO	396	65	29	490
Other Senior Executives	1 517	26	136	1 679
Total	**1 913**	**91**	**165**	**2 169**

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

The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 10%. The base +1% gives an extra monthly salary; the base +2% gives a further monthly salary, up to 6 monthly salaries. For 2016 a bonus of six months salary, according to the model is proposed. For more information please see compensation report page 50–51.

MEMBERS SENIOR EXECUTIVES

	2016		2015	
	Total	of whom men	Total	of whom men
Group (including subsidiaries)				
CEO and other Senior Executives	8	7	8	7

NOTE 7 OTHER OPERATING INCOME AND EXPENSES

	2016	2015
OTHER OPERATING INCOME		
Exchange rate differences	—	211
Royalty and licensing income	114	191
Franchise income	107	135
Marketing contribution	4 734	3 928
Other	5 029	4 171
Total	**9 984**	**8 635**

The income related to marketing contribution mainly comes from Frilufts marketing support from external vendors

	2016	2015
OTHER OPERATING EXPENSES		
Exchange rate differences	–66	–49
Other	–1 635	–2 354[1)]
Total	**–1 701**	**–2 404**

1) Mainly restructuring costs Globetrotter

NOTE 8 OPERATING LEASE AGREEMENTS

The majority of the operating lease agreements below are rents for retail premises which are considered operating leases. Nominal value of agreed-upon future lease payments are distributed as follows. The lease expenses for 2016 amounted to TEUR 17 697 (14 197).

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

	2015
Due for payment in 2016	21 693
Due for payment in 2017	20 357
Due for payment in 2018	18 234
Due for payment in 2019 or later	89 340
Total	**149 624**

The comparative year has been corrected with 61 553 to include all payments later than 2019 in the amount for Due for payment in 2019 or later.

NOTE 9 FINANCIAL INCOME AND EXPENSES AND RESULT FROM ASSOCIATED COMPANIES

	2016	2015
FINANCIAL INCOME		
Profit/loss from participations in other companies		
Results from associated companies	1 260	297
Results from sales Transa	—	3 000
Total	**1 260**	**3 297**
Interest income		
External	68	710
Exchange rate differences	—	1 765
Total	**68**	**2 475**
Interest expenses		
External	–1 683	–2 663
Exchange rate differences	–244	—
Other financial expenses	–102	–655
Total	**–2 029**	**–3 318**

NOTE 10 TAX

	2016	2015
Current tax:		
Current tax on profits for the year	–15 098	–12 978
Adjustments in respect of prior years	167	4 614
Total current tax	**–14 931**	**–8 364**
Deferred tax:		
Origination and reversal of temporary differences	4 529	–1 666
Total deferred tax	**4 529**	**–1 666**
Income tax expense	**–10 402**	**–10 030**

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:

	2016	2015
Profit before tax	**58 558**	**31 797**
Tax calculated at domestic tax rates applicable to profits in the respective countries	–13 315	–5 343
Tax effects of:		
– Income not subject to tax	1 412	50
– Expenses not deductible for tax purposes	–1 224	–1 060
– Utilisation of previously unrecognised tas losses	2 499	—
– Tax losses for which no deferred income tax assets was recognised	—	–8 187
Exchangerate difference in untaxed reservs	59	–103
Adjustment in respect of prior years	167	4 613
Tax charge	**–10 402**	**–10 030**

The effective tax rate was 17,5% (31,5%) due to additional part of recognized tax losses carry forwards.

Deferred tax assets	2016	2015
Difference between book value and tax value of assets	187	—
Temporary differences regarding inventories	1 619	—
Loss carry-forwards	13 722	7 548
Reported deferred tax assets	**15 529**	**7 548**

Deferred tax liabilities	2016	2015
Temporary differences regarding untaxed reserves	6 531	5 946
Temporary differences regarding inventories	—	–2 324
Difference between book value and tax value of assets	464	244
Reported deferred tax liabilities	**6 995**	**3 866**

Total unrecognized tax loss carry forward per December 31, 2016, amounted to TEUR 109 (2 552).

NOTE 11 INTANGIBLE FIXED ASSETS

Capitalised expenditure for computer software	2016	2015
Opening acquisition cost	11 489	9 980
Expenditure capitalised during the year	798	1 052
Reclassifications	286	843
Translation differences	–297	–386
Closing acquisition cost	**12 276**	**11 489**
Opening amortisation	–6 208	–4 639
Amortisation for the year	–1 638	–1 971
Reclassifications	–8	—
Translation differences	205	403
Closing amortisation	**–7 649**	**–6 208**
Closing balance	**4 627**	**5 281**

Installation in progress	2016	2015
Opening amortisation	—	843
Reclassifications	—	–843
Closing balance	**—**	**—**

Trademarks	2016	2015
Opening acquisition cost	9 886	9 764
Translation differences	6	122
Closing acquisition cost	**9 894**	**9 886**
Opening amortisation	–7 523	–6 876
Amortisation for the year	–418	–595
Translation differences	7	–53
Closing amortisation	**–7 935**	**–7 523**
Closing balance	**1 959**	**2 362**

Rental rights	2016	2015
Opening acquisition cost	435	511
Sales and disposals	—	–73
Reclassifications	–10	—
Translation differences	–16	–3
Closing acquisition cost	**409**	**435**
Opening amortiation	–340	–288
Amortisation for the year	–17	–21
Reclassifications	10	—
Translation differences	12	–30
Closing amortisation	**–335**	**–340**
Closing balance	**75**	**96**

Goodwill	2016	2015
Opening acquisition cost	14 059	14 196
Purchases	—	106
Purchase aquisition cost subsidiary	—	753
Translation differences	–254	–996
Closing acquisition cost	**13 805**	**14 059**
Opening write-downs	–2 449	–2 679
Writedown for the year	—	–126
Translation differences	2	355
Closing amortisation	**–2 447**	**–2 449**
Closing balance	**11 358**	**11 610**
Total intangible fixed assets	**18 019**	**19 349**

SPECIFICATION OF GOODWILL

	2016	2015
Brands	4 761	4 898
Frilufts	4 099	4 106
Global sales	2 498	2 606
Book value	**11 358**	**11 610**

Goodwill is divided between the Group's cash generating units identified per segment. In 2001 and 2002, Fenix acquired the shares in Naturkompaniet AB, generating total goodwill of TEUR 7 842.

