Design Eyewear Group Investment II A/S

Jægersborg Alle 4, 5., DK-2920 Charlottenlund

Annual Report for 8 June - 31 December 2022

CVR No 43 31 59 43

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/6 2023

Anne Kristine Jørsboe
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Design Eyewear Group Investment II A/S for the financial year 8 June - 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.

Charlottenlund, 20 June 2023

Executive Board

Thomas Marstrand

Board of Directors

Dion Møberg Eriksen

Johanne Christiane Frazer Riegels Østergård

Thomas Marstrand

Jens Poulsen

Anders Møberg Eriksen

Independent Auditor's Report

To the Shareholders of Design Eyewear Group Investment II 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 8 June - 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 II A/S for the financial year 8 June - 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 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, 30 June 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 II A/S Jægersborg Alle 4, 5. DK-2920 Charlottenlund CVR No: 43 31 59 43 Financial period: 8 June - 31 December Municipality of reg. office: Gentofte
Board of Directors	Dion Møberg Eriksen Johanne Christiane Frazer Riegels Østergård Thomas Marstrand Jens Poulsen 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 one-year period, the development of the Group is described by the following financial highlights:

	Group
	2022
	TDKK
Key figures	
Profit/loss	
Revenue	240,658
Operating profit/loss	10,988
Profit/loss before financial income and expenses	10,988
Net financials	-7,592
Net profit/loss for the year	2,017
Balance sheet	
Balance sheet total	884,890
Equity	433,117
Cash flows	
Cash flows from:	
- operating activities	27,011
- investing activities	-820,866
including investment in property, plant and equipment	-1,246
- financing activities	803,419
Change in cash and cash equivalents for the year	9,564
Number of employees	175
Ratios	
Gross margin	31.5%
Profit margin	4.6%
Return on assets	1.2%
Solvency ratio	48.9%
Return on equity	0.9%

Management's Review

Key activities

Design Eyewear Group Investment II A/S is the ultimate parent of Design Eyewear Group, which is a Danish group, which designs and sells eye wear worldwide under the Trademarks Pro Design, Face á 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 2,017, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 433,117.

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.

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.

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 individuals processed. Furthermore, no data is sold to third parties.

Targets and expectations for the year ahead

The expectations for 2023 is that the company earns profit on a level similar with 2022 (annualised).

Research and development

The Group continuously develops and designs new frames. This is done with focus on innovation and high quality, and the Group 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 serviceminded staff.

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 asemifinished 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,

Management's Review

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.

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.

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 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 8 June - 31 December

	Note	Group 2022 (8/6 - 31/12) TDKK	Parent 2022 (8/6 - 31/12) TDKK
Revenue	1	**240,658**	**0**
Expenses for raw materials and consumables		-96,805	0
Other external expenses		-68,150	-203
Gross profit/loss		**75,703**	**-203**
Staff expenses	2	-43,908	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-20,807	0
Profit/loss before financial income and expenses		**10,988**	**-203**
Income from investments in subsidiaries		0	5,651
Financial income	4	6,414	703
Financial expenses	5	-14,006	-5,159
Profit/loss before tax		**3,396**	**992**
Tax on profit/loss for the year	6	-1,379	1,025
Net profit/loss for the year		**2,017**	**2,017**

