

# LINDBERG A/S

Bjarkesvej 30, 8230 Åbyhøj

**CVR-nr. 12 94 00 33**

## **Annual Report 2021**

(Annual year 1/1 – 31/12)

The Annual Report was presented and  
adopted at the Annual General Meeting  
of the Company on 30 June 2022



**Bo Brinch-Iversen**  
**Chairman of the General Meeting**

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# Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of LINDBERG A/S for the financial year 1 January – 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations and cash flows for 2021.

In our opinion, the Management review includes a fair review of the matters to which the report relates.

We recommend that the Annual Report be adopted at the Annual General Meeting.

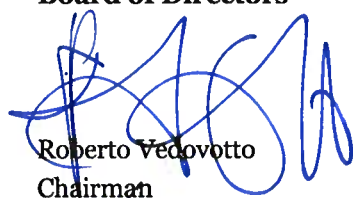
Aarhus, 30 June 2022

## Executive Board



Henrik Lindberg

## Board of Directors



Roberto Vedovotto  
Chairman



Roberto Risi



Henrik Lindberg

# Independent Auditor's Report

To the Shareholders of LINDBERG A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of C-Company for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs and the additional requirements applicable in Denmark 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

# Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 30 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

OVR No 33 77 12 31



Henrik Kragh

State Authorised Public Accountant

Mne26783

## Company Information

### **The Company**

LINDBERG A/S  
Bjarkesvej 30  
DK-8230 Åbyhøj  
Website: [www.lindberg.com](http://www.lindberg.com)

CVR-No. 12 94 00 33  
Reporting period: 1 January – 31 December  
Municipality of reg. office: Aarhus

### **Board of Directors**

Roberto Vedovotto, Chairman  
Roberto Risi  
Henrik Lindberg

### **Executive Board**

Henrik Lindberg

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	718.513	509.045	604.090	599.067	588.444
Gross profit/loss	380.033	240.120	255.720	269.649	256.382
Operating profit/loss	193.767	93.796	101.833	117.222	108.706
Profit/loss before financial income and expenses	204.008	100.999	110.134	125.897	117.029
Net financials	-5.265	-13.798	-2.549	-2.650	-4.965
Net profit/loss for the year	154.720	67.853	82.989	96.175	87.154
<b>Balance sheet</b>					
Balance sheet total	468.390	447.625	581.478	519.601	473.891
Equity	248.224	188.504	215.651	197.662	166.486
Investment in property, plant and equipment	11.169	13.759	19.118	28.149	20.451
Number of employees	180	192	197	204	193
<b>Ratios</b>					
Gross margin	52,9%	47,2%	42,3%	45,0%	43,6%
Profit margin	28,4%	19,8%	18,2%	21,0%	19,9%
Return on assets	43,6%	22,6%	18,9%	24,2%	24,7%
Solvency ratio	53,0%	42,1%	37,1%	38,0%	35,1%
Return on equity	70,9%	33,6%	40,2%	52,8%	55,5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management Review

## **Key activities**

The company produces and sells eye wear, machines and accessories.

## **Development in the year**

The income statement of the Company for 2021 shows a profit of DKK 154,720,215, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 248,223,870. The result is satisfying.

As of September 30<sup>th</sup> 2021 the LINDBERG Group was sold to KERING Eyewear S.p.A. Otherwise there has been no extraordinary events in 2021.

## **Special risks - operating risks and financial risks**

### ***Staff***

Both staff and management are valued as important resources, and especially retention and development of key staff in the Company's core business areas are important.

### ***Market risks***

The Company operates in a market where the ability to deliver unique eyewear design is crucial to maintain and expand the market position. Considerable resources are therefore spent on developing and marketing the products.

The Company moreover protects its design and technology by registering intellectual property rights worldwide. The Company continuously monitors competitors' use of its intellectual property rights, and the Company's policy is to take legal proceedings against any violation thereof.