The change in goodwill for the year is attributable to translation differences. The value of the Group's goodwill is tested annually by means of an impairment test. This assessment is done by discounting future cash flows that have been estimated on the basis of an internal assessment of the coming five years, after which an unchanged cash flow is assumed. The internal assessment is based on historical income and expense trends, with adjustments made for any changes in circumstances, the competitive situation, etc., as deemed suitable by Group management. The discount rate applied is 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 rate used for 2016 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	2016	2015
Opening acquisition cost	11 206	10 699
Purchases	804	343
Purchases through acquisition of subsidiary	—	418
Sales and disposals	–370	–321
Reclassifications	943	—
Translation differences	–39	68
Closing acquisition cost	**12 543**	**11 206**
Opening depreciation	–3 628	–2 275
Amortisation for the year	–709	–1 614
Depreciation through acquisition of subsidiary	—	–24
Sales and disposals	363	321
Reclassifications	–219	—
Translation differences	83	–36
Closing depreciation	**–4 110**	**–3 628**
Closing balance	**8 433**	**7 578**

Cost of leasehold improvements	2016	2015
Opening acquisition cost	45 651	23 217
Purchases	2 635	2 911
Sales and disposals	–3 274	–969
Reclassifications	–327	870
Other changes	—	18 210
Translation differences	190	1 412
Closing acquisition cost	**44 875**	**45 651**
Opening deprication	–23 936	–1 108
Depreciation for the year	–4 335	–4 249
Sales and disposals	2 717	112
Other changes	—	-18 210
Translation differences	–156	–481
Closing depreciation	**–25 710**	**–23 936**
Closing balance	**19 165**	**21 715**

Equipment, tools, fixtures and fittings	2016	2015
Opening acquisition cost	36 822	25 462
Purchases	4 504	3 934
Purchase through acquisition of subsidiary	—	30
Sales and disposals	–5 574	–1 526
Reclassifications	726	—
Other changes	—	10 027
Translation differences	–205	–1 104
Closing acquisition cost	**36 274**	**36 822**
Opening depreciation	–23 669	–10 553
Depreciation for the year	–5 882	–4 424
Sales and disposals	5 249	1 092
Depreciations through aquisition of subsidiary	—	–6
Other changes	—	-10 027
Translation differences	122	250
Closing depreciation	**–24 180**	**–23 669**
Closing balance	**12 094**	**13 153**

Constructions in progress	2016	2015
Opening aquisition cost	827	951
Additions	3 061	699
Reclassifications	–1 894	–870
Translation differences	–15	47
Closing balance	**1 979**	**827**
Total tangible fixed assets	**41 670**	**43 274**

NOTE 13 OTHER FINANCIAL ASSETS

Other non-current financial assets	2016	2015
Opening aquisition cost	100	100
Closing acquition cost	**100**	**100**

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

Other non-current receivables	2016	2015
Endowment insurance with pensions commitments		
Deposits	—	720
Other non-current receivables	1 437	1 403
Closing balance	**1 437**	**2 123**

Participations in associated companies	2016	2015
At beginning of the year	1 776	4 765
Unrealised change in value	1 260	244
Dividends from associated companies	– 66	—
Sales	—	–2 513
Write-downs	—	–720
Translation difference	–332	—
Closing balance	**2 638**	**1 776**

