Deloitte.

PRO Design Investment A/S

Jægersborg Alle 4, 5.
2920 Charlottenlund
CVR No. 34621713

Annual report 2020

The Annual General Meeting adopted the annual report on 27.04.2021

Henrik Danmark
Chairman of the General Meeting

Contents

Entity details

Entity

PRO Design Investment A/S
Jægersborg Alle 4, 5.
2920 Charlottenlund

Business Registration No.: 34621713
Registered office: Gentofte
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Dion Møberg Eriksen, formand
Thomas Marstrand
Henrik Danmark

Executive Board

Thomas Marstrand

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PRO Design Investment A/S for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Charlottenlund, 15.04.2021

Executive Board

Thomas Marstrand

Board of Directors

Dion Møberg Eriksen
formand

Thomas Marstrand

Henrik Danmark

Independent auditor's report

To the shareholders of PRO Design Investment A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of PRO Design Investment A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 15.04.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Bo Klitten Kjærgaard
State Authorised Public Accountant
Identification No (MNE) mne34507

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Revenue	309,261	380,542	417,264	427,642	406,044
Gross profit/loss	101,092	92,097	109,885	115,293	106,832
Operating profit/loss	21,349	8,353	11,415	19,182	20,793
Net financials	(6,764)	(4,422)	(6,748)	(6,587)	(7,550)
Profit/loss for the year	8,924	790	357	6,072	8,132
Balance sheet total	260,836	300,523	333,336	378,043	348,503
Investments in property, plant and equipment	2,310	3,584	6,350	6,775	1,813
Equity	188,391	182,047	180,799	179,613	174,949
Average number of employees	148	179	196	194	187
Ratios					
Gross margin (%)	32.69	24.20	26.33	26.96	26.31
Net margin (%)	2.89	0.21	0.09	1.42	2.00
Return on equity (%)	4.82	0.44	0.20	3.43	4.8
Equity ratio (%)	72.23	60.58	54.24	47.51	50.20

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
<u>Gross profit/loss * 100</u>
Revenue

Net margin (%):
<u>Profit/loss for the year * 100</u>
Revenue

Return on equity (%):
<u>Profit/loss for the year * 100</u>
Average equity

Equity ratio (%):
<u>Equity * 100</u>
Balance sheet total

Primary activities

Pro Design is a Danish owned group, which designs and sells eyewear worldwide under the trademarks Prodesign, FACE A FACE, WOOW, INFACE, Nifties and Kilsgaard.

The Group has its own sales organisations in North America and Europe. In a number of markets in the Far East, South America and Australia, Pro Design is represented by independent importers.

Development in activities and finances

Profit for the year was DKK 8,924k after tax against DKK 790k after tax last year.

Despite the positive development between the two years, it is important to mention the effect realized from the Covid-19 pandemic, which has had a significant negative impact on the result caused by a reduction of the top line by 18.4 % compared to 2019. This impact was particularly evident during the second quarter of 2020, while the third quarter showed business slowly growing back to a normal level, with the fourth quarter being approximately in line with the previous year in terms of sales. To counter-act some of this reduction in activity, the company has made use of some of the options available in different markets to safe-guard the business financially.

Profit/loss for the year in relation to expected developments

Taking into consideration the turbulence introduced by the global pandemic, which has greatly affected the majority of the business year, management regards the year as satisfactory in terms of operating profit.

Outlook

If the present business trends do not worsen considerably, 2021 will be a positive year for the Group with growth in revenue and significant growth in earnings.

With Covid-19 still present in the markets and societies, we expect to see slight reductions in customers' willingness to buy into our products in order to reduce their risk – especially driven by the continued risk for regional lockdowns across the globe. However, ultimately this is something we expect to be able to overcome in order to still grow both revenue and operating profit.

Particular risks

Business risks

The main business risk of the Group relates to the ability of being strongly positioned in the markets where the Group's frames are sold. Moreover, it is important to the Group to always keep abreast of the development in retail marketing and commodity preferences etc.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Parent Company manages the financial risks of the Group centrally and also coordinates the cash management of the Group, including funding and investment of surplus liquidity. The Group pursues a Board-approved finance policy operating with a low risk profile so that currency exposure, interest rate exposure and credit risks arise only on the basis of commercial matters.

Foreign exchange risks

The Group is affected by changes in exchange rates as foreign subsidiaries' results and equity at year-end are translated into DKK on the basis of average exchange rates and the exchange rate at the balance sheet date, respectively.

The Group's currency exposure is primarily hedged through matching of payments received and made in the same currency by the use of forward exchange contracts and options.

Credit risks

Credit risks related to financial assets equal the values recognised in the balance sheet. The Group is not exposed to major risks relating to a single customer or co-operator.

