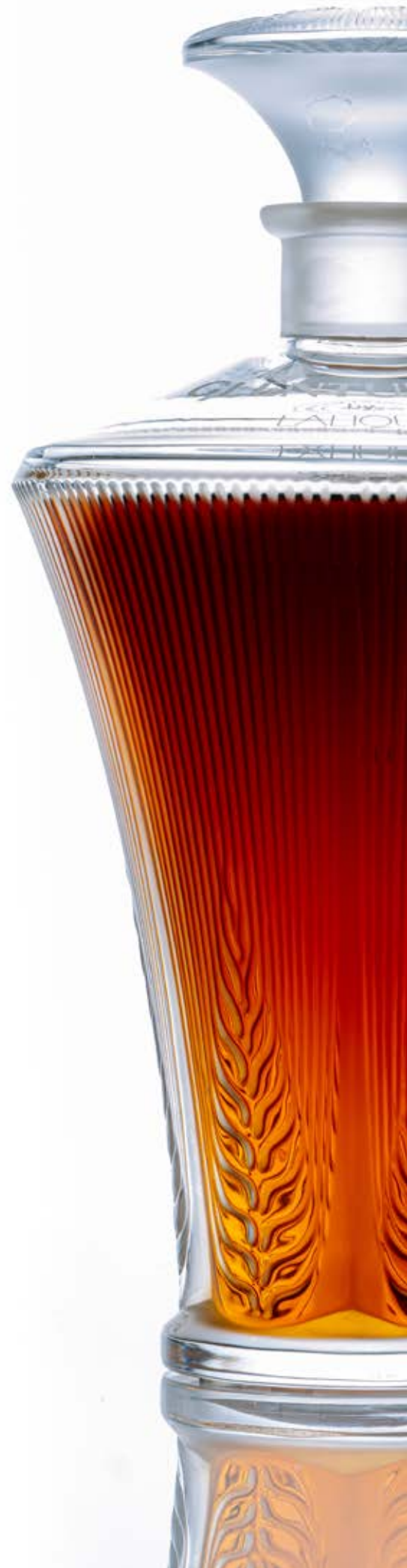


LALIQUE  
GROUP

# Annual Report 2020

Consolidated Financial Statements



# Consolidated Financial Statements Lalique Group

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## Management Comment

**In 2020, the Covid-19 pandemic had a very adverse impact on Lalique Group's business across all segments and its main markets. After the first global lockdowns in spring 2020, sales trends improved temporarily. However, further lockdowns towards the end of the year led to another partial weakening of sales. After experiencing a 30% decrease in sales in the first half of 2020, Lalique Group closed the full year 2020 with operating revenue of EUR 110.7 million, corresponding to a reduction of 23%. In local currencies, the decline in sales was 24%.**

The protective measures introduced to combat the pandemic and the subsequent temporary closure of shops in most international markets impacted primarily on the retail business during the year, while the wholesale business was less severely affected. The Group's gastronomy operations had to remain closed for more than four months in total. Lalique Group recorded an increase in online sales; in the perfume business, the online component of total sales doubled to around 8% overall, while online sales of Lalique crystal increased to 8% of retail sales.

On the cost side, Lalique Group took a series of measures immediately after the outbreak of the pandemic to maintain the company's capital and liquidity position and to achieve savings. The Group also introduced short-time working or equivalent support measures for the majority of employees at its head office in Zurich and in all its locations in France, as well as in its international sales network. This helped to partly offset the lower level of sales.

Personnel costs decreased by 19% to EUR 28.7 million in 2020. Other operating expenses fell by 24% to EUR 22.9 million compared to the previous year. They include a litigation provision of EUR 2.4 million related to long-running legal proceedings in France, where the Court of Cassation in Paris annulled a decision reached by the Court of Appeal in 2018 and has called for a reassessment of the legal situation. In 2019, other operating expenses had included EUR 1.2 million of one-off costs in connection with the acquisition of a 50% stake in the Scottish whisky distillery The Glenturret. Depreciation, amortisation and value adjustments increased by 36% to EUR 20.2 million compared to 2019 and include the non-cash impairment charge of EUR 4.3 million before tax on Lalique's brand value that was recognized in the first half of 2020.

Earnings before interest and taxes (EBIT) totalled EUR -12.6 million in 2020, compared to EUR 1.4 million in the previous year. Excluding the litigation provision and the brand impairment charge, EBIT for 2020 was EUR -5.9 million. This compares with EUR 2.6 million in the previous year, adjusted for the one-off costs in connection with the acquisition of a 50% stake in The Glenturret. Net Group profit was EUR -15.0 million in 2020, compared to EUR 1.1 million in the previous year, which included a positive effect of EUR 2.9 million that was attributable to the Swiss corporate tax reform.

Lalique Group continues to have a solid liquidity and capital position with an equity ratio of 46.2% at the end of 2020, compared to 50.1% at the end of 2019.

### Segment results and adjusted segment structure

Lalique Group has adjusted the segment structure for its financial reporting as follows: The brand The Glenturret, which was previously reported under 'Other brands', is now managed in a dedicated segment. The 'Parfums Grès' brand is now included in the segment 'Other brands'.

The Lalique segment recorded sales of EUR 65.9 million in 2020, down 19% compared to the previous year. Sales decreased by 25% in the perfume business and by 15% in the crystal business; the segment's two main areas of business were thus able to offset part of the significant decline in sales in the first half of the year of 51% and 21%, respectively. The decline in sales at Lalique boutiques was partly offset by higher sales via Lalique's own online channels as well as with online merchants. The segment's costs before the brand impairment charge and the litigation provision decreased by 19%. EBIT totalled EUR -6.6 million before the two exceptional items, or EUR 13.3 million including these items (prior year: EUR 6.9 million).

Ultrasun achieved sales of EUR 14.8 million in 2020, representing a 32% decrease compared to the previous year. Over the year as a whole, the business was strongly impacted by the Covid-19 situation. In addition to the general lockdown measures that affected sales, this was also attributable to the fact that restrictions on holiday travel led to a significant fall in the purchase of sunscreen products in Ultrasun's main markets throughout the year. Costs were reduced by 15%. Profitability at EBIT level was EUR 0.9 million (prior year: EUR 4.1 million).

In the Jaguar Fragrances segment, sales declined by 32% to EUR 15.9 million. However, with EBIT of EUR 2.0 million (EBIT margin: 13%), the top-selling perfume brand in Lalique Group's portfolio remained very profitable (previous year: EUR 3.6 million).

The Glenturret segment recorded a 30% reduction in sales to EUR 1.3 million and an EBIT of EUR 2.5 million (previous year: EUR -1.8 million) due to the corona pandemic, after the launch of the new whisky range had to be delayed until the autumn of 2020 and the visitor centre had to close in March 2020 as a result of the lockdown and remained closed for the rest of the year.

Among the other brands, Bentley Fragrances saw sales decline by 5%, and Parfums Samourai recorded a decrease of 21%. At Parfums Grès, sales were down by 23%. The perfume filling and logistics operation Lalique Beauty Services recorded a 14% reduction in sales during the reporting year, with lower capacity utilisation in the area of perfumes being partly offset by the production of hand sanitisers for third-party clients.

### Outlook

There is continued uncertainty surrounding the further development of the corona pandemic and its impacts on the economic environment and on Lalique Group's business, even if the ongoing rollout of vaccination programmes in the course of 2021 should essentially lead to improvements in the situation. There are likely to be further regional differences in terms of the rate and scale of the economic recovery, which Lalique Group will consider when prioritising activities and projects.