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

NOTE 14 PARTICIPATIONS IN SUBSIDIARIES

Subsidiary	Corporate Identity Number	Registered offices	Number of shares	Share of equity	Book value in Parent Company, TEUR
Ronmar AG	CHE-364.759.885	Zug	100	100%	92
Fenix Outdoor Brand Retail AG	CHE-115.678.335	Zug	100	100%	368
Fenix Outdoor R&D and CSR AG	CHE-145.043.963	Luzern	100	100%	92
Fenix Outdoor AB	556110-6310	Örnsköldsvik	13 273 731	100%	517 375
Fjällräven Sverige AB	556413-5548	Örnsköldsvik	100	100%	—
Fjällräven GmbH	HRB56169	München	450	100%	—
Hanwag GmbH	HRB153419	Vierkirchen	1	100%	—
Hanwag Sales GmbH	HRB220690	Vierkirchen	1	100%	—
Progress Kft	09-09-000101	Kinizsi	1	100%	—
Fenix Eastern Europe	HRB182742	Vierkirchen	1	100%	—
HW Media GmbH & Co. KG	HRA91095	Vierkirchen	—	100%	—
Fenix Outdoor Norge A/S	920417280	Lillehammer	100	100%	—
Fenix Outdoor Import AS		Lillehammer		100%	—
Fjällräven Trapper AB	556080-3362	Örnsköldsvik	6 080	100%	—
Tierra Products AB	556095-1526	Örnsköldsvik	1 010	100%	—
Fenix Outdoor Danmark ApS	25894383	Århus	1	100%	—
Fjällräven B.V.	6200850	Almere	140	100%	—
Fjällräven AB	556605-9795	Örnsköldsvik	1 000	100%	—
Turima Jakt AB	556018-8392	Örnsköldsvik	800	100%	—
AB Raven Incorporate (Inc)	556603-5662	Örnsköldsvik	1 000	100%	—
Friluftsbolaget Ekelund & Sagner AB	556543-0229	Örnsköldsvik	1 294 000	100%	—
Fenix Outdoor Finland Oy	1068339-4	Helsingfors	100	100%	—
Primus AB	556152-5766	Örnsköldsvik	1 000	100%	—
Primus Eesti OÜ	10848501	Tartu	1	100%	—
Fjällräven International AB	556725-7471	Örnsköldsvik	1 000	100%	—
Fenix Outdoor Italia s.r.l	REA187336		—	100%	—
Rosker Ltd	2091967	Gosport	10 000	100%	—
Fjällräven USA Llc		NY	1	100%	—
Bus Sport AG	CH-320.3.032.659-8	Buchs	72	71%	—
Brunton Inc.		Riverton	1	100%	—
N.A. Gear LLC		Riverton	—	100%	—
Fenix Outdoor Import LLC		Riverton	—	100%	—
Fjällräven Center B.V.	34127188	Amsterdam	40	100%	—
Fenix Outdoor Austria Italy GmbH	FN387475t	Innsbruck	1	100%	—
Fenix Outdoor Mono retail AS	912 893 030	Lillehammer	100	100%	—
Jiangsu Leader Outdoor Company Limited		Yangzhou	1	90%	—
Jiangsu Leader Outdoor Technology					—
Development Company Limited		Yangzhou	1	100%	—
Fenix Outdoor Import Asia				100%	
Fenix Outdoor Asia				100%	
Frilufts Retail Europé AB	556788-3375	Örnsköldsvik	13 250 000	100%	24 731
Naturkompaniet AB	556433-7037	Örnsköldsvik	8 835 528	100%	—
Fiskarnas Redskapshandel AB	556029-5585	Stockholm	5 000	100%	—
Ljung & Fjäll AB	556913-3803	Stockholm	50 000	100%	—
Naturkompaniet AS	912 893 367	Lillehammer	100	100%	—
Partioaitta Oy	0201830-0	Helsingfors	94 285	100%	—
Globetrotter GmbH	HRB23422	Hamburg	38	100%	—
Globetrotter Academie GmbH	HRB13414KI	Ascheffel	3	94%	—
Outlet-Outdoor.com GmbH				100%	—
					542 658

Operating companies marked in bold.

NOTE 15 INVENTORIES

TEUR	2016	2015
Goods for resale	108 573	103 197
Raw materials	10 369	10 908
Advance payments to suppliers	2 167	2 213
Total	**121 109**	**116 318**

Write-downs have reduced the book value in the Group in an amount of 7 434 TEUR (TEUR 7 925).

NOTE 16 ACCOUNTS RECEIVABLE, OTHER RECEIVABLES

TEUR	2016	2015
Accounts receivable – trade		
Not yet due	20 249	15 787
Overdue		
0–30 days	5 411	3 944
31–60 days	1 405	2 177
61–90 days	870	1 003
More than 90 days	760	1 499
Written-down amount	–1 316	–1 049
Total	**27 379**	**23 361**
Tax receivables	3 085	3 643
Other receivables	9 444	7 523
Total	**39 908**	**34 527**

NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

2016

Assets in the balance sheet	Loans and receivables	Financial assets at fair value through other comprehensive income	Total assets 2016
Derivative instruments	—	2 063	2 063
Account receivable	27 379	—	27 379
Cash and cash equivalents	76 774	—	76 774
Total	**104 153**	**2 063**	**106 216**

Liabilities in the balance sheet	Other financial liabilities	Financial liabilities at fair value through other comprehensive income	Total liabilities 2016
Account payable-trade	20 284	—	20 284
Current interest bearing liabilities	52 195	—	52 195
Total	**72 479**	**—**	**72 479**

2015

Assets in the balance sheet	Loans and receivables	Financial assets at fair value through other comprehensive income	Total assets 2015
Derivative instruments	—	1 113	1 113
Interest bearing non-current receivables	1 249	—	1 249
Trade receivables	23 361	—	23 361
Interest bearing current receivables	—	—	—
Cash and cash equivalents	58 021	—	58 021
Total	**82 631**	**1 113**	**83 744**

Liabilities in the balance sheet	Other financial liabilities	Financial liabilities at fair value through other comprehensive income	Total liabilities 2015
Account payable-trade	23 596	—	23 596
Current interest bearing liabilities	64 770	—	64 770
Total	**88 366**	**—**	**88 366**

The derivate position is a value calculated as the difference between the forward rate and the spot rate per balance sheet date, with an addition for remaining supplementary future charges/deductions from balance sheet date until the contractual maturity date for all outstanding positions on balance sheet date, valued at level 2 basis. Level 2: Fair values determined on the basis of observable market data. The data must take account of either quoted prices in inactive markets or prices that are not quoted. Furthermore, such fair values can also be derived indirectly from prices.

NOTE 18 HEDGE ACCOUNTING

Foreign Exchange Risk
The Group hedges the major part of its committed and signed purchase orders regarding goods to be paid in USD. The reason for the hedging 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 foregin currency forwards. The derivative position is measured as the difference between the forward rate and the spot rate per the balance sheet date, with an addition for remaining supplementary future charges/deductions from balance sheet date until the contractual maturity date for all outstanding positions on balance sheet date.

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

The changes in SEK against EUR are not hedged. Regarding the Group's exposure to a change in USD, the effects may take up 12 months to be seen, given the hedging policy described above.

Interest Rate Swaps
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 directly in equity as a hedge position.

