Design Eyewear Group Investment A/S

Jægersborg Alle 4, 5., DK-2920 Charlottenlund

Annual Report for 1 January - 31 December 2022

CVR No 34 62 17 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/4 2023

Anne Kristine Jørsboe
Chairman of the General Meeting

pwc

Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	12
Balance Sheet 31 December	13
Statement of Changes in Equity	15
Cash Flow Statement 1 January - 31 December	16
Notes to the Financial Statements	17

pwc

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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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, 27 April 2023

Executive Board

Thomas Marstrand

Board of Directors

Dion Møberg Eriksen Chairman	Thomas Marstrand	Jens Poulsen
Johanne Christiane Frazer Riegels Østergård	Anders Møberg Eriksen	

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 2022 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 2022 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 2022, 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 Financials 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, 27 April 2023
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
Jens Poulsen
Johanne Christiane Frazer Riegels Østergård
Anders Møberg Eriksen

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				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	488,926	432,594	309,261	380,542	417,264
Gross profit/loss	161,665	159,345	106,043	92,097	109,885
Operating profit/loss	59,935	75,882	10,346	8,353	11,415
Net financials	-807	-3,653	-6,764	-4,422	-6,748
Net profit/loss for the year	41,957	51,887	8,924	790	357
Balance sheet					
Balance sheet total	361,185	252,847	260,836	300,523	333,336
Equity	141,945	171,338	185,811	188,391	182,047
Cash flows					
Cash flows from:					
Number of employees	165	150	148	179	196
Ratios					
Gross margin	33.1%	36.8%	34.3%	24.2%	26.3%
Profit margin	12.3%	17.5%	6.9%	-1.2%	-1.6%
Solvency ratio	39.3%	67.8%	71.2%	62.7%	54.6%
Return on equity	26.8%	29.1%	4.8%	0.4%	0.2%

Management's Review

Key activities

Design Eyewear Group is a Danish company, which designs and sells eyewear worldwide under the Trademarks Prodesign, FACE A FACE, WOOW, INFACE, Nifties, Kilsgaard, Alium, William Morris and Charles Stone.

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 2022 shows a profit of TDKK 41,957, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 141,945.

In June 2022, Design Eyewear Group was sold to new ownership, while business continued in similar ways as previously. In September 2022, a company based in the UK was acquired and added to the group, resulting in the addition of three brands and multiple legal entities, all based outside of Denmark.

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

Taking into consideration the turbulence introduced by the development in the global economy and growing inflation in most parts of the World, as well as the level of one-time costs realized following the acquisition, 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.

Management's Review

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.

Targets and expectations for the year ahead

The expectations for 2023 is that the company returns to a profit rate on a level similar 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

Design Eyewear Group focuses on carrying out 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 2022, 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 2022. As travel restrictions have been eased, we are aiming to visit and audit all our suppliers in 2023. 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 2023, 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 2023.

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 2022, 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 2022. The Group will continue to carefully monitor that human rights are respected and upheld.

Management's Review

Anti-Corruption and Bribery

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.

Statement on gender composition

The underrepresented gender

Design Eyewear Group has been 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. A target of 20 % was set for 2022, which was reached through an expansion of the Board, going from previously 3 members to now 5 members, of which one is a woman. For 2023, we have a target to maintain the current level, while we will take into consideration the updated regulations by setting a new target in the next annual report.

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, and we are targeting to maintain this level for the year of 2023.

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 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022 have been affected significantly by the sale of Design Eyewear Group and the acquisition of William Morris Eyewear, as one-time costs has reduced the profit by the amount of DKKm 18.4 before tax, of which DKKm 7.9 have affected the cash flow.