Balance Sheet 31 December

Assets

	Note	Group 2022 TDKK	Parent 2022 TDKK
Completed development projects		2,185	0
Acquired trademarks		48,986	0
Goodwill		632,856	0
Intangible assets	7	**684,027**	**0**
Other fixtures and fittings, tools and equipment		7,039	0
Leasehold improvements		9	0
Property, plant and equipment	8	**7,048**	**0**
Investments in subsidiaries	9	0	665,650
Other investments	10	1	0
Deposits	10	3,180	0
Fixed asset investments		**3,181**	**665,650**
Fixed assets		**694,256**	**665,650**
Inventories		**122,483**	**0**
Trade receivables		53,208	0
Receivables from group enterprises		0	11,417
Other receivables		1,515	0
Deferred tax asset	13	774	0
Corporation tax		1,228	0
Corporation tax receivable from group enterprises		0	5,234
Prepayments	11	1,862	0
Receivables		**58,587**	**16,651**
Cash at bank and in hand		**9,564**	**0**
Currents assets		**190,634**	**16,651**
Assets		**884,890**	**682,301**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2022 TDKK	Parent 2022 TDKK
Share capital		800	800
Reserve for exchange rate conversion		124	0
Retained earnings		432,193	432,317
Equity		**433,117**	**433,117**
Subordinate loan capital		74,497	74,497
Credit institutions		157,483	127,483
Other payables		2,480	0
Long-term debt	14	**234,460**	**201,980**
Credit institutions	14	138,339	42,500
Trade payables		48,335	0
Payables to group enterprises		0	458
Corporation tax		1,982	4,209
Other payables	14	28,657	37
Short-term debt		**217,313**	**47,204**
Debt		**451,773**	**249,184**
Liabilities and equity		**884,890**	**682,301**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 8 June	0	0	0	0	0
Cash payment concerning formation of entity	400	0	0	0	400
Cash capital increase	400	430,300	0	0	430,700
Exchange adjustments relating to foreign entities	0	0	124	-124	0
Net profit/loss for the year	0	0	0	2,017	2,017
Transfer from share premium account	0	-430,300	0	430,300	0
Equity at 31 December	**800**	**0**	**124**	**432,193**	**433,117**

Parent

	Share capital	Share premium account	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 8 June	0	0	0	0	0
Cash payment concerning formation of entity	400	0	0	0	400
Cash capital increase	400	430,300	0	0	430,700
Net profit/loss for the year	0	0	0	2,017	2,017
Transfer from share premium account	0	-430,300	0	430,300	0
Equity at 31 December	**800**	**0**	**0**	**432,317**	**433,117**

Cash Flow Statement 8 June - 31 December

	Note	Group 2022 (8/6 - 31/12) TDKK
Net profit/loss for the year		2,017
Adjustments	15	29,778
Change in working capital	16	4,207
Cash flows from operating activities before financial income and expenses		**36,002**
Financial income		6,414
Financial expenses		-14,006
Cash flows from ordinary activities		**28,410**
Corporation tax paid		-1,399
Cash flows from operating activities		**27,011**
Purchase of intangible assets		-20
Purchase of property, plant and equipment		-1,246
Business acquisition		-819,600
Cash flows from investing activities		**-820,866**
Raising of loans from credit institutions		297,822
Raising of other long-term debt		74,497
Cash capital increase		431,100
Cash flows from financing activities		**803,419**
Change in cash and cash equivalents		**9,564**
Cash and cash equivalents at 8 June		0
Cash and cash equivalents at 31 December		**9,564**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		9,564
Cash and cash equivalents at 31 December		**9,564**

Notes to the Financial Statements

		Group	Parent
		2022	2022
		(8/6 - 31/12)	(8/6 - 31/12)
		TDKK	TDKK
1	**Revenue**		
	Geographical segments		
	Revenue, Europe	117,032	0
	Revenue, exports	123,626	0
		240,658	**0**
2	**Staff expenses**		
	Wages and salaries	40,856	0
	Pensions	1,151	0
	Other social security expenses	844	0
	Other staff expenses	1,057	0
		43,908	**0**
	Including remuneration to the Board of Directors of:		
	Supervisory Board	375	0
		375	**0**
	Average number of employees	**175**	**0**
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	19,017	0
	Depreciation of property, plant and equipment	1,790	0
		20,807	**0**

Notes to the Financial Statements

		Group 2022 (8/6 - 31/12) TDKK	Parent 2022 (8/6 - 31/12) TDKK
4	**Financial income**		
	Interest received from group enterprises	0	703
	Other financial income	25	0
	Exchange gains	6,389	0
		6,414	**703**
5	**Financial expenses**		
	Other financial expenses	14,006	5,159
		14,006	**5,159**
6	**Tax on profit/loss for the year**		
	Current tax for the year	2,123	-1,025
	Deferred tax for the year	-744	0
		1,379	**-1,025**

7 Intangible assets

Group

	Completed development projects TDKK	Acquired trade-marks TDKK	Goodwill TDKK
Cost at 8 June	0	0	0
Net effect from merger and acquisition	3,313	3,250	177,191
Additions for the year	0	50,020	538,621
Cost at 31 December	3,313	53,270	715,812