	2016	2015
FX Forwards per balance date		
Purchased TUSD	27 000	32 700
Sold TEUR	23 223	28 686
Rate	1,1630	1,1399
Interest Swap		
Paying Long term TUSD due 2020-03-19	15 000	—
Getting short term TUSD 3 months	15 000	—
Paying Long term TEUR due 2020-03-19	10 000	—
Getting short term TEUR 3 months	10 000	—

The market value of outstanding forward agreements per 31 Dec 2016

TEUR 2 219 (1 113), is reported in full as a change in the hedging reserve in other comprehensive income in Equity. The market value of the interest swap agreements per 31 Dec 2016, TEUR –156 (0), is also reported in full as a change in the hedging reserve in other comprehensive income in Equity.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

TEUR	2016	2015
Advertising expenses	409	375
Licensing income	163	161
Rental charges	2 183	1 926
Insurance premiums	405	139
Other items	1 648	1 657
Total	**4 808**	**4 258**

NOTE 20 PENSION COMMITMENTS

TEUR	2016	2015
Pension commitments in funds	604	114
Total	**604**	**114**

Within the group there are both defined contribution and defined benefit pension plans. For defined contribution plans and for pension plans in Sweden, the premiums referring to the year are reported as the year´s expenses. The extent of defined benefit plans in the Group, Sweden excluded, are immaterial. Surplus funds attributable to defined benefit plans refer to the Group´s Subsidiaries in Norway and Germany.

NOTE 21 OTHER PROVISIONS

Other non-current provisions	2016	2015
Warranty provision		
Opening balance	247	247
Total	**247**	**247**
Other provisions		
Opening balances	993	5 293
Changes in provisions during the year	672	–4 300
Total	**1 665**	**993**
Total Other Provisions	**1 912**	**1 240**

The warranty provision is based on estimated products guarantees not claimed per balance sheet date. The calculation of the amount is based on previous experience.

NOTE 22 INTEREST-BEARING LIABILITIES

TEUR	2016	2015
Short term liabilities		
Liabilities to credit institutions	52 195	64 770
Total	**52 195**	**64 770**
Total interest-bearing liabilities	**52 195**	**64 770**

Unutilized bank overdraft facilities in the Group amount to TEUR 12 337 (TEUR 12 955).

Maturity structure for interest bearing liabilties	2016	2015
1–5 Years	864	—
1–12 months	52 195	64 770

The liabilities have an average interest duration of 1,5 years, including effects from swap arrangements, 55% (78%) of the liabilities are denominated in EUR.

NOTE 23 SHORT TERM LIABILITIES

	2016	2015
Accounts payable trade	20 284	23 596
Advance payments from customers	2 024	1 840
Other liabilities	14 068	13 424
Total	**36 376**	**38 860**
Accounts payable not yet due	12 247	19 901
Overdue 0–90 days	7 591	3 448
Overdue more than 90 days	446	247
Total	**20 284**	**23 596**

NOTE 24 ACCRUED EXPENSES

	2016	2015
Holiday pay and salary liabilities	7 310	6 811
Accrued social security contributions	1 385	1 169
Other items	13 825	13 015
Total	**22 520**	**20 994**

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

NOTE 25 PLEDGED ASSETS

	2016	2015
For own liabilities		
Chattels, as corporate mortgages	37 518	41 411
Cash	58	2 239
Land and Buildings, as property mortgages	1 057	1 099
Total	**38 633**	**44 749**

NOTE 26 CONTINGENT LIABILITIES

	2016	2015
Other contingent liabilities	5 662	4 233
Total	**5 662**	**4 233**

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

	2016	2015
For own liabilities		
Change in other provisions	539	—
Dividends received		
Result associated companies	–1 260	–244
Result sale associated companies	—	–3 000
Other items not affecting cash flow	1 104	–348
Total	**383**	**–3 592**

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 84,6% of the voting rights for the Company's shares. Martin Nordin, of the Nordin family, is the Managing Director and has received salary, remuneration and benefits amounting to TEUR 458 (461). Regular pension insurance premiums have been paid, amounting to a total of TEUR 5 (29). Further disclosures of remunerations to the CEO, Martin Nordin, are presented in Note 5.

PURCHASES OF GOODS AND SERVICES FROM RELATED PARTIES

	2016	2015
Purchases of services:		
DalSam Security AB (controlled by Susanne Nordin)	115	45
Nidmar Invest AB (controlled by Susanne Nordin)	1	8
Consilo AB (controlled by Ulf Gustafsson)	179	324
Total	**295**	**353**

OPERATING RECEIVABLES/LIABILITIES ATTRIBUTABLE TO RELATED PARTIES

	2016	2015
Liabilities to related parties:		
DalSam Security AB (controlled by Susanne Nordin)	—	—
Nidmar Invest AB (controlled by Susanne Nordin)	42	—
Consilo AB (controlled by Ulf Gustafsson)	—	—
Total	**42**	**—**

PURCHASE OF OWN SHARES

As per November 14th 2016 the parent company purchased 12 900 B-shares at a price of 595 Swedish kronor per share.

NOTE 30 EVENTS AFTER THE REPORTING PERIOD

No major events after the reporting period.

BOARD APPROVAL

The consolidated financial statements were approved for publication by the Board of Directors of Fenix Outdoor International AG on 4 April, 2017, and will be presented to Annual the General Meeting for approval on 9 May, 2017. The consolidated financial statement has been prepared in accordance with IFRS and gives a fair view of the financial position of the Group. The Management report describes the significant risks and uncertainties that the Group companies are affected by.