### ***Foreign exchange risks***

The Company's base currency is DKK. The Company is exposed to exchange risks in respect of a number of foreign currencies, primarily USD and EUR.

The risks relate to future commercial payments.

When possible, efforts are made to reduce the risks through a natural match of sales and purchases in the same currency.

### ***Global economy***

LINDBERG products are long-lasting consumer goods in the exclusive end of the price range, and the Company is thus affected by developments in private consumption in Europe, the USA and Asia.

The Company sells directly to retailers and is thus affected by movements in international freight rates and import duties as well as any trade barriers in the individual countries.

# Management Review

## ***Credit risks***

The Company's credit risks relate primarily to financial assets such as trade receivables. Credit risks related to financial assets correspond to the values recognized in the balance sheet.

The Company has no significant risks relating to a single customer or business partner. The Company's policy on assuming credit risks means that all major customers are regularly rated, and that only recognized financial partners are used.

## **Expected development**

The company's activities are back on the same level as the time before the Covid-19 eruption. The company expects a result for 2022 that is on the same level as 2021.

## **Intellectual capital resources**

LINDBERG A/S' most important intellectual capital resources include the following:

The ability to design innovative and individual eyewear which is appreciated by both opticians and consumers and makes life easier for eyewear users worldwide.

The Company also has extensive knowledge of working with precious metals such as titanium, gold and platinum in order to be able to deliver a unique design verging on the possible.

The Company's ability to deliver the eyewear on time and at the quality agreed is also an important area that is constantly being developed.

Finally, the Company's ability to develop and retain key staff and sales consultants are important.

All of these assets are of great importance to the ability to maintain and expand the current market position and thus also to the future value creation.

## **Statement of corporate social responsibility**

The business model of the Company is the supply of eyewear and accessories to consumers worldwide with a unique eyewear design using top quality materials. The business model comprises development, design, procurement, production, marketing and distribution to leading opticians. Emphasis is placed on unique solutions, and in-house processes are preferred to enable the Company to offer eyewear customized to the individual eyewear user and produced only when the Company receives the specific order from the optician. The Company distributes directly to opticians in Europe and through group enterprises to customers outside Europe.

## Management Review

The Company currently prepares informal mapping and assessment of the most significant risks to the Company's ongoing development. This assessment comprises comparison of probability and effect in respect of relevant subjects such as aspects of corporate social responsibility (CSR) and especially the environment and climate change, human rights, social matters and anti-corruption actions. No significant risks have been identified in respect of CSR as the impact of the Company's production on the environment and climate is not considered material. The Company moreover operates at thoroughly regulated locations where the authorities are checking the corporate sector's compliance with legislation, and where collective bargaining agreements are made covering human rights. The Company is a B2B company and, therefore, corruption incidents are rare. More specifically, the Company has not experienced any attempts in recent years. The exposure is not considered to be of such an extent that it would require the preparation of policies in the individual CSR areas. Consequently, the Company has not laid down any formal due diligence procedures or formal KPIs in connection with its CSR efforts.

The Company expect in the coming year to adopt the policies and guidelines on this area from Kering Group.

The Company respects human rights, social matters, the environment and climate as well as anticorruption actions in its decisions and viewpoints. It has no formalized policy in the area, but focuses on complying with current rules and on being a responsible company through the display of good behavior every day. Since the Company's formation, it has focused particularly on using skin-friendly materials so that users of LINDBERG eyewear avoid allergies or other inconveniences as a result of using eyewear.

The Group has a defined management policy to promote and hire managers of both genders as long as the Group's activities are managed at all times by those best qualified to do so.

The Company expect in the coming year to adopt the policies and guidelines on this area from Kering Group.

### **Statement on gender composition**

The Board of Directors is the superior management body of LINDBERG A/S. Currently the LINDBERG board consists of three members. All board members are men. The gender composition has changed in 2021 in connection with change of ownership.

