
Design Eyewear Group Investment A/S

Jægersborg Alle 4, 5., DK-2920 Charlottenlund

Annual Report for 1 January - 31 December 2021

CVR No 34 62 17 13

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/6 2022

Henrik Danmark
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Design Eyewear Group Investment 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Gentofte, 28 April 2022

Executive Board

Thomas Marstrand

Board of Directors

Dion Møberg Eriksen
Chairman

Thomas Marstrand

Henrik Danmark

Independent Auditor's Report

To the Shareholder of Design Eyewear Group Investment A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Design Eyewear Group Investment A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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 Group 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 Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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.

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 Group or 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 judgement and maintain professional scepticism 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient 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.

Odense, 28 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
statsautoriseret revisor
mne23318

Brian Petersen
statsautoriseret revisor
mne33722

Company Information

The Company

Design Eyewear Group Investment A/S
Jægersborg Alle 4, 5.
DK-2920 Charlottenlund

CVR No: 34 62 17 13

Financial period: 1 January - 31 December

Municipality of reg. office: Gentofte

Board of Directors

Dion Møberg Eriksen, Chairman
Thomas Marstrand
Henrik Danmark

Executive Board

Thomas Marstrand

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

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

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	432.594	309.261	380.542	417.264	427.642
Gross profit/loss	159.345	106.043	92.097	109.885	115.293
Operating profit/loss	75.882	10.346	8.353	11.415	19.182
Net financials	-3.653	-6.764	-4.422	-6.748	-6.587
Net profit/loss for the year	51.887	8.924	790	357	6.072
Balance sheet					
Balance sheet total	252.847	260.836	300.523	333.336	378.043
Equity	171.338	188.391	188.391	182.047	179.613
Cash flows					
Cash flows from:					
Number of employees	150	148	179	196	194
Ratios					
Gross margin	36,8%	34,3%	24,2%	26,3%	27,0%
Profit margin	17,5%	6,9%	-1,2%	-1,6%	-1,5%
Solvency ratio	67,8%	72,2%	62,7%	54,6%	47,5%
Return on equity	28,8%	4,7%	0,4%	0,2%	6,8%

Management's Review

Key activities

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

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, Design Eyewear Group is represented by independent importers.

Development in the year

The income statement of the Group for 2021 shows a profit of TDKK 51,887, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 171,338.

The past year and follow-up on development expectations from last year

Taking into consideration the turbulence introduced by the global pandemic, management regards the year as satisfactory in terms of operating profit.

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 covered by an internal cash pool.

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.

Management's Review

Targets and expectations for the year ahead

The expectations for 2022 are that the company realizes a profit on a level with 2021.

Research and development

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.

External environment

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

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. 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.

Statement of 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 semifinished 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 reducing the energy expenditure of the company offices- and warehouses. Design Eyewear Group requires all external suppliers to act under the EU order, REACH 1), which every supplier has to confirm by signing the supplier contract with Design Eyewear Group. To ensure that suppliers meet these requirements, Design Eyewear Group conducts yearly audits/visits at the production facilities. In 2021, all suppliers in China have been visited/ audited on a weekly basis by our own QC team. None of these visits have shown breach on REACH 1). Due to Covid19 and quarantine restrictions, it has not been possible to visit suppliers outside of China in 2021. As travel restrictions have been eased,

Management's Review

we are aiming to visit and audit all our suppliers in 2022. 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.

1) <https://echa.europa.eu/da/regulations/reach/understandingreach>

Social- and staff matters:

Internally:

It is important that the Group continues to be able to recruit and retain employees with a high educational and competency level. The risk of not being able to maintain the current knowledge level is limited as new competencies are updated and acquired continuously. 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 working environment survey (APV) is conducted, focusing on bullying, work-life balance, work safety, etc. in the organization. The employees are informed about the outcome of the survey.

In 2022, we will continue our focus on employee training and development to preserve a high knowledge level in our organization. In order to ensure that requirements to a safe and healthy work environment are met, annual employment satisfaction surveys will also be conducted in 2022.

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. In 2021, we have 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.

Human rights:

Design Eyewear Group primarily works together with supplier outside of Europe and is therefore exposed to the risk of poor working conditions. The Group strives to protect 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. Design Eyewear Group is not aware of any breach on human rights neither within the Group nor by suppliers in 2021. The Group will continue to carefully monitor that human rights are respected and upheld.

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.

Management's Review

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.