Susanne Nordin

Sven Stork

Mats Olsson

Ulf Gustafsson

Sebastian von Wallwitz

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

OPINION

We have audited the consolidated financial statements of Fenix Outdoor International AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of income, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 26 to 41) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

BASIS FOR OPINION

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

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

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

KEY AUDIT MATTERS

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

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

INVENTORY VALUATION

Area of focus

Fenix Outdoor develops and markets outdoor products. The inventory balance represents 37.6% of the Group's total assets and 64.0% of the Group's total equity as at 31 December 2016. Inventory balances are valued at the lower of cost or net realizable value, also refer to note 2 to the consolidated financial statements.
This matter was considered significant to our audit because the inventory balance for Goods for resale is material, involves judgment in estimating future revenues and margins, and can be subject to rapidly changing consumer demands and weather conditions.

Our audit response

We assessed the Company's internal controls over its inventory valuation process and the development of the key assumptions applied in the valuation. We evaluated the Company's valuation model and analyzed the underlying key assumptions, including revenues and margins and compared these assumptions to corroborating information. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate forecasts, such as seasonality, ability to clear inventory in subsequent periods and anticipated price reductions.

INCOME TAX

Area of focus

Significant judgment is involved in determining 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 these, this matter was considered significant to our audit. Refer to note 10 to the consolidated financial statements for the Company'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 reflected in the Company's assumptions.
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 specialist to assist in examining the Company's tax methodologies and analyzing the underlying key assumptions.

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.

Ernst & Young Ltd

Zurich, 4 April 2017

André Schaub	Ralf Noffke
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

PROFIT AND LOSS STATEMENT, PARENT COMPANY

	TCHF 2016	TEUR 2016	TCHF 2015
Dividend income from investments	0	0	25 776
Interest income group loans	51	47	540
Interest income banks	0	0	1
Other income	39	36	0
Total income	**91**	**83**	**26 317**
Interest expenses bank loans	–182	–167	–127
Interest expenses group loans	–752	–689	–529
Security transfer tax	0	0	–29
Costs for own shares	–302	–277	0
Currency gain	313	287	5 660
Currency loss	–339	–311	–4 453
Bank charges	–4	–4	–5
Operating result	**–1 175**	**–1 077**	**26 834**
Personnel expenses	–779	–715	–910
Group services	–2 592	–2 378	–3 520
Facility and infrastructure expenses	–64	–59	–64
Car maintenance	–9	–8	–5
Consulting expenses	–616	–565	–537
Other operating expenses	–26	–24	–89
Marketing expenses	–337	–309	–63
Depreciation property, plant and equipment	–14	–13	–13
Capital gains on sale of machinery and equipment	5	5	0
Result before tax	**–5 606**	**–5 143**	**21 633**
Direct taxes	–16	–15	–16
Net profit of the year	**–5 623**	**–5 158**	**21 617**

BALANCE SHEET, PARENT COMPANY

ASSETS	Note		TCHF 31.12.2016	TEUR 31/12/2016	TCHF 31/12/2015
CURRENT ASSETS					
Cash at bank			3 533	3 296	2 664
Other receivables	2.2		29	27	9 696
– *third parties*		*29*			
Accrued income and prepaid expenses			89	83	595
– *third parties*		*89*			
– *group companies*		*0*			
TOTAL CURRENT ASSETS			**3 651**	**3 406**	**12 955**
NON-CURRENT ASSETS					
Financial assets			21	20	3 634
– *bank deposits*		*21*			
Investments	2.3		591 728	542 658	591 728
Property, plant and equipment			51	47	26
TOTAL NON-CURRENT ASSETS			**591 800**	**542 725**	**595 388**
TOTAL ASSETS			**595 451**	**546 131**	**608 343**

LIABILTIES AND EQUITY	Note		TCHF 31.12.2016	TEUR 31.12.2016	TCHF 31.12.2015
SHORT-TERM LIABILITIES					
Trade payables			2 326	2 170	2 956
– due to governing bodies		*20*			
– group companies		*2 306*			
Short-term interest bearing liabilities			21 671	20 216	19 446
– third parties		*12 843*			
– group companies		*8 828*			
Other short-term liabilities			26	24	42
Accrued expenses and deferred income			332	310	766
– third parties		*17*			
– shareholders		*250*			
– group companies		*66*			
TOTAL SHORT-TERM LIABILITIES			**24 355**	**22 720**	**23 210**
TOTAL LIABILITIES			**24 355**	**22 720**	**23 210**
SHAREHOLDERS' EQUITY	2.4				
Share capital			13 460	12 378	13 460
Own shares			-825	-769	
Legal capital reserves			503 030	462 642	510 966
– reserves from capital contributions		*473 031*			
– other capital reserves		*29 999*			
General legal profit reserves			2 692	2 476	2 650
Voluntary profit reserves			52 392	48 194	58 057
– retained earnings		*58 015*			
– net profit of the year		*-5 623*			
Currency translation adjustments			347	-1 509	
TOTAL SHAREHOLDERS' EQUITY			**571 095**	**523 411**	**585 133**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**595 451**	**546 131**	**608 343**

PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

EARNINGS	TCHF 31.12.2016	TEUR 31.12.2016	TCHF 31.12.2015
RETAINED EARNINGS			
Profit reserves at the beginning of the period	**58 015**	**53 352**	**36 440**
Net profit of the year	–5 623	–5 158	21 617
Profit reserves at the end of the period	**52 392**	**48 194**	**58 057**
Allocation to the general legal profit reserves	**0**	0	42
Profit to be carried forward	**52 392**	**48 194**	**58 015**
PROPOSAL OF THE APPROPRIATION:			
Capital contribution reserves	**473 031**	**435 052**	**471 571**
Capital contributions	0	0	9 396
Dividends	–12 256	–11 272	–7 936
Capital contribution reserves	**460 775**	**423 780**	**473 031**

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). As there is a consolidated financial report in accordance with IFRS on group level the stand-alone financial statements of Fenix Outdoor International AG comprise only the following elements: Balance sheet, Income statement and Notes. Additional information regarding interest bearing liabilities is disclosed in the notes consolidated financial report on page 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 group companies. Dividends are recognised when the right to receive dividends is established. Interest income is recognised on an accrual basis. Other income is recognised on an accrual basis.