The Company is obliged to prepare a policy to increase the representation of the under-represented gender at the Company's other management levels. Accordingly, the Company has a policy of promoting and recruiting managers of both genders as long as the Company's activities are managed at all times by those most qualified to do so.

The Company expect in the coming year to adopt the policies and guidelines on this area from Kering Group.

# Management Review

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## **Statutory statement on data ethics**

The Company does not collect large amounts of data about consumers, the market, etc. We do not use artificial intelligence or other advanced methods to analyze sensitive data in relation to individual persons. Therefore, the Company does not have a formalized policy on data ethics. However, the Company has a GDPR policy in place.

The company expect in the coming year to adopt the policies and guidelines on this area from Kering Group.

## Income Statement 1 January - 31 December

	Note	2021 DKK	2020 TDKK
<b>Revenue</b>	1	<b>718.513.428</b>	<b>509.045</b>
Other operating income		10.336.325	7.210
Expenses for raw materials and consumables		-203.236.302	-152.996
Other external expenses		-145.580.356	-123.139
<b>Gross profit/loss</b>		<b>380.033.095</b>	<b>240.120</b>
Staff expenses	2	-158.887.892	-123.596
Depreciation	3	-17.042.324	-15.514
Other operating expenses		-95.299	-10
<b>Profit before financial income and expenses</b>		<b>204.007.580</b>	<b>100.999</b>
Income from investments in subsidiaries		0	-95
Financial income	4	2.967	14
Financial expenses	5	-5.267.944	-13.717
<b>Profit/loss before tax</b>		<b>198.742.603</b>	<b>87.201</b>
Tax on profit/loss for the year	6	-44.022.388	-19.348
<b>Net profit/loss for the year</b>		<b>154.720.215</b>	<b>67.853</b>

## Balance sheet 31 December

Assest	Note	2021 DKK	2020 TDDK
Acquired other rights		23.280.000	0
Software		2.568.182	5.273
<b>Intangible assets</b>	8	<b>25.848.182</b>	<b>5.273</b>
Land and Building		3.757.385	4.176
Other fixtures and fittings, tools and equipment		49.875.885	52.362
Leasehold improvements		4.579.768	3.997
<b>Tangible assets</b>	9	<b>58.213.038</b>	<b>60.535</b>
Other fixed asset investments	10	6.322	6
Other receivables	11	1.378.635	1.379
<b>Financial assets</b>		<b>1.384.957</b>	<b>1.385</b>
<b>Fixed assets</b>		<b>85.446.177</b>	<b>67.193</b>
<b>Stocks</b>	12	<b>155.984.258</b>	<b>234.636</b>
Trade receivables		86.559.154	82.973
Recievables from group enterprises		47.470.190	0
Other receivables		3.899.072	5.075
Deferred tax asset	13	8.451.291	6.202
Prepayments	14	2.732.512	1.834
<b>Receivables</b>		<b>149.112.219</b>	<b>96.085</b>
<b>Cash at bank and in hand</b>		<b>77.847.060</b>	<b>49.711</b>
<b>Currents assets</b>		<b>382.943.537</b>	<b>380.432</b>
<b>Assets</b>		<b>468.389.714</b>	<b>447.625</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2021 DKK	2020 TDKK
Share capital		500.000	500
Retained earnings		247.723.870	93.004
Proposed dividend for the year		0	95.000
<b>Equity</b>		<b>248.223.870</b>	<b>188.504</b>
Other provisions	15	5.548.000	5.046
<b>Provisions</b>		<b>5.548.000</b>	<b>5.046</b>
Trade payables		27.234.151	24.890
Payables to group enterprises		102.991.688	142.938
Corporation tax		46.271.981	19.441
Other payables		38.120.024	66.806
<b>Short-term debt</b>		<b>214.617.844</b>	<b>254.076</b>
<b>Debt</b>		<b>214.617.844</b>	<b>254.076</b>
<b>Liabilities and equity</b>		<b>468.389.714</b>	<b>447.625</b>
Distribution of profit	7		
Contigent assets, liabilities and other financial obligations	18		
Related parties	19		
Fees to auditors	20		
Accounting policies	21		