Intellectual capital resources

To maintain and develop the position among the leading suppliers of frames it is of decisive importance that the Company and the Group continue to attract and retain the most talented and most service-minded staff

Knowledge resources

It is important that the Group continues to be able to recruit and retain employees with a high educational and competency level. This requires continuous updating and acquisition of new competences.

Existence of the necessary knowledge in all employee groups is ensured at the employment and through continuous training, among other initiatives. The training is planned on a general as well as an individual basis.

Environmental performance

The Group does not assess that it has any special environmental impact.

Research and development activities

The Group continuously develops and designs new frames. This is done with focus on innovation and high quality, and the Company has also developed complementary niche frames, which will contribute to growth over the next few years.

Statutory report on corporate social responsibility

The Design Eyewear Group focuses on carrying on business and meeting strategic challenges in a financially and socially sound matter, and Corporate Social Responsibility (CSR) has always been top of mind for the group.

Design Eyewear Group is a global eyewear design corporation, with activities in multiple countries spread across the world. The Group's products are designed internally but produced, either in full or to a semi-finished state, by external suppliers in Asia and in Europe, and later sold to individual opticians and optician chains in most parts of the world. CSR plays an important role in the way Design Eyewear Group does business.

Climate- and Environment supporting activities:

Overall, the environmental impact of the Group's internal activities is assessed as very limited. However, Design Eyewear Group will always strive to reduce the impact of its activities on the environment. This is done primarily through an reducing the energy expenditure of the company offices- and warehouses.

Design Eyewear Group require all external suppliers to act under the EU order, REACH 1), and is making yearly audits/visits at the production facilities to ensure that the requirements are met. However, as the size of the Group, compared to other players in the industry, is relatively small, Design Eyewear Group is not able to conduct such audits unannounced, but can only choose to do announced audits. However, none of our visits during 2019 at our suppliers have shown breach on REACH. 1) https://echa.europa.eu/da/regulations/reach/understanding-reach

Social- and staff matters:
Externally:
For all external supplier contracts, involved parties sign a declaration stating that:
- No workers may risk having their health damaged due to work with production of Design Eyewear Group products.
- No workers may have their safety compromised by the work with production of Design Eyewear Group products.
- No minors (Child labor) must be used for production of Design Eyewear Group products.

Design Eyewear Group has not found any reason to suspect that our suppliers don't live up to the above, therefore we haven't had any reason to either ask for an improvement from the suppliers or stop cooperation with them.
Internally:
It is important that the Group continues to be able to recruit and retain employees with a high educational and competency level. This requires continuous updating and acquisition of new competences.

Existence of the necessary knowledge in all employee groups is ensured at the employment and through continuous training, among other initiatives. The training is planned on a general as well as an individual basis.

Additionally, a yearly employee satisfaction survey is conducted, focusing on bullying, Work-life balance, work safety, etc. in the organization.

Human Rights:
Design Eyewear Group is protecting the human rights of internal employees, as well as the employees of external suppliers. All external suppliers are signing a declaration to follow the REACH order, thus protecting the human rights of all people involved with the products of Design Eyewear Group. Internal employees are protected by personnel policies applied across the Group, irrespective of location of employment.

Anti-Corruption and Bribery:
Design Eyewear Group is only to a very limited extent affected by corruption and bribery, because of the business model. The Group's activities in countries characterized by corruption is mostly related to the supplier end of the value chain, allowing Design Eyewear Group to better control the transactions. Simultaneously, the sales are mostly done to industrialized countries, where the level of corruption is low. Consequently, no active policies on anti-corruption and bribery exist.

Statutory report on the underrepresented gender

The underrepresented gender
The Pro Design Group is working to increase the number of female managers on the Group's top management and has therefore set target figures for the quota of the underrepresented gender. The Pro Design Group has a target that 20% of the board members elected at the annual general meeting must be women by 2020. The Pro Design Investment A/S' Board currently consists of three members, all men. Achieving this target is considered realistic.

Pro Design Investment A/S has no other management levels, for which reason no policy for gender composition in other management levels has been composed.

The Design Eyewear Group is also working to increase the number of female managers in the other management levels of the enterprise. The target is that 20% of other executive positions must be filled by women. Pro Design

Investment A/S turns its policy into action with the target that there are always female candidates among the relevant candidates when recruiting.

At present, there is 33% female managers on the Group's other management levels, which is an increase compared to last year, where the ratio was 20%.

Pro Design Investment A/S has no other managements levels, for which reason no policy for gender composition in other management levels has been composed.