Management's Review

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	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**488,926**	**432,594**	**0**	**0**
Expenses for raw materials and consumables		-176,424	-149,424	0	0
Other external expenses		-150,837	-123,825	-53	-91
Gross profit/loss		**161,665**	**159,345**	**-53**	**-91**
Staff expenses	2	-75,220	-69,790	0	0
Staff expenses, extraordinary Exit- and Stay-on bonus	2	-12,500	0	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-14,010	-13,673	0	0
Profit/loss before financial income and expenses		**59,935**	**75,882**	**-53**	**-91**
Income from investments in subsidiaries		0	0	41,660	51,570
Financial income	4	6,414	1,150	444	935
Financial expenses	5	-7,221	-4,803	-10	-342
Profit/loss before tax		**59,128**	**72,229**	**42,041**	**52,072**
Tax on profit/loss for the year	6	-17,171	-20,342	-84	-185
Net profit/loss for the year		**41,957**	**51,887**	**41,957**	**51,887**

Proposed distribution of profit

	Parent Company 2022	Parent Company 2021
Extraordinary dividend paid	90,000	65,000
Reserve for net revaluation under the equity method	0	0
Other statutory reserves	0	0
Retained earnings	-48,043	-13,113
	41,957	**51,887**

Balance Sheet 31 December

Assets

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Completed development projects		2,186	2,009	0	0
Acquired trademarks		236	213	0	0
Goodwill		157,900	98,672	0	0
Intangible assets	7	**160,322**	**100,894**	**0**	**0**
Other fixtures and fittings, tools and equipment		7,039	5,393	0	0
Leasehold improvements		9	102	0	0
Property, plant and equipment	8	**7,048**	**5,495**	**0**	**0**
Investments in subsidiaries	9	0	0	136,934	167,125
Other investments	10	1	1	0	0
Deposits	10	3,180	1,945	0	0
Fixed asset investments		**3,181**	**1,946**	**136,934**	**167,125**
Fixed assets		**170,551**	**108,335**	**136,934**	**167,125**
Inventories		**122,483**	**82,184**	**0**	**0**
Trade receivables		53,208	48,655	0	0
Receivables from group enterprises		0	0	2,076	0
Other receivables		1,515	3,089	0	0
Receivable from shareholders and Management		0	0	3,038	0
Deferred tax asset	11	774	223	0	0
Corporation tax		1,228	1,228	0	0
Corporation tax receivable from group enterprises		0	0	0	12,225
Prepayments	12	1,862	1,524	0	0
Receivables		**58,587**	**54,719**	**5,114**	**12,225**
Cash at bank and in hand		**9,564**	**7,609**	**1**	**1**
Currents assets		**190,634**	**144,512**	**5,115**	**12,226**
Assets		**361,185**	**252,847**	**142,049**	**179,351**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Share capital	13	1,050	1,050	1,050	1,050
Reserve for exchange rate conversion		124	321	124	321
Retained earnings		140,771	169,967	140,771	169,967
Equity		**141,945**	**171,338**	**141,945**	**171,338**
Credit institutions		30,000	0	0	0
Other payables		2,480	2,651	0	0
Long-term debt	15	**32,480**	**2,651**	**0**	**0**
Credit institutions	15	95,839	10,772	0	0
Trade payables		48,335	38,066	0	0
Payables to group enterprises		0	0	0	1,190
Payables to owners and Management		5,267	0	0	0
Corporation tax		3,465	8,572	0	6,804
Payables to group enterprises relating to corporation tax		5,234	0	84	0
Other payables	15	28,620	21,448	20	19
Short-term debt		**186,760**	**78,858**	**104**	**8,013**
Debt		**219,240**	**81,509**	**104**	**8,013**
Liabilities and equity		**361,185**	**252,847**	**142,049**	**179,351**

Distribution of profit	14
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Fee to auditors appointed at the general meeting	20
Subsequent events	21
Accounting Policies	22

Statement of Changes in Equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,050	321	169,967	171,338
Extraordinary dividend paid	0	0	-90,000	-90,000
Exchange adjustments relating to foreign entities	0	-197	307	110
Sale of treasury shares	0	0	18,194	18,194
Other equity movements	0	0	346	346
Net profit/loss for the year	0	0	41,957	41,957
Equity at 31 December	**1,050**	**124**	**140,771**	**141,945**