In the first quarter of 2021, against the backdrop of the ongoing Covid-19 situation, Lalique Group saw solid sales trends with growth compared to the prior-year period. Excluding unforeseeable events or a renewed escalation of the pandemic, Lalique Group expects to generate double-digit sales growth in percentage terms for the full year 2021 compared to 2020, although revenue for 2021 is likely to be slightly below the pre-pandemic level recorded in 2019.

In the current year, Lalique Group will continue to exercise strict cost management that is aligned with the development of sales. At the same time, the Group is moving ahead with selected product launches and projects. In March 2021, for example, the first fragrance created under the exclusive Brioni licence was successfully launched. The reopening of The Glenturret distillery to the public, together with its visitor centre, café and shop in a new Lalique design, is planned for end-April 2021, while the new Lalique fine-dining restaurant headed by Michelin-starred chef Mark Donald will open in late June 2021. In the case of Ultrasun, we are currently working on new product formulas that will drive increased demand in Asian markets, especially in China, from autumn 2021. Finally, we are planning to expand our online activities and distribution via online merchants for all segments.

Lalique Group will continue to systematically pursue its diversification strategy to address a broad client base in the luxury good sector. From today's perspective, the Group anticipates that the Covid 19 situation will lead to a delay of around two to three years in the achievement of its mid-term profitability targets.

### Lalique Group

Lalique Group is a niche player in the creation, development, marketing and global distribution of luxury goods. Its business areas comprise perfumes, cosmetics, crystal, jewellery, high-end furniture and lifestyle accessories, along with art, gastronomy and hospitality as well as single malt whisky. Founded in 2000, the company employs around 680 staff and has its headquarters in Zurich. The Lalique brand, from which the Group derives its name, was created in Paris in 1888 by the master glassmaker and jewellery designer René Lalique. The registered shares of Lalique Group SA (LLQ) are listed on the SIX Swiss Exchange.

## Consolidated Income Statement

IN EUR THOUSANDS	REF.	2020	2019
Revenue from contracts with customers	4	109 154	141 795
Other operating income	5	1 573	1 679
<b>Revenue and other operating income</b>		<b>110 727</b>	<b>143 474</b>
Material costs, licences and third-party services	6	-51 600	-61 703
<b>Gross result</b>		<b>59 127</b>	<b>81 771</b>
Salaries and wages	7	-28 659	-35 521
Other operating expenses	8	-22 868	-30 034
<b>EBITDA</b>		<b>7 600</b>	<b>16 216</b>
Depreciation and amortization/impairment <sup>1</sup>	16/17	-20 167	-14 829
<b>EBIT</b>		<b>-12 567</b>	<b>1 387</b>
Financial income	9	68	61
Financial expenses	9	-1 258	-1 887
Net foreign exchange differences	9	-1 268	-105
<b>Group loss before taxes</b>		<b>-15 025</b>	<b>-544</b>
Income taxes	10	-1	1 637
<b>NET GROUP LOSS/PROFIT</b>		<b>-15 026</b>	<b>1 093</b>
of which attributable to:			
Non-controlling interests	27	-2 402	-2 351
Owners of the parent company		-12 624	3 444
Earnings per share basic/diluted (in EUR)	11	-1.76	0.52

<sup>1</sup> Including an impairment of EUR 4 320 thousand on Lalique Brand (Note 16) and the net result on early termination of lease contracts amounting to EUR -500 thousand in 2020.

## Consolidated Statement of comprehensive Income

IN EUR THOUSANDS	REF.	2020	2019
<b>NET GROUP LOSS/PROFIT</b>		<b>-15 026</b>	<b>1 093</b>
Foreign currency translation		-2 419	3 717
<b>Items that may be reclassified subsequently to the income statement, net of tax</b>		<b>-2 419</b>	<b>3 717</b>
Remeasurements of pension plans	19	99	-571
Tax on remeasurements of pension plans		-23	104
<b>Items that will not be reclassified subsequently to the income statement, net of tax</b>		<b>76</b>	<b>-467</b>
<b>Other comprehensive income, net of tax</b>		<b>-2 343</b>	<b>3 250</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-17 369</b>	<b>4 343</b>
of which attributable to:			
Non-controlling interests		-3 493	-1 754
Owners of the parent company		-13 876	6 097

# Consolidated Balance Sheet

## ASSETS

IN EUR THOUSANDS	REF.	31.12.20	31.12.19
Cash and cash equivalents	12	66 697	48 845
Trade accounts receivable	13	15 101	21 070
Inventories	14	77 987	82 790
Other receivables	15	7 957	9 679
<b>Total current assets</b>		<b>167 742</b>	<b>162 384</b>
Intangible assets	16	84 818	93 031
Property, plant and equipment	17	76 671	77 915
Financial assets	18	650	-
Other non-current assets	18	5 451	5 459
Deferred tax assets	25	3 867	4 025
<b>Total non-current assets</b>		<b>171 457</b>	<b>180 430</b>
<b>TOTAL ASSETS</b>		<b>339 199</b>	<b>342 814</b>

## LIABILITIES AND EQUITY

IN EUR THOUSANDS	REF.	31.12.20	31.12.19
Bank overdrafts	2	44 271	41 623
Trade accounts payable		17 614	15 953
Current provisions	22	2 526	-
Income tax liabilities		927	1 737
Other current liabilities	20	20 197	31 667
<b>Total current liabilities</b>		<b>85 535</b>	<b>90 980</b>
Other non-current liabilities	21	2 460	4 149
Non-current provisions	22	517	159
Non-current financial liabilities	23	58 923	36 947
Defined benefit obligation	19	5 427	5 712
Deferred tax liabilities	25	11 524	12 687
<b>Total non-current liabilities</b>		<b>78 851</b>	<b>59 654</b>
<b>Total liabilities</b>		<b>164 386</b>	<b>150 634</b>
Share capital	26	1 204	1 204
Capital reserves	26	85 378	85 378
Retained earnings/other reserves	26	70 036	85 276
<b>Total equity attributable to owners of the parent company</b>		<b>156 618</b>	<b>171 858</b>
Non-controlling interests	27	18 195	20 322
<b>Total equity</b>		<b>174 813</b>	<b>192 180</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>339 199</b>	<b>342 814</b>