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	309,261	380,542
Other operating income	2	11,003	0
Cost of sales		(109,438)	(137,222)
Other external expenses	3	(109,734)	(151,223)
Gross profit/loss		**101,092**	**92,097**
Staff costs	4	(65,261)	(70,149)
Depreciation, amortisation and impairment losses	5	(14,482)	(13,595)
Operating profit/loss		**21,349**	**8,353**
Other financial income		4	347
Other financial expenses		(6,768)	(4,769)
Profit/loss before tax		**14,585**	**3,931**
Tax on profit/loss for the year	6	(5,661)	(3,141)
Profit/loss for the year	7	**8,924**	**790**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Acquired rights		283	820
Goodwill		107,504	116,336
Intangible assets	8	**107,787**	**117,156**
Other fixtures and fittings, tools and equipment		7,444	9,902
Leasehold improvements		239	452
Property, plant and equipment	9	**7,683**	**10,354**
Other investments		1	1
Deposits		1,900	1,885
Fixed asset investments	10	**1,901**	**1,886**
Fixed assets		**117,371**	**129,396**
Manufactured goods and goods for resale		83,340	103,356
Inventories		**83,340**	**103,356**
Trade receivables		46,996	49,262
Deferred tax	11	1,296	998
Other receivables		1,319	1,282
Tax receivable	12	422	9,428
Prepayments	13	2,234	2,779
Receivables		**52,267**	**63,749**
Cash		**7,858**	**4,022**
Current assets		**143,465**	**171,127**
Assets		**260,836**	**300,523**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	14	1,050	1,050
Retained earnings		187,341	180,997
Equity		**188,391**	**182,047**
Other payables	15	3,382	1,326
Non-current liabilities other than provisions	16	**3,382**	**1,326**
Bank loans		20,520	72,377
Trade payables		18,344	26,736
Tax payable		2,120	0
Other payables		28,079	18,037
Current liabilities other than provisions		**69,063**	**117,150**
Liabilities other than provisions		**72,445**	**118,476**
Equity and liabilities		**260,836**	**300,523**
Unrecognised rental and lease commitments	18		
Transactions with related parties	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,050	180,997	182,047
Exchange rate adjustments	0	(2,580)	(2,580)
Profit/loss for the year	0	8,924	8,924
Equity end of year	**1,050**	**187,341**	**188,391**

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		21,349	8,353
Amortisation, depreciation and impairment losses		14,482	13,595
Working capital changes	17	23,954	21,959
Cash flow from ordinary operating activities		**59,785**	**43,907**
Financial income received		4	347
Financial expenses paid		(6,768)	(4,769)
Taxes refunded/(paid)		5,167	(7,162)
Cash flows from operating activities		**58,188**	**32,323**
Acquisition etc. of intangible assets		(170)	(15)
Acquisition etc. of property, plant and equipment		(2,310)	(3,584)
Deposits		(15)	0
Cash flows from investing activities		**(2,495)**	**(3,599)**
Free cash flows generated from operations and investments before financing		**55,693**	**28,724**
Repayments of loans etc.		0	(168)
Cash flows from financing activities		**0**	**(168)**
Increase/decrease in cash and cash equivalents		**55,693**	**28,556**
Cash and cash equivalents beginning of year		(68,355)	(96,911)
Cash and cash equivalents end of year		**(12,662)**	**(68,355)**
Cash and cash equivalents at year-end are composed of:			
Cash		7,858	4,022
Short-term bank loans		(20,520)	(72,377)
Cash and cash equivalents end of year		**(12,662)**	**(68,355)**

Notes to consolidated financial statements

1 Revenue

	2020 DKK'000	2019 DKK'000
Asia-Pacific	18,387	18,171
Americas	138,149	179,540
Europe	152,725	182,831
Total revenue by geographical market	**309,261**	**380,542**

2 Other operating income

Other operating comprise compensation received from COVID-19 aid packages the Temporary compensation for salaries for employees and fixed costs established as a result of the outbreak and spread of COVID-19 in 2020, with DKK 7,875k for salaries for employees aid packages and DKK 3,128k for the fixed costs aid packages.

3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	139	124
Other assurance engagements	48	0
Tax services	60	73
Other services	51	58
	298	**255**

The above list comprises fees to Deloitte including group enterprises.
In addition, other auditors have received the following fees:
Statutory audit services DKK 685k (DKK 728k in 2019)
Tax services DKK 296k (DKK 230k in 2019)

4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	52,464	56,211
Pension costs	3,840	4,915
Other social security costs	8,957	9,023
	65,261	**70,149**

Average number of full-time employees	148	179

	Remuneration of manage-ment 2020 DKK'000	Remuneration of manage-ment 2019 DKK'000
Total amount for management categories	350	350
	350	**350**

5 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Amortisation of intangible assets	9,537	8,973
Depreciation on property, plant and equipment	4,945	4,622
	14,482	**13,595**

6 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	6,157	2,965
Change in deferred tax	(496)	176
	5,661	**3,141**

7 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Retained earnings	8,924	790
	8,924	**790**