Parent

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	1,050	321	169,967	171,338
Extraordinary dividend paid	0	0	-90,000	-90,000
Exchange adjustments relating to foreign entities	0	-197	307	110
Sale of treasury shares	0	0	18,194	18,194
Other equity movements	0	0	346	346
Net profit/loss for the year	0	0	41,957	41,957
Equity at 31 December	**1,050**	**124**	**140,771**	**141,945**

Cash Flow Statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Net profit/loss for the year		41,957	51,887
Adjustments	16	31,988	37,668
Change in working capital	17	-26,345	13,463
Cash flows from operating activities before financial income and expenses		**47,600**	**103,018**
Financial income		6,414	1,150
Financial expenses		-7,215	-4,807
Cash flows from ordinary activities		**46,799**	**99,361**
Corporation tax paid		-18,965	-11,454
Cash flows from operating activities		**27,834**	**87,907**
Purchase of intangible assets		-74,826	-4,106
Purchase of property, plant and equipment		-4,813	-2,528
Cash flows from investing activities		**-79,639**	**-6,634**
Repayment of loans from credit institutions		0	-9,747
Repayment of other long-term debt		0	-321
Raising of loans from credit institutions		115,065	0
Raising of loans from group enterprises		10,501	0
Purchase of treasury shares		0	-6,454
Sale of treasury shares		18,194	0
Dividend paid		-90,000	-65,000
Cash flows from financing activities		**53,760**	**-81,522**
Change in cash and cash equivalents		**1,955**	**-249**
Cash and cash equivalents at 1 January		7,609	7,858
Cash and cash equivalents at 31 December		**9,564**	**7,609**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9,564	7,609
Cash and cash equivalents at 31 December		**9,564**	**7,609**

Notes to the Financial Statements

		Group		Parent Company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Asia-Pacific	24,267	23,297	0	0
	USA	226,895	195,509	0	0
	Europe	237,765	213,788	0	0
		488,927	**432,594**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	81,597	64,710	0	0
	Pensions	2,351	2,229	0	0
	Other social security expenses	1,687	1,354	0	0
	Other staff expenses	2,085	1,497	0	0
		87,720	**69,790**	**0**	**0**
	including remuneration to the Board of Directors	**375**	**375**	**0**	**0**
	Average number of employees	**165**	**150**	**0**	**0**

Staff expenses in year 2022 include one-off costs for Exit and Stay-on bonuses of TDKK 12,500

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	10,431	8,955	0	0
Depreciation of property, plant and equipment	3,579	4,718	0	0
	14,010	**13,673**	**0**	**0**
4 Financial income				
Interest received from group enterprises	0	0	444	935
Other financial income	25	582	0	0
Exchange gains	6,389	568	0	0
	6,414	**1,150**	**444**	**935**
5 Financial expenses				
Interest paid to group enterprises	1,062	0	0	0
Other financial expenses	6,159	4,695	10	342
Exchange loss	0	108	0	0
	7,221	**4,803**	**10**	**342**
6 Tax on profit/loss for the year				
Current tax for the year	17,722	19,269	84	185
Deferred tax for the year	-551	1,073	0	0
	17,171	**20,342**	**84**	**185**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Acquired trade-marks	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	2,213	3,165	176,818
Additions for the year	1,100	105	66,313
Cost at 31 December	3,313	3,270	243,131
Impairment losses and amortisation at 1 January	204	2,952	78,146
Amortisation for the year	923	82	7,085
Impairment losses and amortisation at 31 December	1,127	3,034	85,231
Carrying amount at 31 December	**2,186**	**236**	**157,900**
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.