# Consolidated Cash Flow Statement

IN EUR THOUSANDS	REF.	2020	2019
Group loss before taxes		-15 025	-544
Depreciation and amortization/impairment <sup>1</sup>	16/17	21 374	16 048
Early termination of lease contracts		500	72
Change in defined benefit obligation		-305	177
Change in provisions	22	2 885	-53
Financial income	9	-68	-61
Financial expenses	9	1 258	1 887
Net foreign exchange differences	9	1 268	105
Other non-cash income/expenditure		-39	15
<b>Cash flow from operations before change in net current assets</b>		<b>11 848</b>	<b>17 646</b>
Decrease (+)/increase (-) in trade accounts receivable		5 836	-2 813
Decrease (+)/increase (-) in inventories		4 034	-1 114
Decrease (+)/increase (-) in other receivables		1 131	-1 503
Increase (+)/decrease (-) in trade accounts payable		1 888	1 467
Increase (+)/decrease (-) in other non-financial current liabilities		-3 918	-1 133
Interest paid		-830	-1 236
Tax paid		-1 308	-1 870
Interest received		9	3
<b>Cash flow from operating activities</b>		<b>18 690</b>	<b>9 447</b>
Investments in subsidiaries net of cash acquired		-	-29 003
Investments in property, plant and equipment	17	-7 636	-7 764
Investments in other non-current assets	18	-	-108
Sale of property, plant and equipment	17	100	297
Investments in intangible assets	16	-929	-823
Net cash flow financial assets		-647	-
<b>Cash flow from investing activities</b>		<b>-9 112</b>	<b>-37 401</b>
Capital contribution from shareholders	26	-	42 212
Capital contribution from NCI shareholders	27	-	20 780
Reduction in shareholder loans		-9 345	-13 488
Receipt of/increase in shareholder loans		-	22 255
Receipt of/increase in NCI shareholder loans		2 775	835
Repayment of short-term loan of Glenturret Limited	27	-	-7 281
Purchase of treasury shares		-	-551
Net cash flow from bank overdrafts	23	2 609	-1 264
Repayment of principal amount of lease liabilities	23	-7 956	-8 759
Repayments/outflows other current financial liabilities	23	-2 296	-3 000
Proceeds/inflows other current financial liabilities	23	204	-
Repayments/outflows other non-current liabilities	23	-79	-1 465
Proceeds/inflows other non-current liabilities	23	23 913	12 716
Dividend payment	2	-	-2 657
<b>Cash flow from financing activities</b>		<b>9 825</b>	<b>60 333</b>
Exchange differences on cash and cash equivalents		-1 551	1 130
<b>DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17 852</b>	<b>33 509</b>
Balance of cash and cash equivalents as at 01.01.	12	48 845	15 336
Balance of cash and cash equivalents as at 31.12.	12	66 697	48 845

<sup>1</sup> Including an impairment of EUR 4 320 thousand on Lalique Brand in 2020 (Note 16)

## Consolidated statement of changes in equity

IN EUR THOUSANDS	SHARE CAPITAL	CAPITAL RESERVES	TREASURY SHARES	ACCUMU- LATED FOREIGN CURRENCY TRANS- LATION	RETAINED EARNINGS	TOTAL EQUITY OWNER OF PARENT	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
<b>BALANCE AS AT 01.01.2019</b>	<b>988</b>	<b>46 039</b>	<b>-</b>	<b>-3 217</b>	<b>82 947</b>	<b>126 757</b>	<b>1 296</b>	<b>128 053</b>
Net Group profit	-	-	-	-	3 444	3 444	-2 351	1 093
Foreign currency translation	-	-	-	3 135	-	3 135	582	3 717
Remeasurement IAS 19 (incl. tax)	-	-	-	-	-482	-482	15	-467
Other comprehensive income	-	-	-	3 135	-482	2 653	597	3 250
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 135</b>	<b>2 962</b>	<b>6 097</b>	<b>-1 754</b>	<b>4 343</b>
Dividend payout	-	-2 657	-	-	-	-2 657	-	-2 657
Capital contribution from shareholders	216	41 996	-	-	-	42 212	-	42 212
Contribution from NCI/ acquisition	-	-	-	-	-	-	20 780	20 780
Purchase of treasury shares	-	-	-551	-	-	-551	-	-551
<b>BALANCE AS AT 31.12.2019</b>	<b>1 204</b>	<b>85 378</b>	<b>-551</b>	<b>-82</b>	<b>85 909</b>	<b>171 858</b>	<b>20 322</b>	<b>192 180</b>
<b>BALANCE AS AT 01.01.2020</b>	<b>1 204</b>	<b>85 378</b>	<b>-551</b>	<b>-82</b>	<b>85 909</b>	<b>171 858</b>	<b>20 322</b>	<b>192 180</b>
Net Group profit	-	-	-	-	-12 624	-12 624	-2 402	-15 026
Foreign currency translation	-	-	-	-1 325	-	-1 325	-1 094	-2 419
Remeasurement IAS 19 (incl. tax)	-	-	-	-	73	73	3	76
Other comprehensive income	-	-	-	-1 325	73	-1 252	-1 091	-2 343
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1 325</b>	<b>-12 551</b>	<b>-13 876</b>	<b>-3 493</b>	<b>-17 369</b>
Acquisition of non-controlling interests	-	-	-	-	-1 366	-1 366	1 366	-
<b>BALANCE AS AT 31.12.2020</b>	<b>1 204</b>	<b>85 378</b>	<b>- 551</b>	<b>-1 407</b>	<b>71 994</b>	<b>156 618</b>	<b>18 195</b>	<b>174 813</b>

Further details on equity movements can be found in Note 26, Note 27, and regarding capital management in Note 2.



# Notes to the consolidated financial statements

## 1. INFORMATION ON THE COMPANY

These Consolidated Financial Statements of Lalique Group SA and its subsidiaries (collectively, the Group or Lalique Group) for the year ended 31 December 2020 were approved by the Board of Directors on 19 April 2021 and recommended for approval by the General Meeting of Shareholders on 28 May 2021.

Lalique Group SA (the Company or the parent) was formed on 14 April 2000 in Switzerland. The parent is domiciled at Grubenstrasse 18, Zurich.

Lalique Group is a niche player in the luxury goods industry with an international presence and a global reach. It specializes in the creation, development, production, marketing and global distribution of perfumes, cosmetics, crystal glass, jewellery, high-end furniture and lifestyle accessories, as well as art and high-end single malt whisky. The Group has established itself as a brand builder developing tailored brand concepts focusing on specific target markets.

In addition to its headquarters in Zurich, Switzerland and Paris, France, the Group has a manufacturing site for perfumes in Ury, France, one for crystal in Wingensur-Moder, France and a whisky distillery in Crieff near Edinburgh, Scotland. The Group also maintains representative offices in the United Kingdom, Germany, the United States, China, Japan and Singapore.

## 2. ACCOUNTING POLICIES

The Consolidated Financial Statements of Lalique Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the IASB.

The accounts are prepared on a historical cost basis. The Consolidated Financial Statements of Lalique Group are presented in euros (EUR). Unless otherwise stated, all figures have been rounded to the nearest EUR thousand.

### New accounting policies

The IASB has published the following new amendments to existing standards and interpretations that are effective for the 2020 financial statements:

STANDARD/ INTERPRETATION	DESIGNATION	EFFECTIVE DATE
IAS 1 and IAS 8	Definitaion of material	1 January 2020
IFRS 9, IAS 39 and IFRS 7	Financial Instruments ("IBOR"-Phase 1)	1 January 2020
IFRS 3	Business Combinations	1 January 2020
	Conceptual Framework for Financial Reporting	1 January 2020
IFRS 16	Leases (Covid-19 Related Rent Concessions)	1 June 2020

### Impact of the Covid-19 pandemic and Amendments to IFRS 16 (Covid-19 Related Rent Concessions)

At the beginning of 2020 the novel coronavirus (Covid-19) was first discovered in China and started spreading internationally, triggering an economic downturn. Lalique Group's business was visibly affected across all the Group's segments, particularly in the first half of 2020. In response to the pandemic, one of the Group's top priorities consisted in cutting costs and preserving cash to compensate as far as possible for lost sales. In addition, the Group negotiated cost reductions and deferrals, e.g. for lease payments, which is reflected in the Group Consolidated Financial Statements. The Group benefited as well from governmental support schemes, such as furlough.

In line with IFRS, the Group reviews its intangible assets with indefinite useful lives (e.g. goodwill and brand values) at least annually for impairment or whenever events or changes in circumstance indicate that the asset's balance sheet carrying amount may not be recoverable. Due to the Covid-19 pandemic impairment tests were performed in accordance with accounting principles (see Note 16).

The Group continuously monitors these developments and the possible implications for its intangible assets, as impairment charges could have a materially adverse impact on Lalique Group's operating results and financial standing in the future.