8 Intangible assets

	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	1,755	176,818
Exchange rate adjustments	(2)	0
Additions	170	0
Cost end of year	**1,923**	**176,818**
Amortisation and impairment losses beginning of year	(935)	(60,482)
Amortisation for the year	(705)	(8,832)
Amortisation and impairment losses end of year	**(1,640)**	**(69,314)**
Carrying amount end of year	**283**	**107,504**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	12,345	3,987
Exchange rate adjustments	(100)	(79)
Additions	2,310	0
Disposals	(3,316)	0
Cost end of year	**11,239**	**3,908**
Depreciation and impairment losses beginning of year	(2,443)	(3,535)
Exchange rate adjustments	99	44
Depreciation for the year	(4,767)	(178)
Reversal regarding disposals	3,316	0
Depreciation and impairment losses end of year	**(3,795)**	**(3,669)**
Carrying amount end of year	**7,444**	**239**

10 Fixed asset investments

	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	1	1,885
Exchange rate adjustments	0	(15)
Additions	0	30
Cost end of year	**1**	**1,900**
Carrying amount end of year	**1**	**1,900**

11 Deferred tax

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	998	1,308
Recognised in the income statement	461	(310)
Recognised directly in equity	(163)	0
End of year	**1,296**	**998**

The deferred tax assets is calculated by the different between tax value and book value. The deferred tax assets is expected to be reduced by use of charitable contributions over time.

12 Tax receivable

Income tax receivable DKK 1.228k is not expected to be due within 12 months.

13 Prepayments

Prepayments - comprises prepaid expenses

14 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	1,050	1	1,050
	1,050		**1,050**

15 Other payables

	2020 DKK'000	2019 DKK'000
Holiday pay obligation	3,382	1,326
	3,382	**1,326**

16 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Other payables	3,382	3,382
	3,382	**3,382**

17 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in inventories	9,055	16,040
Increase/decrease in receivables	17,474	9,015
Increase/decrease in trade payables etc.	(2,575)	(3,096)
	23,954	**21,959**

18 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	10,991	13,292

19 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Design Eyewear Group International A/S	Aarhus	A/S	100
Design Eyewear Group Inc	USA	Inc.	100
Design Eyewear Group GmbH	Germany	GmbH	100
Design Eyewear Group Ltd	United Kingdom	Ltd.	100
Design Eyewear Group France SAS	France	SAS	100
Design Eyewear Group Ibérica, SL	Spain	SL	100

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Other external expenses		(59)	(148)
Gross profit/loss		**(59)**	**(148)**
Income from investments in group enterprises		8,093	(191)
Other financial income	1	1,125	1,409
Other financial expenses	2	(1)	(3)
Profit/loss before tax		**9,158**	**1,067**
Tax on profit/loss for the year	3	(234)	(277)
Profit/loss for the year	4	**8,924**	**790**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		178,042	172,529
Fixed asset investments	5	**178,042**	**172,529**
Fixed assets		**178,042**	**172,529**
Receivables from group enterprises		9,629	6,441
Tax receivable		0	3,066
Joint taxation contribution receivable		1,935	0
Receivables		**11,564**	**9,507**
Cash		**4**	**11**
Current assets		**11,568**	**9,518**
Assets		**189,610**	**182,047**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		1,050	1,050
Translation reserve		(2,580)	0
Retained earnings		189,921	180,997
Equity		**188,391**	**182,047**
Tax payable		1,219	0
Current liabilities other than provisions		**1,219**	**0**
Liabilities other than provisions		**1,219**	**0**
Equity and liabilities		**189,610**	**182,047**
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,050	0	180,997	182,047
Exchange rate adjustments	0	(2,580)	0	(2,580)
Profit/loss for the year	0	0	8,924	8,924
Equity end of year	**1,050**	**(2,580)**	**189,921**	**188,391**

Notes to parent financial statements

1 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	1,121	1,409
Interest income from tax paid on account	4	0
	1,125	**1,409**

2 Other financial expenses

	2020 DKK'000	2019 DKK'000
Interest expenses from tax paid on account	0	1
Other financial expenses	1	2
	1	**3**

3 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	234	277
	234	**277**

4 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	8,924	790
	8,924	**790**

5 Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	197,564
Cost end of year	**197,564**
Impairment losses beginning of year	(25,035)
Exchange rate adjustments	(2,580)
Amortisation of goodwill	(6,459)
Share of profit/loss for the year	14,552
Impairment losses end of year	**(19,522)**
Carrying amount end of year	**178,042**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Contingent liabilities

	2020 DKK'000	2019 DKK'000
Recourse and non-recourse guarantee commitments	20,483	72,377
Contingent liabilities to group enterprises	**20,483**	**72,377**

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Related parties with controlling interest

Erhvervsinvest II K/S, Charlottenlund.

8 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile, if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery, other fixtures and fittings, tools and equipment and leasehold improvements are measured at
cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile, if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.