## Statement of changes in equity

<b>Equity</b>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1st January	500.000	93.003.655	95.000.000	188.503.655
Ordinary dividend paid	0	0	-95.000.000	-95.000.000
Net profit/loss for the year	<u>0</u>	<u>154.720.215</u>	<u>0</u>	<u>154.720.215</u>
Equity at 31 December	<b><u>500.000</u></b>	<b><u>247.723.870</u></b>	<b><u>0</u></b>	<b><u>248.223.870</u></b>



## Cash Flows (DKK '000)

	Note	2021	2020
Profit for the year		154.720	67.853
Adjustments	16	66.289	49.057
Change in working capital	17	2.033	13.208
<b>Cash flows from operating activities before financial income and expenses</b>		<b>223.043</b>	<b>130.118</b>
Financial income		3	14
Financial expenses		-5.196	-15.245
<b>Cash flows from ordinary activities</b>		<b>217.850</b>	<b>114.888</b>
Corporation tax paid		-19.440	-24.207
<b>Cash flows from operating activities</b>		<b>198.410</b>	<b>90.681</b>
Purchase of intangible assets		-24.587	0
Purchase of fixed asset investments		-11.169	-13.759
Sale of tangible assets		428	2.865
Purchase of enterprises		0	-40
Sale of enterprises		0	11.752
<b>Cash flows from investing activities</b>		<b>-35.328</b>	<b>818</b>
Payment of loan from group enterprises		-142.938	-106.954
Loan from group enterprises		102.992	0
Dividend paid		-95.000	-95.000
<b>Cash flows from financing activities</b>		<b>-134.946</b>	<b>-201.954</b>
<b>Change in cash and cash equivalents</b>		<b>28.136</b>	<b>-110.456</b>
Cash and cash equivalents at 1 January		49.711	160.167
<b>Cash and cash equivalents at 31 December</b>		<b>77.847</b>	<b>49.711</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		77.847	49.711
<b>Cash and cash equivalents at 31 December</b>		<b>77.847</b>	<b>49.711</b>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	TDKK
<b>1 Revenue</b>		
Revenue	<u>718.513.428</u>	<u>509.045</u>
	<b><u>718.513.428</u></b>	<b><u>509.045</u></b>

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

### 2 Staff expenses

Wages and salaries	150.919.966	115.516
Pensions	6.357.689	6.674
Other social security expenses	1.545.740	1.406
Other staff expenses	<u>64.497</u>	<u>0</u>
	<b><u>158.887.892</u></b>	<b><u>123.596</u></b>
<b>Average number of employees</b>	<b><u>180</u></b>	<b><u>192</u></b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98B(3) of the Danish Financial Statements Act.

### 3 Depreciation

Amortisation of intangible assets	4.011.524	3.422
Depreciation of property, plant and equipment	<u>13.030.800</u>	<u>12.092</u>
	<b><u>17.042.324</u></b>	<b><u>15.514</u></b>
Which is specified as follows:		
Acquired other rights	720.000	0
Software	3.291.524	3.422
Buildings	121.252	120
Other fixtures and fittings, tools and equipment	11.190.680	10.467
Leasehold improvements	1.475.221	1.505
Other	<u>243.647</u>	<u>0</u>
	<b><u>17.042.324</u></b>	<b><u>15.514</u></b>

### 4 Financial income

Interest received from group enterprises	0	1
Other financial income	<u>2.967</u>	<u>13</u>
	<b><u>2.967</u></b>	<b><u>14</u></b>

## Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> TDKK
<b>5 Financial expenses</b>		
Interest paid to group enterprises	1.785.059	5.086
Other financial expenses	677.535	638
Exchang adjustments, net	<u>2.805.350</u>	<u>7.993</u>
	<b><u>5.267.944</u></b>	<b><u>13.717</u></b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	46.271.981	19.441
Deferred tax for the year	-2.408.801	412
Adjustment of tax concerning previous years	0	-505
Adjustment of deferred tax concerning previous years	<u>159.208</u>	<u>0</u>
	<b><u>44.022.388</u></b>	<b><u>19.348</u></b>
<b>7 Distribution of profit</b>		
Proposed dividend for the year	0	95.000
Reserve for net revaluation under the equity method	0	-2.326
Retained earnings	<u>154.720.215</u>	<u>-24.821</u>
	<b><u>154.720.215</u></b>	<b><u>67.853</u></b>
<b>8 Intangible assets</b>		
	Acquired other rights	Software
	<u>DKK</u>	<u>DKK</u>
Cost at 1 January	0	22.812.679
Additions for the year	<u>24.000.000</u>	<u>586.802</u>
Cost at 31 December	<u>24.000.000</u>	<u>23.399.481</u>
Impairment losses and amortisation at 1 January	0	17.539.775
Amortisation for the year	<u>720.000</u>	<u>3.291.524</u>
Impairment losses and amortisation at 31 December	<u>720.000</u>	<u>20.831.299</u>
<b>Carrying amount at 31 December</b>	<b><u>23.280.000</u></b>	<b><u>2.568.182</u></b>

## Notes to the Financial Statements

### 9 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	6.901.022	136.655.355	18.799.891
Additions for the year	0	9.409.107	2.197.785
Disposals for the year	0	-3.601.594	0
Transfers for the year	-1.631.187	0	1.193.287
Cost at 31 December	<u>5.269.835</u>	<u>142.462.868</u>	<u>22.190.963</u>
Impairment losses and depreciation at 1 January	2.724.772	84.293.793	14.802.400
Depreciation for the year	0	11.411.518	1.615.509
Reversal of impairment and depreciation of sold asset:	0	-3.118.328	0
Transfers for the year	-1.212.322	0	1.193.286
Impairment losses and amortisation at 31 December	<u>1.512.450</u>	<u>92.586.983</u>	<u>17.611.195</u>
<b>Carrying amount at 31 December</b>	<b><u>3.757.385</u></b>	<b><u>49.875.885</u></b>	<b><u>4.579.768</u></b>

### 10 Investments in subsidiaries

	2021 DKK	2020 TDKK
Cost at 1 January	0	9.520
Disposals for the year	0	-9.520
Cost at 31 December	<u>0</u>	<u>0</u>
Revaluations at 1 January	0	2.326
Disposals for the year	0	-2.326
Revaluations at 31 December	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements

### 11 Other fixed asset investments

	Other fixed asset investments	Other receivables
	DKK	DKK
Cost at 1 January	6.322	1.378.635
Cost at 31 December	6.322	1.378.635
<b>Carrying amount at 31 December</b>	<b>6.322</b>	<b>1.378.635</b>

	2021	2020
	DKK	TDKK
Raw materials and consumables	91.933.683	163.845
Work in progress	38.392.654	34.632
Finished goods and goods for resale	25.657.921	36.159
	<b>155.984.258</b>	<b>234.636</b>

### 13 Deferred tax assets

Deferred tax asset at 1 January	6.201.698	6.614
Amounts recognised in the income statement for the year	2.408.801	-412
Amounts recognised in equity for the year	-159.208	0
<b>Deferred tax asset at 31 December</b>	<b>8.451.291</b>	<b>6.202</b>

Deferred tax assets relate to temporary differences in primarily inventories.  
The temporary differences are expected to be offset by future operations.  
Deferred tax is calculated using the tax rate, at which the temporary differences are expected to be realized.