In May 2020, the IAS Board issued an amendment to IFRS 16 providing lessees with an exemption from assessing whether a Covid-19-related relief of lease obligations is a lease modification, requiring lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications. Lalique Group adopted this amendment applying it for the full year in 2020. The exemption applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and subject to certain conditions. In 2020 the Group recognized a net relief of lease obligations of EUR 593 thousand presented as a lease reduction (expense reduction).

#### **Amendments to IAS 1 and IAS 8 (Definition of Material)**

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact.

#### **Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark)**

The amendments to IFRS 9 and IAS 39 (Financial Instruments: Recognition and Measurement) provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### **Amendments to IFRS 3 (Definition of a Business)**

The amendment to IFRS 3 (Business Combinations) clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

#### **Conceptual Framework for Financial Reporting (issued on 29 March 2018)**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Other changes in IFRS that became effective on 1 January 2020 had no impact on these Group Consolidated Financial Statements.

### Standards published but not yet effective

The following new or revised IFRS interpretations have been published but will only enter into force at a later date and were not applied early in the present consolidated financial statements. A final analysis of their impact on the consolidated financial statements of the Group has not yet been made.

STANDARD/INTERPRETATION	DESIGNATION	EFFECTIVE DATE	PLANNED APPLICATION BY LALIQUE GROUP
IFRS9/IAS 39/IFRS 7/ IFRS 4/IFRS 16	Interest Rate Benchmark Reform "IBOR"—Phase 2	1 January 2021	2021 business year
IFRS 3	Business Combinations (Reference to the Conceptual Framework)	1 January 2022	2022 business year
IAS 16	Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022	2022 business year
IAS 37	Onerous Contracts (Costs of Fulfilling a Contract)	1 January 2022	2022 business year
IFRS 1	First-time Adoption of International Financial Reporting Standards (Subsidiary as a first-time adopter)	1 January 2022	2022 business year
IFRS 9	Financial Instruments (Fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022	2022 business year
IAS 41	Agriculture (Taxation in fair value measurements)	1 January 2022	2022 business year
IFRS 17	Insurance Contracts—including amendments to IFRS 16	1 January 2023	2023 business year
IAS 1	Presentation of Financial Statements (Amendments to Classification of Liabilities as Current or Non-current including Deferral of Effective Date)	1 January 2023	2023 business year

### Consolidation principles and consolidated companies

The Consolidated Financial Statements comprise the financial statements of Laliq Group SA and its subsidiaries as at 31 December of each financial year. The accounts of the subsidiaries are prepared using standard accounting policies and presented on the same balance sheet date as those of the parent company.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group effectively obtains control of the company concerned. Control is deemed to have been obtained when the following three principal criteria have been met: the Group has power over the company, the Group is exposed or has rights to variable returns from its involvement with the company, and the Group has the ability to affect those returns through its power over the company.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The entities are deconsolidated as soon as control ceases. All intra-Group balances, revenues and expenses, and unrealized gains and losses from intra-Group transactions are fully eliminated.

The Group accounts for common control business combinations by applying the pooling of interest method. The assets and liabilities of the acquired business are reflected at their carrying amounts recognized by the parent. No new goodwill is recognized as a result of such a business combination. Instead, the difference between the amount of consideration transferred and the net assets received is recognized in equity. In addition, the business combinations are accounted for prospectively from the date on which consolidation occurred, without a restatement of the prior period's information and the equity reserves of the transferred business are not carried over but adjusted against retained earnings.

Business combinations, other than businesses under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on the acquisition date, including any non-controlling interests. For each business combination, the acquirer measures the non-controlling interest in the acquiree, either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs incurred in the course of a business combination are recognized as expenses.

A joint venture is an arrangement whereby the parties that have joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

### **Foreign-currency translation**

The functional currency of the parent company Lalique Group SA is Swiss francs (CHF). Although the Consolidated Financial Statements are presented in euros (EUR), because the euro is the currency in which most revenue and costs of the Group occur, and the main part of the Group's assets and liabilities are in EUR. Each of Lalique Group's subsidiaries determines its own functional currency based on the primary economic environment in which it operates.

Transactions denominated in foreign currencies are translated at the exchange rate applicable at the time of the transaction. Monetary balance sheet items are translated at the year-end rate, with any currency gains/losses recognized directly in the income statement. Non-monetary balance sheet items are translated at the historical rate.

For the purpose of preparing the Consolidated Financial Statements, with regard to the annual accounts of all subsidiaries whose functional currency is not EUR, the assets and liabilities are translated at the year-end rate, whereas the income statement items are translated at the average rate for the year. Currency translation differences are recognized in other comprehensive income and accumulated in equity under "Capital reserves"; in the case of loss of control over a subsidiary, such differences are reclassified to the income statement.

The following EUR exchange rates were used:

	2020	2019
<b>CHF</b>		
Year-end rate (balance sheet)	0.9221	0.9196
Average rate for the year (income statement)	0.9345	0.8990
<b>USD</b>		
Year-end rate (balance sheet)	0.8141	0.8929
Average rate for the year (income statement)	0.8770	0.8932
<b>GBP</b>		
Year-end rate (balance sheet)	1.1054	1.1711
Average rate for the year (income statement)	1.1250	1.1405
<b>HKD</b>		
Year-end rate (balance sheet)	0.1050	0.1147
Average rate for the year (income statement)	0.1131	0.1140
<b>SGD</b>		
Year-end rate (balance sheet)	0.6146	0.6618
Average rate for the year (income statement)	0.6356	0.6547
<b>CNY</b>		
Year-end rate (balance sheet)	0.1247	0.1277
Average rate for the year (income statement)	0.1270	0.1294
<b>JPY</b>		
Year-end rate (balance sheet)	0.0079	0.0082
Average rate for the year (income statement)	0.0082	0.0082

Risks arising from currency fluctuations are explained in greater detail in the section entitled "Financial risk management".

### Significant judgements, estimates and assumptions

All estimates and assumptions are reviewed on an ongoing basis and are based on past experience and expectations concerning future events that appear reasonable given the circumstances. Naturally, the resulting estimates often depart from the subsequent actual circumstances. The key estimates and assumptions that may cause volatility with regard to the carrying amounts of assets and liabilities in the coming financial year are discussed below.

### Impairments on intangible assets

Lalique Group reviews its intangible assets (e.g. brand values) annually for impairment in accordance with accounting principles, a process which requires that the underlying cash-generating units (CGUs) be assessed. Lalique Group has established itself as a brand builder with several brands in its portfolio. As such, the financial information reported is allocated and managed on the basis of these brands and CGUs. Estimated factors such as volumes, selling prices, sales growth, gross profit margins, operating costs, as well as investments, market conditions and other economic factors are based on assumptions that management regards as reasonable. A planning period of five years is normally used for brand impairment tests.

The Group's CGUs all have significant headroom with the exception of "Lalique", to which an intangible brand asset of EUR 38.868 million is allocated as at 31 December 2020. The assessment of the recoverable amount of the Lalique brand allocated to the Lalique CGU is most sensitive to the achievement of the estimated future cash flows. Whilst the Group is able to manage most of Lalique's costs, the revenue projections are inherently uncertain due to the increased economic uncertainty—especially, in the CGU's retail business—following the Covid-19 pandemic. Revenue of the Lalique CGU is most sensitive to the development of the Covid-19 pandemic and its latest geographical expansion in Asia. It is possible that an underperformance may occur in the planning period if the sales further slow down.

Further details on this subject can be found in Note 16.