Statement on gender composition

The underrepresented gender

The Design Eyewear 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 Board currently consists of three members, all men. The Design Eyewear Group has a target that 20% of the board members elected at the annual general meeting must be women by 2022. This target was not reached in 2021 as no changes were made to the board, but achieving the quota by 2022 is considered realistic.

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. The Group 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.

Data ethics

Design Eyewear Group does not have a formal data ethics policy. This is because the data risk exposure is considered to be limited as the Group does not operate in the technology sector and mainly uses data only to support its own business. There is no development or use of technological products and services based on data used on individuals meaning no sensitive personal information that affects the individual is processed. Furthermore, no data is sold to third parties.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Koncern		Moderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Revenue	1	432.594	309.261	0	0
Other operating income	2	0	11.003	0	0
Expenses for raw materials and consumables		-149.429	-104.486	0	0
Other external expenses		-123.820	-109.735	-91	-59
Gross profit/loss		159.345	106.043	-91	-59
Staff expenses	3	-69.790	-70.212	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-13.673	-14.482	0	0
Profit/loss before financial income and expenses		75.882	21.349	-91	-59
Income from investments in subsidiaries		0	0	51.570	8.093
Financial income	5	1.150	4	935	1.125
Financial expenses	6	-4.803	-6.768	-342	-1
Profit/loss before tax		72.229	14.585	52.072	9.158
Tax on profit/loss for the year	7	-20.342	-5.661	-185	-234
Net profit/loss for the year		51.887	8.924	51.887	8.924
Proposed distribution of profit					
Extraordinary dividend paid				65.000	0
Reserve for net revaluation under the equity method				0	0
Other statutory reserves				0	0
Retained earnings				-13.113	8.924
				51.887	8.924

Balance Sheet 31 December

Assets

	Note	Koncern		Moderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Completed development projects		2.009	0	0	0
Acquired trademarks		213	283	0	0
Goodwill		98.672	107.504	0	0
Intangible assets	8	100.894	107.787	0	0
Other fixtures and fittings, tools and equipment		5.393	7.444	0	0
Leasehold improvements		102	239	0	0
Property, plant and equipment	9	5.495	7.683	0	0
Investments in subsidiaries	10	0	0	167.125	178.042
Other investments	11	1	1	0	0
Deposits	11	1.945	1.900	0	0
Fixed asset investments		1.946	1.901	167.125	178.042
Fixed assets		108.335	117.371	167.125	178.042
Inventories		82.184	83.340	0	0
Trade receivables		48.655	46.996	0	0
Receivables from group enterprises		0	0	0	9.629
Other receivables		3.089	1.319	0	0
Deferred tax asset	12	223	1.296	0	0
Corporation tax		1.228	422	0	1.935
Corporation tax receivable from group enterprises		0	0	12.225	0
Prepayments	13	1.524	2.234	0	0
Receivables		54.719	52.267	12.225	11.564
Cash at bank and in hand		7.609	7.858	1	4
Currents assets		144.512	143.465	12.226	11.568
Assets		252.847	260.836	179.351	189.610

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Morderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital	14	1.050	1.050	1.050	1.050
Reserve for development costs		1.567	0	0	0
Reserve for exchange rate conversion		321	0	321	-2.580
Retained earnings		168.400	187.341	169.967	189.921
Equity		171.338	188.391	171.338	188.391
Other payables		2.651	3.382	0	0
Long-term debt	16	2.651	3.382	0	0
Credit institutions		10.772	20.520	0	0
Trade payables		38.067	18.344	0	0
Payables to group enterprises		0	0	1.190	0
Corporation tax		8.572	2.120	6.804	1.219
Other payables	16	21.447	28.079	19	0
Short-term debt		78.858	69.063	8.013	1.219
Debt		81.509	72.445	8.013	1.219
Liabilities and equity		252.847	260.836	179.351	189.610
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Subsequent events	22				
Accounting Policies	23				

Statement of Changes in Equity

Koncern

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.050	0	-2.580	189.921	188.391
Exchange adjustments	0	0	2.901	-387	2.514
Extraordinary dividend paid	0	0	0	-65.000	-65.000
Purchase of treasury shares	0	0	0	-6.454	-6.454
Development costs for the year	0	1.726	0	-1.726	0
Depreciation, amortisation and impairment for the year	0	-159	0	159	0
Net profit/loss for the year	0	0	0	51.887	51.887
Equity at 31 December	1.050	1.567	321	168.400	171.338