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	20,726	2,740
Additions for the year	4,813	0
Cost at 31 December	25,539	2,740
Impairment losses and depreciation at 1 January	15,143	2,721
Depreciation for the year	3,357	10
Impairment losses and depreciation at 31 December	18,500	2,731
Carrying amount at 31 December	**7,039**	**9**

Notes to the Financial Statements

		Parent Company	
		2022	2021
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 January	197,479	191,110
	Additions for the year	0	6,369
	Cost at 31 December	197,479	197,479
	Value adjustments at 1 January	-30,354	-19,522
	Exchange adjustment	149	2,514
	Net profit/loss for the year	48,119	58,113
	Dividend to the Parent Company	-72,000	-65,000
	Amortisation of goodwill	-6,459	-6,459
	Other adjustments	0	0
	Value adjustments at 31 December	-60,545	-30,354
	Carrying amount at 31 December	**136,934**	**167,125**
	Positive differences arising on initial measurement of subsidiaries at net asset value	129,181	129,181
	Remaining positive difference included in the above carrying amount at 31 December	62,437	68,896

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%
William Morris Eyewear ltd	United Kingdom	100%

Notes to the Financial Statements

10 Other fixed asset investments

	Group	
	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	1	1,369
Additions for the year	0	1,811
Cost at 31 December	1	3,180
Carrying amount at 31 December	**1**	**3,180**

11 Provision for deferred tax

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	-223	-1,296	0	0
Amounts recognised in the income statement for the year	-551	1,073	0	0
Provision for deferred tax at 31 December	**-774**	**-223**	**0**	**0**

Deferred tax asset consists of temporary differences between carrying amount and tax value on trade receivables completed development projects and other fixtures and fittings, tools and equipment.

12 Prepayments

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

Notes to the Financial Statements

13 Share capital

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

14 Distribution of profit

	Parent Company	
	2022	2021
	TDKK	TDKK
Extraordinary dividend paid	90,000	65,000
Retained earnings	-48,043	-13,113
	41,957	**51,887**

15 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:

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	30,000	0	0	0
Long-term part	30,000	0	0	0
Other short-term debt to credit institutions	95,839	10,772	0	0
	125,839	**10,772**	**0**	**0**
Other payables				
Between 1 and 5 years	2,480	2,651	0	0
Long-term part	2,480	2,651	0	0
Other short-term payables	28,620	21,448	19	19
	31,100	**24,099**	**19**	**19**

Notes to the Financial Statements

16 Cash flow statement - adjustments

	Group 2022	Group 2021
	TDKK	TDKK
Financial income	-6,414	-1,150
Financial expenses	7,221	4,803
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,010	13,673
Tax on profit/loss for the year	17,171	20,342
	31,988	**37,668**

17 Cash flow statement - change in working capital

	Group 2022	Group 2021
	TDKK	TDKK
Change in inventories	-40,300	1,156
Change in receivables	-3,315	-2,448
Change in trade payables, etc	17,270	14,755
	-26,345	**13,463**

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
	TDKK	TDKK	TDKK	TDKK
Recourse and non-recourse guarantee commitments	0	0	125,137	10,064

Rental and lease obligations

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6,906	6,576	0	0
Between 1 and 5 years	8,978	1,546	0	0
After 5 years	11,962	0	0	0
	27,846	**8,122**	**0**	**0**

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

Shares in subsidaries have been placed as security for Sydbank.

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 is disclosed in the Annual Report of Design Eyewear Group Investment II A/S, which is the management company of the joint taxation purposes. 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.

19 Related parties

	Basis
Controlling interest	
Erhvervsinvest Sileo 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.

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
20 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	250	140	12	10
Other assurance engagements	50	48	3	3
Tax advisory services	60	62	2	2
	360	**250**	**17**	**15**

21 Subsequent events

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

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Design Eyewear Group Investment A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

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

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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

22 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

22 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

22 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

22 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

22 Accounting Policies (continued)

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

Financial Highlights

Explanation of financial ratios

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