#### Pension schemes

The expense from defined post-employment benefit plans is determined on the basis of actuarial calculations. The actuarial evaluation is carried out on the basis of assumptions regarding discount rates, future increases in wages and salaries, mortality and future pension increments. Due to the long-term nature of such plans, these estimates are subject to material uncertainties. Further details on this subject can be found in Note 19.

#### Provisions

Provisions are recognized whenever Lalique Group has a legal or constructive obligation arising from a past event, the future settlement of which will probably lead to an outflow of funds that can be reliably determined. Restructuring costs are charged to the operating result of the period in which management undertakes to carry out the restructuring, insofar as the costs can be estimated with sufficient reliability and the measures were specified and communicated satisfactorily. Further details on this subject can be found in Note 22.

#### Leases

The application of IFRS 16 requires the Group to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets (see Note 24). These include determining the contract term and the interest rate used for discounting of future cash flows. The Group has a number of contracts that include extension or termination options. The Group applies judgement in determining whether it is reasonably certain to exercise an extension option and not to exercise a termination option.

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR, using the credit spread of Lalique Group SA received for commercial financing adjusted by the specific duration and country risk factor of each contract, observed on country bond valuations of the period when the lease contract commences or is modified.

#### Consolidation of Glenturret Holding SA and its subsidiaries

Lalique Group SA holds 50% of Glenturret Holding SA's voting rights since 2019. The remaining 50% is held by another investor. Nevertheless, the Group considers that it controls Glenturret Holding SA (and its 100% subsidiary Glenturret Ltd) because the Group has the right to nominate the Chairman of the Board and also the Executive Management, which is responsible for the management of Glenturret Ltd and as a result has the right to direct its relevant activities based on the agreement with the other investor.

### Accounting and valuation principles

#### Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. On-invoice rebates are offset against the amounts payable by the customer. The Group has concluded that it acts as a principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

The Group provides a few retrospective off-invoice volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Group applies the most-likely-amount method for contracts with a single-volume threshold and the expected-value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

The Group also enters into trademark licence and royalty arrangements, in accordance with which a customer is required to pay a sales-based royalty of a certain percentage of its gross sales associated with the trademark. The Group determined that an output-based measure is an appropriate measure of progress and applies the right-to-invoice practical expedient because the royalties due for each period correlate directly with the value to the customer of the Group's performance for each period. The Group recognizes revenue from the sales-based royalty when the customer's subsequent sales occur.

#### Property, plant and equipment

Property, plant and equipment are stated at acquisition cost or manufacturing cost, net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of each asset. The individual categories of property, plant and equipment are depreciated as follows:

Land	No depreciation
Buildings	30-50 years
Equipment and furnishings	3-15 years
Machinery, equipment and hardware	3-5 years
Tools	3-20 years
Vehicles	3-5 years

An item of property, plant and equipment is derecognized either on disposal or when no future economic benefits are expected from the use or disposal of the asset. The resulting gain or loss from the disposal of the asset is determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and is recognized in the income statement under other operating income in the period in which the asset was derecognized.

Residual values, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted as appropriate.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### • Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases on low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term includes the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise its option. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the payment of penalties for terminating the lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

The Group's right-of-use assets and lease liabilities are included in property, plant and equipment and other current liabilities and non-current financial liabilities, respectively.

#### Intangible assets

##### • *Intangible assets with finite useful lives*

Individually acquired intangible assets are measured at their acquisition cost on initial recognition. Thereafter, they are amortized over their estimated useful lives. Lalique Group does not possess any internally generated intangible assets. The individual intangible asset categories are amortized as follows:

Creations	Using the straight-line method over three to five years
Software	Using the straight-line method over three to five years
Licence rights	Licence rights are amortized on a straight-line basis over the contractual term or the useful life. Amortization is recognized under licence expenses.

Residual values, useful lives and amortization methods are reviewed at year-end and adjusted as appropriate.

##### • *Intangible assets with an indefinite useful life*

Costs related to acquired brands are capitalized and not amortized (see Note 16). The indefinite useful lives of brands stem from the fact that brands continuously benefit from a high degree of international recognition in the relevant markets. As such, brand rights are not amortized, but tested for impairment annually or whenever there is an indication that the brand may be impaired. Their classification as "intangible assets with indefinite useful lives" is reviewed each year.

#### Collectibles

Occasionally the Group acquires collectibles—such as drawings, unique perfume flacons and other pieces of art—for administrative and aesthetic reasons. At initial recognition the Group measures a collectible at cost. Subsequently, the Group measures the collectible using the cost model. Because at initial recognition the residual value of a collectible is generally close to its purchase price, the depreciable amount for a collectible is generally negligible.

The collectibles do not generate cash inflows largely independent of those from other assets. Therefore, the Group tests these collectibles for impairment on the level of the cash-generating unit to which they relate, or as corporate assets.

The collectibles are presented in the balance sheet as other non-current assets.

#### Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred.

#### Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset as the higher of its fair value less costs of disposal and its value in use. If the carrying amount of the asset exceeds its recoverable amount at year-end, the carrying amount is reduced to its recoverable amount. The impairment loss is recognized in the income statement.

#### Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus—in the case of a financial asset not at fair value through profit or loss—transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.



Virtually all of the Group's financial assets are recognized at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired.

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired or when the Group has transferred these rights, including all risks and rewards of ownership.

#### Impairment of financial assets

Virtually all the Group's financial assets are trade receivables with no financing component and have maturities of less than 12 months at amortized cost and, as such, the Group applies a simplified approach for expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Inventories

Inventories are measured at the lower of cost and the net realizable value. The cost of purchased inventories is measured on the basis of the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. All costs incurred in bringing inventories to their present location and condition are recognized in the balance sheet as raw materials, components, advertising materials, finished goods and trading goods.

#### Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and in hand as well as short-term deposits with a maturity of less than three months, which are subject to an insignificant risk of changes in value. These are carried at their nominal value.

#### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and lease liabilities.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as financial expenses in the income statement.

A financial liability is derecognized when it is paid off, cancelled or has expired.

#### Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The Group accounts for the benefit of a government guarantee, resulting in a bank loan at a below-market interest rate, as a government grant. For finance provided at below-market rates, the fair value is determined by reference to the relative fair value of the debt when fair valued in the absence of the government's guarantee.

#### Provisions

Provisions are created when the Group has a present (legal or constructive) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. If the effect of time value of money is material, provisions are discounted at a gross (i.e. pre-tax) interest rate that reflects, when appropriate, the risks specific to the liability. The provisions are measured on the basis of best estimates, taking into account the material risks and uncertainties.

#### Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline and the employees affected have been notified of the plan's main features.

#### Contingent liabilities

Contingent liabilities for which an outflow of resources is not regarded as probable are not recorded in the balance sheet. However, the contingent liabilities existing as at the balance sheet date are disclosed in the Note 29.

#### Pension plans

Besides statutory social insurance, the companies of Lalique Group maintain various employee benefit plans in accordance with the local regulations and customs in the respective countries. These are funded either by means of contributions to legally independent foundations and establishments or by recognition as provision for employee benefit plans in the accounts of the relevant companies.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the balance sheet date, less the fair value of the plan assets. The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which have terms to maturity approximating the average duration of the related pension liability.

Service costs, comprising current service costs, past service costs and gains and losses on curtailments and non-routine settlements of a plan, are recognized within salaries and wages in the income statement. Net interest is calculated by multiplying the net defined benefit pension obligation or asset by the discount rate and is also recognized within salaries and wages in the income statement. Remeasurements, comprising actuarial gains and losses arising from changes/adjustments to previous actuarial assumptions, the effect of the asset ceiling, with the exception of the amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognized immediately in the balance sheet with the corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

#### Income taxes

Current income tax liabilities and any claims for reimbursement of tax paid for the current period and earlier periods are measured at the amounts at which a payment to or reimbursement from the tax authorities is expected. This amount is calculated on the basis of the tax rates and legislation that are enacted or substantively enacted at the balance sheet date.