1.3 EXPENSES

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

1.4 FOREIGN CURRENCY TRANSLATION

This financial statement of the company is presented in Euro (EUR), year 2016 and Swiss Francs (CHF) which 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, 2016 were translated to the reporting currency (CHF) using the following exchange rates:

	EUR/CHF
Assets and liabilities except equity and Investments	0.9328
Profit & loss accounts (average rate)	0.9174
Investments	Historic rates
Equity (historic rates)	
Share capital	0.9196
Legal capital reserves	0.9197
General legal profit reserves	0.9196
Voluntary profit reserves	0.9194
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 TCHF 29 comprises mainly of short-term debts towards third parties (previous year TCHF 9'696 towards group companies) which are repayable within the next 12 months.

2.2 FINANCIAL ASSETS

DETAILS OF LONG-TERM LOANS TO GROUP COMPANIES

Company	31.12.2016	31.12.2015
RONMAR AG	0	251
Globetrotter Ausrustung GmbH	0	3'285
Total	**0**	**3'536**

2.3 INVESTMENTS IN SUBSIDIARIES

As of December 31, 2016 the company holds the following participations:

Participations (direct)			31.12.2016		31.12.2015	
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%

[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 64,5% of the voting rights of Frilufts Retail Europe AB.

Participations (indirect)

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

For matrix showing the entirety of the Company's subsidiaries as well as respective interest therein, both direct and indirect, see Consolidated financial statements Note 14.

2.4 EQUITY

Amounts in EUR	Share Capital	Legal capital reserves	General legal profit reserves	Voluntary profit reserves	Own shares	Currency translation adjustments	Total
Balance as per 31.12.2015	**12’378’150**	**469’940’799**	**2’436’940**	**53’376’981**			**538’132’870**
Dividends		–7'299'117					–7'299'117
Allocation to the reserves			38’623	–38’623			0
Purchase own shares November 14, 2016					– 768'865		–768'865
Currency translation adjustments				13'635		–1'508'944	-1'495'309
Net profit of the year 2016				–5'158'094			–5'158'094
Balance as per 31.12.2016	**12’378’150**	**462'641'682**	**2’475’563**	**48'193'899**	**–768'865**	**–1'508'944**	**523'411'485**

2.5 OWN SHARES
As per November 14th 2016 the company purchased 12 900 B-shares at a price of 595 Swedish Kronor per share. The shares are aimed to be used for options for Senior Executives in 2017.

2.6 DIVIDEND INCOME FROM INVESTMENTS
In August 2015, a dividend from Fenix Outdoor AB in the amount of TCHF 25’776 was distributed to Fenix Outdoor International AG. There was no dividend received in 2016.

2.7 FINANCIAL INCOME AND EXPENSES
The currency gain of TCHF 313 and currency loss of TCHF 339 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).

2.8 GROUP SERVICES
Group services of TCHF 2’592 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.

2.9 OTHER INFORMATION

2.9.1 Share capital
The board of directors is authorized to increase at any time until May 4, 2017, the share capital up to a maximum aggregate amount of CHF 190’000 through issuance of maximum 190’000 registered shares of category B (ordinary shares) with a nominal value of CHF 1.00 each, which shall be fully paid-up.

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

3.1 NUMBER OF EMPLOYEES
Fenix Outdoor International AG has employed 2 fulltime employees (2015: 3).

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 TCHF 82.

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	31.12.2016	31.12.2015
Guarantees, contingent liabilities, assets pledged in favour of third parties	51 119	40 908
thereof used	40 585	32 702

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

None.

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

5.1 SIGNIFICANT SHAREHOLDINGS IN FENIX OUTDOOR INTERNATIONAL AG

The Family Nordin, along with its related companies, represents 60.0% of the Company’s nominal share value, corresponding to 84,6% 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 31.12.2016 (31.12.2015)

	2016	2015
Sven Stork, Chairman of the Board	No shares	No shares
Susanne Nordin (Nidmar Invest AB)	20 000 B-shares	20 000 B-shares
Mats Olsson	1 600 B-shares	No shares
Ulf Gustafsson	No shares	No shares
Sebastian von Wallwitz	No shares	—

5.3 SHAREHOLDING OF SENIOR EXECUTIVES AS PER 31.12.2016 (31.12.2015)

	2016	2015
Martin Nordin, CEO	18 300 000 A-shares and 272 568 B-shares	18 300 000 A-shares and 272 568 B-shares
Alex Koska, Vice President	No shares	No shares
Martin Axelhed, Vice President	6 987 B-shares	9 000 B-shares
Henrik Hoffman, Vice President	9 350 B-shares	9 350 B-shares
Thomas Lindberg, CFO	600 B-shares	600 B-shares
Marcel Gerrits	No shares	No shares
Susanne Nordin	20 000 B-shares	20 000 B-shares
Aiko Bode	No shares	No shares
Nathan Dopp	No shares	—

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Fenix Outdoor International AG, which comprise the balance sheet, income statement and notes (pages 44 to 48), for the year ended 31 December 2016.

BOARD OF DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

OPINION

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

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

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

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

INVESTMENTS

Area of focus

Investments are the main asset in the balance sheet of the Company. Due to inherent uncertainty in the performance of the business carried out by these Investments, valuation of those was a focus area of our audit. The Company assesses the valuation of its Investments on an annual basis, considering the performance of the investments and its operations and considering the market capitalization of the group. The assessment requires estimates and assumptions, such as budget and forecast earnings and cash flows and discount rates in order to obtain the value in use for the Investments. Changes in estimates and assumptions may have an impact on their valuation.