### 14 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	TDKK
<b>15 Other provisions</b>		
Provisions regarding returned goods	1.360.000	1.048
Provisions regarding warranty costs	<u>4.188.000</u>	<u>3.998</u>
	<b><u>5.548.000</u></b>	<b><u>5.046</u></b>
The provisions are expected to mature as follows:		
Within 1 year	<u>5.548.000</u>	<u>5.046</u>
	<b><u>5.548.000</u></b>	<b><u>5.046</u></b>

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>16 Cash flow - Adjustments</b>		
Financial income	-3	-14
Financial expenses	5.268	13.812
Depreciations	17.002	15.911
Tax on profit/loss for the year	<u>44.022</u>	<u>19.348</u>
	<b><u>66.289</u></b>	<b><u>49.057</u></b>

<b>17 Cash flow - Change in working capital</b>		
Change in stock	78.652	-15.660
Change in trade receivable, other receivables	-50.779	20.514
Change in other provisions	502	-2.282
Change in trade payables, other debt	<u>-26.342</u>	<u>10.636</u>
	<b><u>2.033</u></b>	<b><u>13.208</u></b>

### 18 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

	<u>2021</u>	<u>2020</u>
	DKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.289.115	1.209
Between 1 and 5 years	<u>1.494.332</u>	<u>692</u>
	<b><u>2.783.447</u></b>	<b><u>1.901</u></b>
Rental obligations, non-cancellation period 4-6 mdr.	2.719.180	2.624

#### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the PAM Holding A/S Group up and until cease of the joint taxation as of September 30th 2021.

LINDBERG A/S has provided DKK 500.000 as securities to the Danish Tax Authorities for customer duties and other taxes that may arise for the goods covered by the company's customs authorization.

## Notes to the Financial Statements

### 19 Related parties

#### Controlling interest

Kering S.A. (France)

#### Basis for control

Ultimate Parent Company

#### Transactions

In accordance with the Danish Financial Statements Acts § 98 C. section 7, transactions with related parties are not disclosed, as these are carried out under normal market conditions

#### Consolidated Financial Statements:

The Company is included in the Consolidated Financial Statement of the Parent Company:

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of Parent Company's Consolidated Financial Statements</u>
Kering S.A.	France	<a href="https://www.kering.com/en/finance/publications">https://www.kering.com/en/finance/publications</a>

LINDBERG A/S is directly controlled by Kering Eyewear S.p.A., with registered office in Padova (Italy), who is directly controlled by Kering Italia S.p.A., with registered office in Florence (Italy), and indirectly controlled by Kering S.A., with registered office in Paris (France). Kering S.A. prepares the consolidated financial statements of the larger group that includes the Company.

### 20 Fees to auditors

Fee to the auditor appointed by the Annual General Meeting is specified as follows:

	<u>2021</u>	<u>2020</u>
	DKK	TDKK
Audit fee to PricewaterhouseCoopers	320.000	290
Other assurance engagements	25.000	25
Tax advisory services	169.450	337
Other services	1.283.900	617
	<u>1.798.350</u>	<u>1.268</u>

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of LINDBERG A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

### Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

#### Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

## Balance Sheet

### Intangible assets

Other rights are measured at the lower of cost less accumulated amortization and recoverable amount. The rights are depreciated over 10 years.

Patents and licenses are measured at the lower of cost less accumulated amortization and recoverable amount. Patents are amortized over the remaining patent period, and licenses are amortized over the license period; however not exceeding 5 years.

### Tangible assets

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	30 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Other fixed asset investments

Other fixed asset investments consist of deposit.

### Stocks

Stocks are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of stocks is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, and direct labor with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

## Notes to the Financial Statements

### 21 Accounting Policies (continued)

#### Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation, and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1 year. Provisions are measured and recognized based on experience with guarantee work.

#### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

#### Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

#### Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

## Notes to the Financial Statements

### 21 Accounting Policies (continued)

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$