Deferred taxes are calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. Deferred taxes are calculated at the respective local tax rates.

Any tax loss carry-forwards and tax credits are only recognized as deferred tax assets to the extent that it is probable that the future profit will be sufficient to utilize the tax loss carry-forwards and tax credits. Each year, the company assesses the unrecognized tax loss carry-forwards and the carrying amount of the deferred tax assets as at the balance sheet date.

Current and deferred taxes are credited or charged directly to equity or to comprehensive income if the taxes relate to items that were credited or charged directly to equity or to comprehensive income.

### Financial risk management

As an internationally oriented company, Lalique Group is exposed to the following financial risks, which are assessed on an ongoing basis and hedged where necessary. In addition to credit and liquidity risk, the Group's assets and liabilities are also subject to risks from changes in foreign currency exchange rates and interest rates.

The policy of the Group is to avoid speculative deals involving financial instruments and to strive for maturity matching where possible.

#### • Credit risk

Credit risk applies primarily to receivables (customers) resulting from as yet unsettled transactions. Significant concentration risk does not exist due to the nature of Lalique Group's customer portfolio. For certain trade receivables customer credit risk is mitigated by means of a credit insurance policy or by the agreement of specific payment conditions. In addition, receivables are constantly monitored.

With regard to trade accounts receivable and the Group's other financial assets, including cash and cash equivalents and other receivables, the maximum credit risk corresponds to the carrying amounts reported in the balance sheet.

Trade accounts receivable are non-interest-bearing and generally with maturity between 0 and 90 days, and up to 150 days in special cases, depending on the customer.

#### • Liquidity risk

Liquidity is monitored and controlled at Group level on an ongoing basis. In addition, liquidity trends are anticipated in order to respond quickly in the case of a surplus or short-fall. The amounts disclosed in the table are the contractual undiscounted cash flows.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments:

IN EUR THOUSANDS	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2020 TOTAL	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2019 TOTAL
<b>Assets</b>								
Cash and cash equivalents	66 697	-	-	<b>66 697</b>	48 845	-	-	<b>48 845</b>
Trade accounts receivable	15 101	-	-	<b>15 101</b>	21 070	-	-	<b>21 070</b>
Other financial receivables	4 319	-	-	<b>4 319</b>	6 522	-	-	<b>6 522</b>
Financial assets	-	632	18	<b>650</b>	-	-	-	<b>-</b>
<b>Total</b>	<b>86 117</b>	<b>632</b>	<b>18</b>	<b>86 767</b>	<b>76 437</b>	<b>-</b>	<b>-</b>	<b>76 437</b>
<b>Liabilities</b>								
Bank overdrafts <sup>1</sup>	44 271	-	-	<b>44 271</b>	41 623	-	-	<b>41 623</b>
Trade accounts payable	17 614	-	-	<b>17 614</b>	15 953	-	-	<b>15 953</b>
Short-term liabilities main shareholder <sup>2</sup>	-	-	-	<b>-</b>	9 196	-	-	<b>9 196</b>
Short-term leasing liabilities	5 741	-	-	<b>5 741</b>	8 038	-	-	<b>8 038</b>
Other current liabilities	17 583	-	-	<b>17 583</b>	15 070	-	-	<b>15 070</b>
Loans from NCI shareholder	-	-	3 776	<b>3 776</b>	-	-	978	<b>978</b>
Long-term leasing liabilities	-	10 258	3 460	<b>13 718</b>	-	10 481	9 782	<b>20 263</b>
Other non-current financial liabilities	-	38 304	5 758	<b>44 062</b>	-	20 369	2 310	<b>22 679</b>
<b>Total</b>	<b>85 209</b>	<b>48 562</b>	<b>12 994</b>	<b>146 765</b>	<b>89 880</b>	<b>30 850</b>	<b>13 070</b>	<b>133 800</b>

<sup>1</sup> This is a bank overdraft on our current account. The Group's equity ratio ensures steady, albeit long-term, amortization of the bank liability and, for this reason, liquidity risk is not expected.

<sup>2</sup> A short-term loan from the main shareholders amounting to EUR 22.3 million (CHF 25.0 million) was granted to finance the acquisition of Glenturret in 2019. Of these shareholder loans EUR 13.5 million (CHF 15.0 million) were repaid by the end of 2019 and the remaining EUR 9.2 million (CHF 10.0 million) were repaid in 2020.

• *Currency risk*

Lalique Group operates around the world and is therefore exposed to currency risks in various currencies, especially with regard to the Swiss franc, the pound sterling and the US dollar. As in the previous year, the risk as at 31 December 2020 largely involved the Group's trade accounts payable and receivable, which are partly based on transactions in

foreign currencies and to a lesser extent on cash and cash equivalents and bank liabilities. The Group monitors its transaction-related foreign-currency risks.

Financial assets and liabilities can be allocated on the basis of the following categories and currencies:

IN EUR THOUSANDS	EUR	CHF	USD	GBP	OTHER	2020 TOTAL	EUR	CHF	USD	GBP	OTHER	2019 TOTAL
<b>Assets</b>												
Cash and cash equivalents	19 387	30 626	10 034	4 810	1 840	<b>66 697</b>	5 972	36 979	2 705	1 974	1 215	<b>48 845</b>
Trade accounts receivable	7 611	1 448	5 066	634	342	<b>15 101</b>	9 924	2 384	7 158	1 261	343	<b>21 070</b>
Other financial receivables	1 207	1 030	400	193	1 489	<b>4 319</b>	2 018	542	489	563	2 910	<b>6 522</b>
<b>Total</b>	<b>28 205</b>	<b>33 104</b>	<b>15 500</b>	<b>5 637</b>	<b>3 671</b>	<b>86 117</b>	<b>17 914</b>	<b>39 905</b>	<b>10 352</b>	<b>3 798</b>	<b>4 468</b>	<b>76 437</b>
<b>Liabilities</b>												
Bank overdrafts	25 069	16	8 289	10 897	-	<b>44 271</b>	32 289	14	909	8 411	-	<b>41 623</b>
Trade accounts payable	8 575	1 895	987	1 609	2 496	<b>17 614</b>	8 618	3 942	452	1 409	1 532	<b>15 953</b>
Short-term liabilities main shareholder	-	-	-	-	-	-	-	9 196	-	-	-	<b>9 196</b>
Short-term leasing liabilities	1 978	681	302	713	1 470	<b>5 144</b>	2 594	688	847	781	2 742	<b>7 652</b>
Other current liabilities	8 575	4 991	530	416	541	<b>15 053</b>	9 911	3 850	473	138	447	<b>14 819</b>
Loans from NCI shareholder	-	3 776	-	-	-	<b>3 776</b>	-	978	-	-	-	<b>978</b>
Long-term leasing liabilities	4 231	2 060	1 810	3 165	777	<b>12 043</b>	3 425	2 366	3 294	3 221	1 965	<b>14 271</b>
Other non-current financial liabilities	31 965	10 141	-	180	818	<b>43 104</b>	20 601	-	-	259	838	<b>21 698</b>
<b>Total</b>	<b>82 445</b>	<b>23 560</b>	<b>11 918</b>	<b>16 980</b>	<b>6 102</b>	<b>141 005</b>	<b>77 438</b>	<b>21 034</b>	<b>5 975</b>	<b>14 219</b>	<b>7 524</b>	<b>126 190</b>

As at 31 December 2020, the Group had no currency hedges (forward transactions) to safeguard future cash flows. The same applied as at 31 December 2019.