Our audit response

We assessed the Company's process and procedures to test the valuation of its Investments. We evaluated how the Company determined budget and forecast information on both earnings and related cash flows. We discussed the Investments with management to corroborate our understanding about the estimated performance and future developments. We further evaluated how the Company derived the applied discount rate applied to the cash flows in the valuation model and assessed it against observable market data.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

Ernst & Young Ltd

Zurich, 4 April 2017

André Schaub Licensed audit expert (Auditor in charge)	Ralf Noffke 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 determine guidelines for remuneration to Senior Executives at market terms, enabling the Company to recruit, develop and retain Senior Executives. The remuneration consists of fixed salary, pension and other benefits. Total remuneration is to be at market rate and competitive and is, also, to reflect the areas of responsibility of the Senior Executive and the complexity of his/her role. In addition to the fixed salary component, Senior Executives are also eligible to receive variable compensation, which is related to the achievement of sales and profitability targets. For Senior Executives, variable remuneration is a maximum of 50 percent of basic annual salary.

BASIC PRINCIPLES

The disclosed compensation of the Board of Directors and the Senior Executives comprices the compensation for the full reporting year, subject following additions and limitations:

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

FIXED COMPENSATION (BASIC COMPENSATION)

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

VARIABLE COMPENSATION

In addition to the fixed compensation, the Senior Executives are also eligible to receive variable compensation, which is based on sales and profitability targets. For Senior Executives, variable remuneration is a maximum of 50 percent of the basic annual salary. No variable compensation is offered to the Board of Directors. The AGM is asked to vote on the total variable compensation retrospectively for the Senior Executives, i.e, variable compensation proposed by the Board of Directors to be payable for 2016 is subsequently confirmed by the annual general meeting in May 2017.

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

Mr Sven Stork (Chairman of the Board) Mr Susanne Nordin (Member of the Board).

THE BOARD OF DIRECTORS

Approves, at the request of the Compensation Committee, the terms of the employment contract for the CEO and the Senior Executives.

COMPENSATION FOR THE REPORTING YEAR

Compensation overview: Board of Directors

At the AGM hold in May 2015 the AGM approved a maximum total fixed compensation for 2016 to the Board of Directors of CHF 100 000 (EUR 93 897). The compensation paid in 2016 was totally EUR 27 936, of which EUR 0 was to the Chairman of the Board, Mr Sven Stork, and EUR 9 312 to each of Ulf Gustafsson, Sebastian von Wallwitz and Mats Olsson. Susanne Nordin, also being a Senior Executive, received a total fixed compensation of EUR 141 244.

There is no variable compensation paid to the Board of Directors.

One Director of the Board, Mr Gustafsson, received, through a company controlled by himself, Consilo AB, a consultant fee for some specific consultant work performed by himself for the Fenix Group. The total amount paid to Consilo, including the Board of Director compensation amounted to EUR 178 879 in 2016.

No Directors of the Board, except Susanne Nordin, 20 000 B-shares, and Mats Olsson, 1 600 B-shares, have any shares in Fenix Outdoor International AG as per December 31, 2016.

Compensation overview: Group Senior Executives

2016 TEUR	Base salary	Benefits and other remuneration	Pension contributions	Social costs	Variable compensation related to 2016	Total
CEO	413	46	5	34	229	727
Other Senior executives	1 176	59	138	246	326	1 945
Total	**1 589**	**105**	**143**	**280**	**555**	**2 632**
Total Fixed compensation	1 589	105	143	280		2 117

2015 TEUR	Base salary	Benefits and other remuneration	Pension contributions	Social costs	Variable compensation related to 2015	Total
CEO	396	65	29	48	—	538
Other Senior executives	1 517	26	136	221	182	2 082
Total	**1 913**	**91**	**165**	**269**	**182**	**2 672**
Total Fixed compensation	1 913	91	165	269		2 438

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

The highest individual compensation is given to the CEO.

At the AGM held in May 2015 the AGM approved a maximum total fixed compensation for 2016 to the Senior Executives of CHF 2 500 000 (EUR 2 347 418). A total of EUR 2 117 226 was paid out in fixed compensation in 2016.

In 2016 a total variable compensation, bonus, to the Senior Executives of EUR 182 000 was paid. The retroactive approval from the AGM held in May 2016 was CHF 450 000 (EUR 412 655).

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

COMPENSATION TO FORMER MEMBER
No compensation was paid to former Board of Directors or Groups Senior Executives.

LOANS AND CREDITS PER YEAR END 2016
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, 2016.

VARIABLE COMPENSATION PAID OUT 2017, RELATING TO 2016
The aggregate amount of variable compensation for the CEO and the Senior Executives for the reporting year 2016 will be proposed to the General Meeting of Shareholders in May 2017 for retrospective approval.

No variable compensation for the Board of Directors is proposed.

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

The base is the average repo rate, set by the European Central Bank, for the relevant calendar year plus 10%. The base +1% gives an extra monthly salary; the base +2% gives a further monthly salary, up to 6 monthly salaries. In 2016 the average repo rate was 0%. The return on total assets in year 2016 was 19,9%. For 2016 Martin Nordin is entitled 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 2016	
Sven Stork, Chairman of the Board	No shares
Mats Olsson	1 600 B-shares
Ulf Gustafsson	No shares
Susanne Nordin	20 000 B-Shares
Sebastian von Wallwitz	No shares
Senior Executives 2016	
Martin Nordin, CEO	18 300 000 A-shares and 272 568 B-shares
Alex Koska	No shares
Martin Axelhed	6 987 B-shares
Henrik Hoffman	9 350 B-shares
Thomas Lindberg, CFO	600 B-shares
Marcel Gerrits	No shares
Nathan Dopp	No shares
Susanne Nordin	20 000 B-shares (company)

AUDIT REPORT COMPENSATION REPORT

We have audited the compensation report dated 4 April, 2017 of Fenix Outdoor International AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) on pages 50 – 51 of the compensation report.