Moderselskab

Equity at 1 January	1.050	0	-2.580	189.921	188.391
Exchange adjustments	0	0	2.901	-387	2.514
Extraordinary dividend paid	0	0	0	-65.000	-65.000
Purchase of treasury shares	0	0	0	-6.454	-6.454
Net profit/loss for the year	0	0	0	51.887	51.887
Equity at 31 December	1.050	0	321	169.967	171.338

Cash Flow Statement 1 January - 31 December

	Note	Koncern	
		2021 TDKK	2020 TDKK
Net profit/loss for the year		51.887	8.924
Adjustments	17	39.861	26.907
Change in working capital	18	8.263	23.957
Cash flows from operating activities before financial income and expenses		100.011	59.788
Financial income		1.150	4
Financial expenses		-4.801	-6.770
Cash flows from ordinary activities		96.360	53.022
Corporation tax paid		-11.454	5.166
Cash flows from operating activities		84.906	58.188
Purchase of intangible assets		-4.106	-4.879
Purchase of property, plant and equipment		-2.528	2.399
Fixed asset investments made etc		0	18.455
Dividends received from subsidiaries		0	-18.470
Cash flows from investing activities		-6.634	-2.495
Repayment of loans from credit institutions		-9.747	20.520
Repayment of other long-term debt		-321	0
Purchase of treasury shares		-6.454	0
Dividend paid		-65.000	0
Other adjustments		3.001	0
Cash flows from financing activities		-78.521	20.520
Change in cash and cash equivalents		-249	76.213
Cash and cash equivalents at 1 January		7.858	-68.355
Cash and cash equivalents at 31 December		7.609	7.858
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7.609	7.858
Cash and cash equivalents at 31 December		7.609	7.858

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
1 Revenue				
Geographical segments				
Asia-Pacific	23.297	18.387	0	0
USA	195.509	138.149	0	0
Europe	213.788	152.725	0	0
	432.594	309.261	0	0
2 Special items				
Compensation regarding salary	0	7.875	0	0
Compensation regarding fixed costs	0	3.128	0	0
	0	11.003	0	0
3 Staff expenses				
Wages and salaries	64.710	64.205	0	0
Pensions	2.229	3.840	0	0
Other social security expenses	1.354	902	0	0
Other staff expenses	1.497	1.265	0	0
	69.790	70.212	0	0
Including remuneration to the Executive Board and Board of Directors	375	350	0	0
Average number of employees	150	148	0	0

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	8.955	9.537	0	0
Depreciation of property, plant and equipment	4.718	4.945	0	0
	13.673	14.482	0	0
5 Financial income				
Interest received from group enterprises	0	0	935	1.121
Other financial income	582	4	0	4
Exchange gains	568	0	0	0
	1.150	4	935	1.125
6 Financial expenses				
Other financial expenses	4.695	3.637	342	1
Exchange loss	108	3.131	0	0
	4.803	6.768	342	1
7 Tax on profit/loss for the year				
Current tax for the year	20.431	6.157	185	234
Deferred tax for the year	-89	-496	0	0
	20.342	5.661	185	234

Notes to the Financial Statements

8 Intangible assets

Koncern

	Completed development projects TDKK	Acquired trade- marks TDKK	Goodwill TDKK
Cost at 1 January	0	1.923	176.818
Additions for the year	2.213	33	0
Cost at 31 December	2.213	1.956	176.818
Impairment losses and amortisation at 1 January	0	1.641	69.314
Amortisation for the year	204	102	8.832
Impairment losses and amortisation at 31 December	204	1.743	78.146
Carrying amount at 31 December	2.009	213	98.672

Amortised over

20 years

Development of our commercial B-t-B online solutions finalized during the year and management believes the solutions will build an even stronger customer relation going forward.

9 Property, plant and equipment

Koncern

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	11.239	3.908
Additions for the year	2.324	2
Disposals for the year	-578	0
Cost at 31 December	12.985	3.910

Notes to the Financial Statements

9 Property, plant and equipment (continued)

Koncern

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Impairment losses and depreciation at 1 January	3.795	3.669
Exchange adjustment	2	0
Depreciation for the year	4.373	139
Reversal of impairment and depreciation of sold assets	-578	0
Impairment losses and depreciation at 31 December	<u>7.592</u>	<u>3.808</u>
Carrying amount at 31 December	<u>5.393</u>	<u>102</u>