A change in the CHF/EUR exchange rate of +/- 5% in 2020 would have had an impact on the Group's profit before tax of EUR +/- 477 thousand (2019: EUR +/- 944 thousand) while a change in the USD/EUR exchange rate of +/- 5% in 2020 would have had an impact of EUR +/- 179 thousand (2019: EUR +/- 219 thousand), and a change in the GBP/EUR exchange rate of +/- 5% in 2020 would have affected figures by EUR +/- 567 thousand (2019: EUR +/- 521 thousand).

• *Interest-rate risk*

The risk of fluctuation of market interest rates as at the end of 2020, which Laliq Group is subject to, largely resulted from cash and cash equivalents and bank liabilities. Laliq Group is mainly exposed to interest-rate risks in Swiss francs and euros. Management of interest rates in connection with non-current liabilities is performed centrally; short-term interest-rate risk is not normally hedged.

Sensitivity analysis: Interest-rate risk is modelled via sensitivity analyses, which show the effect that changes in market interest rates would have on interest income and expense and on equity, provided that all other parameters remain constant. If the market interest rate on 31 December 2020 had been 1% point higher or lower, the Group's financial result or equity would have been EUR 148 thousand (2019: EUR 96 thousand) lower or higher.

IN EUR THOUSANDS	31.12.20	31.12.19
Share capital	1 204	1 204
Capital reserves	85 378	85 378
Retained earnings/other reserves	70 036	85 276
<b>Total equity before non-controlling interests</b>	<b>156 618</b>	<b>171 858</b>
<b>TOTAL CAPITAL</b>	<b>339 199</b>	<b>342 814</b>
Equity ratio	46.17%	50.13%

In 2020 the capital reserves remained unchanged (see also Note 26).

• *Fair values*

The fair value of a financial asset or liability is the value for which the relevant instrument could currently be sold or replaced. The following methods are used to calculate fair value:

- As at 31 December 2020, the fair values of cash and cash equivalents, short-term bank liabilities, trade accounts receivable and payable, current financial liabilities, other receivables and other current liabilities approximated their carrying values, because of their short-term nature.
- The fair values of non-current financial liabilities are determined on the basis of discounted cash flows. The valuation model considers the present value of expected payments.

The management assessed that the fair values of all financial assets and financial liabilities of the Group approximate their carrying amounts.

• *Capital management*

The overriding aim of capital management in Laliq Group is to maintain an adequate equity base to retain investor, customer and market confidence and to support the future development of the core business. Dividend policy, return of capital and, if necessary, capital increases are used to maintain or adjust the equity structure.

• *Fair value hierarchy*

Laliq Group uses the following hierarchy to determine and disclose the fair value of its financial instruments, depending on the valuation method:

- Level 1: Listed (unadjusted) prices on active markets for similar assets or liabilities.
- Level 2: Other methods using inputs which significantly affect the fair value and are based on data that can be observed directly or indirectly in the market.
- Level 3: Methods using inputs which significantly affect the fair value and are not based on observable market data.

All financial assets held in the Group measured at fair value were classified as Level 2.

### 3. SEGMENT REPORTING

Lalique Group has established itself as a brand builder company with several brands in its portfolio. As such, the financial information reported is allocated and managed on the basis of these brands and cash-generating units. “Lalique”, “Ultrasun”, “Jaguar” and “Glenturret” reflect the largest brands in terms of revenues, profit and/or total assets. Therefore, these four brands have been identified as reportable segments, which together account for more than 75% of Lalique’s revenue. In prior years, “Grès” was presented as a separate segment instead of “Glenturret”, which was part of the “Other brands”. Due to the development confirmed in 2020, “Glenturret” is to be reported as a separate segment as its assets account for at least 10% of the cumulative assets of all operating segments. “Grès” is to be included within “Other brands”.

The non-brand-related holdings and consolidation are presented in a separate reconciling item called “Holding and eliminations”. Other brands and business activities have been combined in the residual segment “Other brands” for segment reporting purposes. This residual segment includes Lalique Group’s smaller brands (such as Parfums Samouraï, Parfums Grès and Bentley Fragrances) as well as Lalique Group’s two perfume service companies (Lalique Beauty Distribution and Lalique Beauty Services), which, despite their names, provide services to all brands and segments.

Lalique Group is divided into the following reportable operating segments:

#### Segment 1 – Lalique

The Lalique segment comprises all business transactions conducted under the Lalique brand.

*The Lalique segment develops, produces and sells a broad range of lifestyle products:*

PROPORTION OF SALES BY THE PRODUCT RANGE	2020	2019
Decorative pieces	54%	49%
Perfume	22%	23%
Interior Design	11%	14%
Jewelery	4%	4%
Art	2%	3%
Other diversification (incl. hotel-restaurants)	7%	7%

#### Segment 2 – Ultrasun

The Ultrasun segment covers the Ultrasun brand.

*The Ultrasun segment develops and manufactures with an external partner multifunctional sun care products and sells its products through various distribution channels.*

#### Segment 3 – Jaguar

The Jaguar segment covers the Jaguar brand.

*The Jaguar segment develops, produces and distributes perfumes under the acquired licence of Jaguar.*

#### Segment 4 – Glenturret

The Glenturret segment covers the Glenturret brand.

*The Glenturret segment develops, produces and distributes Scotch whisky from its own distillery.*

#### Segment 5 – Other brands

The Other brands segment covers the Samouraï, Grès and Bentley brands, as well as Lalique Beauty Services, Lalique Beauty Distribution and the intercompany eliminations between these other brands.

*All of them are involved in the development, production and/or distribution of perfumes.*

#### Reconciling item – Holding and eliminations

The holding company generates revenue from management fees charged to the other segments. Intra-Group transactions are carried out on an arm’s-length basis.

**Segment reporting for the 2020 financial year**

The table below contains information on the revenues and results, and on the assets and liabilities of the Group's business segments.

IN EUR THOUSANDS	LALIQUE	ULTRASUN	JAGUAR	GLEN-TURRET	OTHER BRANDS <sup>1</sup>	HOLDING AND ELIM. <sup>2</sup>	GROUP
<b>Revenue and other operating income</b>							
Revenue from contracts with external customers	63 063	14 783	15 844	1 329	14 210	-75	109 154
Revenue from transactions with other segments	715	-	16	-	3 707	-4 438	-
Other operating income <sup>4</sup>	1 490	-	-	-	31	52	1 573
Other operating income with other segments	635	3	1	-	927	-1 566	-
<b>Total revenue and other operating income</b>	<b>65 903</b>	<b>14 786</b>	<b>15 861</b>	<b>1 329</b>	<b>18 875</b>	<b>-6 027</b>	<b>110 727</b>
<b>EBIT</b>	<b>-13 343</b>	<b>947</b>	<b>2 040</b>	<b>-2 523</b>	<b>1 497</b>	<b>-1 185</b>	<b>-12 567</b>
Financial result							-2 458
Group loss before taxes							-15 025
Income tax expenses							-1
<b>NET GROUP LOSS</b>							<b>-15 026</b>
<b>Assets and liabilities</b>							
Segment assets	184 565	26 427	20 719	59 218	49 692	-1 422	339 199
Segment liabilities	170 221	11 253	10 845	22 979	37 594	-88 506	164 386
<b>Other segment information</b>							
<b>Investments</b>							
Property, plant and equipment <sup>3</sup>	9 487	85	4	4 548	1 934	429	16 487
Intangible assets	32	128	52	366	307	70	955
<b>Depreciation and amortization</b>							
Property, plant and equipment	11 380	308	243	393	1 792	29	14 145
Intangible assets <sup>5</sup>	5 111	292	82	81	366	90	6 022

<sup>1</sup> Revenue and other operating income other brands

Parfums Samourai	4 411
Parfums Grès	4 417
Bentley Fragrances	3 725
Lalique Beauty Distribution	1 123
Lalique Beauty Services	7 969
Parfums Alain Delon	163
Elimination intercompany other brands	-2 933
<b>Total revenue and other operating income other brands</b>	<b>18 875</b>

<sup>2</sup> The "Holding + elim." segment covers the holding and management companies, and eliminations. The segment's assets mainly include cash and cash equivalents, long-term receivables of the holding and management companies, and eliminations between the segments. Segment liabilities mainly comprise current liabilities, loans and eliminations.