RESPONSIBILITY OF THE BOARD OF DIRECTORS
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 against Excessive Compensation in Stock Exchange Listed Companies (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 2016 of Fenix Outdoor International AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Zurich, 4 April 2017

André Schaub	Ralf Noffke
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

FENIX OUTDOOR SHARE DATA

SHARE PERFORMANCE 2016

Fenix Outdoor was listed on the stock market in 1983 and is traded on Nasdaq OMX Stockholm's Mid Cap list. The shares are classified in the Personal & Household Goods sector. The symbol is FOI-B and ISIN code is CH0242214887. Based on the last price paid on December 30, 2016, which was 675,00 SEK, Fenix Outdoors market capitalization was 9.09 billion SEK (5.49).

Fenix Outdoor's share price rose 65,4 percent in 2016, while the total index, OMX Stockholm, rose 6,0 percent. The highest closing price during the year was 689,00 SEK, on December 23rd, and the lowest closing price was 337,00 SEK, on February 9th.

SHARE CAPITAL

At the end of 2016, 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 3 655 (3 091) at end of 2016. The ten largest shareholders held 74,0 percent of the capital and 90,0 percent of the votes.

DIVIDEND

For the 2016 financial year, the Board of Directors has proposed a dividend of 8,00 SEK per B-share and a dividend of 0,80 SEK per A-Share, corresponding to 23,5 percent of profit after tax.

Based on the last price paid on December 30th 2016 (SEK 675,00), the proposed dividend represents a dividend yield of 1,2 percent.

Since 2012, Fenix Outdoor has paid out an average of 24,3 percent of profit after tax in yearly dividends.

FENIX OUTDOOR SHARE PRICE NASDAQ OMX, 2012–2016

ANNUAL GENERAL MEETING, FINANCIAL INFORMATION 2017

The Annual General Meeting of the shareholders of Fenix Outdoor International AG (publ) will be held at 2 pm on Tuesday, May 9th 2017, at Röntgenvägen 2, 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 4 p.m. on Friday, May 5, 2017, 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 Tuesday, May 2, 2017, 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 8,00 SEK per B-share (5.00) and a dividend of 0,8 SEK per A-share (0,5) for 2016.

- Final day of trading Fenix Outdoor shares, including the right to the dividend: May 9, 2017
- Record date for payment of the dividend : May 11, 2017
- Payment date for the dividend: Earliest May 16, 2017

FINANCIAL CALENDER

Interim report January–March, May 9, 2017
Interim report January–June, July 20, 2017
Interim report January–September
Year-end Report 2017, February 2018

THE MAJOR SHAREHOLDERS 2016-12-31

Shareholder	Number of A shares	Number of B shares	Percentage of capital, %	Percentage of votes, %
Nordin, Martin	18 300 000	272 568	15,6%	53,0%
Hak Holding Limited	1 900 000	1 703 767	14,1%	10,3%
Liselore AB	1 900 000	1 663 767	13,8%	10,2%
Pinkerton Holding AB	1 900 000	1 628 767	13,5%	10,1%
Placeringsfond Småbolagsfond, Norden	0	828 409	6,2%	2,4%
Verdipapirfond Odin Sverige	0	567 687	4,2%	1,6%
Six Sis AG, W8imy	0	254 895	1,9%	0,7%
Handelsbanken Sverige Selektiv	0	222 541	1,7%	0,6%
Carnegie Småbolagsfond	0	214 452	1,6%	0,6%
Handelsbanken Denmark	0	206 653	1,5%	0,6%
Von Der Esch, Stina	0	200 000	1,5%	0,6%
Fondita Nordic Micro Cap SR	0	185 000	1,4%	0,5%
JP Morgan Bank Luxembourg	0	171 381	1,3%	0,5%
Nordin, Anna Margareta Louise	0	181 485	1,3%	0,5%
FIM Investment Services LTD	0	122 413	0,9%	0,3%
Övriga	0	2 636 215	19,6%	7,5%
Total	**24 000 000**	**11 060 000**	**100,0%**	**100,0%**

BOARD OF DIRECTORS, SENIOR EXECUTIVES

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

MATS OLSSON
Born 1948
Member of the Board since 1986 Director
OTHER ASSIGNMENTS:
Chairman in KnowIT AB,
Chairman in KIAB Fastighetsutveckling AB
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
1 600 B-SHARES

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

SEBASTIAN VON WALLWITZ
Born 1965 Member of the Board since 2016
OTHER ASSIGNMENTS:
Partner in SKW Schwarz in Munchen.
Chairman in Your Family Entertainment AG

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

MARTIN NORDIN
Born 1962 CEO
Fenix Outdoor employee since 2002
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
18 300 000 A-shares and 272 568 B-shares

MARTIN AXELHED
Born 1976 Vice President
Fenix Outdoor employee since 1997
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
6 987 B-SHARES

ALEXANDER KOSKA
Born 1966 Vice President
Fenix Outdoor employee since 2007
CURRENT SHAREHOLDING IN FENIX OUTDOOR : —

HENRIK HOFFMAN
Born 1978 Vice President
Fenix Outdoor employee since 2003
CURRENT SHAREHOLDING IN FENIX OUTDOOR:
9 350 B-SHARES

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

Other Senior Executives, three people.

AUDITORS

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

AUDITOR
Ralf Noffke
Licensed audit expert,
Ernst & Young Ltd
Auditor at Fenix Outdoor
International AG since 2014

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