Notes to the Financial Statements

7 Intangible assets (continued)

Group

	Completed development projects	Acquired trade-marks	Goodwill
	TDKK	TDKK	TDKK
Impairment losses and amortisation at 8 June	0	0	0
Net effect from merger and acquisition	666	2,993	65,692
Amortisation for the year	462	1,291	17,264
Impairment losses and amortisation at 31 December	1,128	4,284	82,956
Carrying amount at 31 December	**2,185**	**48,986**	**632,856**

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 8 June	0	0
Net effect from merger and acquisition	24,284	2,740
Additions for the year	1,246	0
Cost at 31 December	25,530	2,740
Impairment losses and depreciation at 8 June	0	0
Net effect from merger and acquisition	16,701	2,726
Depreciation for the year	1,790	5
Impairment losses and depreciation at 31 December	18,491	2,731
Carrying amount at 31 December	**7,039**	**9**

Notes to the Financial Statements

		Parent
		2022
		TDKK
9	**Investments in subsidiaries**	
	Cost at 8 June	0
	Additions for the year	750,000
	Cost at 31 December	750,000
	Value adjustments at 8 June	0
	Net profit/loss for the year	19,109
	Dividend to the Parent Company	-90,000
	Amortisation of goodwill	-13,459
	Value adjustments at 31 December	-84,350
	Carrying amount at 31 December	**665,650**
	Positive differences arising on initial measurement of subsidiaries at net asset value	537,165
	Remaining positive difference included in the above carrying amount at 31 December	523,736

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Design Eyewear Group Investment A/S	Gentofte	DKK 1.050k	100%

10 Other fixed asset investments

	Group	
	Other investments	Deposits
	TDKK	TDKK
Cost at 8 June	0	0
Net effect from merger and acquisition	1	3,180
Cost at 31 December	1	3,180
Carrying amount at 31 December	**1**	**3,180**

Notes to the Financial Statements

11 Prepayments

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

12 Distribution of profit

	Parent
	2022 (8/6 - 31/12)
	TDKK
Retained earnings	2,017
	2,017

13 Deferred tax asset

	Group	Parent
	2022	2022
	TDKK	TDKK
Deferred tax asset at 8 June	0	0
Amounts recognised in the income statement for the year	744	0
Deferred tax asset at 31 December	**774**	**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.

Notes to the Financial Statements

14 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
	2022	2022
	TDKK	TDKK
Subordinate loan capital		
After 5 years	61,340	61,340
Between 1 and 5 years	13,157	13,157
Long-term part	74,497	74,497
Within 1 year	0	0
	74,497	**74,497**
Credit institutions		
Between 1 and 5 years	157,483	127,483
Long-term part	157,483	127,483
Within 1 year	42,500	42,500
Other short-term debt to credit institutions	95,839	0
Short-term part	138,339	42,500
	295,822	**169,983**
Other payables		
Between 1 and 5 years	2,480	0
Long-term part	2,480	0
Other short-term payables	28,657	37
	31,137	**37**

Notes to the Financial Statements

15 Cash flow statement - adjustments

	Group 2022 (8/6 - 31/12) TDKK
Financial income	-6,414
Financial expenses	14,006
Depreciation, amortisation and impairment losses, including losses and gains on sales	20,807
Tax on profit/loss for the year	1,379
	29,778

16 Cash flow statement - change in working capital

	Group 2022 (8/6 - 31/12) TDKK
Change in inventories	-31,464
Change in receivables	5,643
Change in trade payables, etc	30,028
	4,207

17 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

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

Other contingent liabilities

Shares in subsidaries have been placed as security for Sydbank.

Notes to the Financial Statements

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

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 4,209. 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.

Notes to the Financial Statements

18 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.

There have been no such transactions in the year.

19 Fee to auditors appointed at the general meeting

	Group	Parent
	2022	2022
	(8/6 - 31/12)	(8/6 - 31/12)
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	275	25
Other assurance engagements	62	12
Tax advisory services	60	0
	397	**37**

20 Subsequent events

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

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Design Eyewear Group Investment II 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 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 II 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable

Notes to the Financial Statements

21 Accounting Policies (continued)

assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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.

Other external expenses

Other external expenses comprise iexpenses 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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 deposits.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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.

Equity

Dividend

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

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 deferred tax relates to items recognised in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

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

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