Moderselskab

10 Investments in subsidiaries

	2021	2020
	TDKK	TDKK
Cost at 1 January	197.564	197.564
Exchange adjustment	-85	0
Additions for the year	0	0
Cost at 31 December	<u>197.479</u>	<u>197.564</u>
Value adjustments at 1 January	-19.522	-25.035
Exchange adjustment	2.514	-2.580
Net profit/loss for the year	58.113	14.552
Dividend to the Parent Company	-65.000	0
Amortisation of goodwill	-6.459	-6.459
Value adjustments at 31 December	<u>-30.354</u>	<u>-19.522</u>
Carrying amount at 31 December	<u>167.125</u>	<u>178.042</u>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>129.181</u>	<u>129.181</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>68.896</u>	<u>75.355</u>

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Design Eyewear Group International A/S	Aarhus	100%
Design Eyewear Group Inc	USA	100%
Design Eyewear Group GmbH	Germany	100%
Design Eyewear Group Ltd	United Kingdom	100%
Design Eyewear Group France SAS	France	100%
Design Eyewear Group Ibérica, SL	Spain	100%

11 Other fixed asset investments

	Koncern	
	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	1	1.900
Additions for the year	0	45
Cost at 31 December	1	1.945
Carrying amount at 31 December	1	1.945

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
12 Deferred tax asset				
Deferred tax asset at 1 January	1.296	998	0	0
Amounts recognised in the income statement for the year	-1.073	461	0	0
Amounts recognised in equity for the year	0	-163	0	0
Deferred tax asset at 31 December	223	1.296	0	0

13 Prepayments

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

Notes to the Financial Statements

14 Share capital

The share capital consists of 1,050 shares of a nominal value of TDKK 1. No shares carry any special rights.

Design Eyewear Group Investment has in May 2021 required own shares of nominally 30.000 shares à DKK 1.00 to a stock price of 215,14 corresponding to purchase value of DKK 6.454.157,00. The transaction has been done between a former shareholder and employee and Design Eyewear Group.

15 Distribution of profit

	Moderselskab	
	2021 TDKK	2020 TDKK
Extraordinary dividend paid	65.000	0
Retained earnings	-13.113	8.924
	51.887	8.924

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Koncern		Moderselskab	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Other payables				
Between 1 and 5 years	2.651	3.382	0	0
Long-term part	2.651	3.382	0	0
Other short-term payables	21.447	28.089	19	0
	24.098	31.471	19	0

Notes to the Financial Statements

	Koncern	
	2021	2020
	TDKK	TDKK
17 Cash flow statement - adjustments		
Financial income	-1.150	-4
Financial expenses	4.803	6.768
Depreciation, amortisation and impairment losses, including losses and gains on sales	13.673	14.482
Tax on profit/loss for the year	20.342	5.661
Other adjustments	2.193	0
	39.861	26.907

18 Cash flow statement - change in working capital

Change in inventories	1.156	9.055
Change in receivables	-2.452	17.474
Change in trade payables, etc	9.559	-2.572
	8.263	23.957

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
19 Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with bankers:

Recourse and non-recourse guarantee commitments	0	0	10.064	20.483
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	6.576	10.991	0	0
Between 1 and 5 years	1.546	0	0	0
	8.122	10.991	0	0

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
19	Contingent assets, liabilities and other financial obligations (continued)			

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 6,544. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

20 Related parties

Basis

Controlling interest

Erhvervsinvest II K/S

Majority shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No such transactions were conducted during the financial year.

21 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

Audit fee	140	139	0	0
Other assurance engagements	48	48	0	0
Tax advisory services	62	60	0	0
Other services	0	51	0	0
	250	298	0	0

Notes to the Financial Statements

22 Subsequent events

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

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Design Eyewear Group Investment 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 Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Changes in accounting policies

The Company has in prior years presented re-invoiced salary cost as a part of Staff expenses. The change in accounting policies has increased the comparative figures for Staff expenses amounting to DKK 4,952k and Other operating income with a similar amount. The Equity and balances are not affected by the change.

Recognition and measurement

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

Assets are recognised 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 recognised 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Design Eyewear Group Investment A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

23 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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 recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised 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 recognised 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 Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised 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 Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

23 Accounting Policies (continued)

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 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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, 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 Group, 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 recognised in the income statement at the amounts relating to the financial year.

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 recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

23 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

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

The fixed assets' residual values are determined at nil.

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 amortisation and depreciation.

Notes to the Financial Statements

23 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

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 desposits.

Inventories

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

The net realisable value of inventories 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 realisable 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 labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Receivables

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

Prepayments

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

Current asset investments

Current 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.

Equity

Dividend

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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 realised, 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 crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

23 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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 recognised in the income statement in financial income and expenses.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group'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 Group'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, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

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".

Notes to the Financial Statements

23 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$