<sup>3</sup> The Property, plant and equipment investments of other brands include investments in the perfume production facility in Ury of EUR 1 770 thousand.

<sup>4</sup> In 2020, other operating income derived to a large extent from operating grants from governments of EUR 618 thousand, profitable fixed asset transactions of EUR 213 thousand and short-term subleases of EUR 66 thousand.

<sup>5</sup> Including an impairment of EUR 4 320 thousand on Lalique Brand in 2020 (Note 16).

**Segment reporting for the 2019 financial year**

The table below contains information on the revenues and results, and on the assets and liabilities of the Group's business segments.

IN EUR THOUSANDS	LALIQUE	ULTRASUN	JAGUAR	GLEN-TURRET	OTHER BRANDS <sup>1</sup>	HOLDING AND ELIM. <sup>2</sup>	GROUP
<b>Revenue and other operating income</b>							
Revenue from contracts with external customers	78 868	21 709	23 306	1 896	16 294	-278	141 795
Revenue from transactions with other segments	513	-	25	5	5 224	-5 767	-
Other operating income <sup>5</sup>	911	61	11	-	515	181	1 679
Other operating income with other segments	790	1	1	-	1 077	-1 869	-
<b>Total revenue and other operating income</b>	<b>81 082</b>	<b>21 771</b>	<b>23 343</b>	<b>1 901</b>	<b>23 110</b>	<b>-7 733</b>	<b>143 474</b>
<b>EBIT</b>	<b>-6 898</b>	<b>4 087</b>	<b>3 650</b>	<b>-1 791</b>	<b>3 404</b>	<b>-1 065</b>	<b>1 387</b>
Financial result							-1 931
Group loss before taxes							-544
Income tax expenses							1 637
<b>NET GROUP PROFIT</b>							<b>1 093</b>
<b>Assets and liabilities</b>							
Segment assets	192 009	22 646	18 592	49 584	44 675	15 308	342 814
Segment liabilities	160 636	8 082	10 574	8 183	33 487	-70 328	150 634
<b>Other segment information</b>							
<b>Investments</b>							
Property, plant and equipment <sup>3</sup>	9 342	36	7	5 796	2 046	19	17 246
Intangible assets <sup>4</sup>	139	182	95	22 514	2 474	160	25 564
<b>Depreciation and amortization</b>							
Property, plant and equipment	11 512	305	252	212	1 632	28	13 941
Intangible assets	181	249	80	38	337	3	888

<sup>1</sup> Revenue and other operating income other brands

Parfums Samourai	5 593
Parfums Grès	5 714
Bentley Fragrances	3 903
Lalique Beauty Distribution	1 419
Lalique Beauty Services	9 337
Parfums Alain Delon	55
Elimination intercompany other brands	-2 911
Total revenue and other operating income other brands	23 110

<sup>2</sup> The "Holding + elim." segment covers the holding and management companies, and eliminations. The segment's assets mainly include cash and cash equivalents, long-term receivables of the holding and management companies, and eliminations between the segments. Segment liabilities mainly comprise current liabilities, loans and eliminations.

<sup>3</sup> The Property, plant and equipment investments of other brands include investments in the perfume production facility in Ury of EUR 1 950 thousand and fixed assets of acquired subsidiaries of EUR 4 707 thousand.

<sup>4</sup> Intangible assets of other brands include intangible assets of acquired subsidiaries of EUR 22 231 thousand.

<sup>5</sup> In 2019, other operating income derived to a large extent from the conclusion of two court disputes. Lalique Beauty Services obtained compensation of EUR 523 thousand and Lalique SA EUR 280 thousand.



**Geographical regions**

Geographical information pertaining to segment revenue is broken down by customer location.

IN EUR THOUSANDS	2020	2019
<b>Revenue from contracts with customers</b>		
France	14 754	16 913
USA	13 024	19 740
Poland	11 582	4 818
UK	10 677	25 634
Hong Kong	8 579	11 950
Germany	7 424	8 533
Japan	6 603	7 005
UAE	4 452	8 090
China	4 430	4 025
Switzerland	3 517	4 257
Russia	3 402	1 657
Czech Republic	3 356	2 061
Italy	2 132	2 063
Israel	1 451	1 596
Singapore	1 161	2 785
Chile	1 146	643
Spain	804	2 070
Taiwan	744	840
Netherlands	543	678
Monaco	140	1 095
Other countries	9 233	15 342
<b>Group</b>	<b>109 154</b>	<b>141 795</b>

Geographical information pertaining to non-current operating assets presented below comprises property, plant and equipment, intangible assets and other non-current assets.

IN EUR THOUSANDS	31.12.20	31.12.19
<b>Non-current assets (excl. deferred tax)</b>		
France	89 307	95 209
Switzerland	34 551	36 946
UK	34 301	32 166
USA	3 198	5 275
Germany	2 735	309
Hong Kong	1 232	2 487
Japan	907	2 369
China	754	1 451
Singapore	605	193
<b>Group</b>	<b>167 590</b>	<b>176 405</b>

**DETAILS ON THE CONSOLIDATED INCOME STATEMENT****4. REVENUE FROM CONTRACTS WITH CUSTOMERS**

IN EUR THOUSANDS	2020	2019
Revenue from sale of goods and services	107 843	140 624
Licence income/royalties	1 311	1 171
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>109 154</b>	<b>141 795</b>

Information on the disaggregation of the Group's revenue from contracts with customers is disclosed in the segment reporting (Note 3).

**5. OTHER OPERATING INCOME**

IN EUR THOUSANDS	2020	2019
Other operating income	1 573	1 679
<b>TOTAL OTHER OPERATING INCOME</b>	<b>1 573</b>	<b>1 679</b>

Other operating income comprises non-recurring income and the result from the disposal of assets. In 2020, other operating income derived to a large extent from operating subsidies EUR 618 thousand, property sales of EUR 147 thousand and short-term subleases of EUR 66 thousand. Recharges to related parties, for example for accounting services, refunds for private expense or others, are included with an amount of EUR 52 thousand (2019: EUR 187 thousand). In 2019, Laliq Beauty Services obtained compensation of EUR 523 thousand and Laliq SA of EUR 280 thousand from the conclusion of two court disputes.

**6. MATERIAL COSTS, LICENCES AND THIRD-PARTY SERVICES**

IN EUR THOUSANDS	2020	2019
Cost of components and finished goods	36 743	43 685
Other directly attributable production costs	9 126	10 939
Licence expenses	2 157	2 659
Commission expenses	971	1 497
Other procurement costs	2 603	2 923
<b>TOTAL MATERIAL COSTS, LICENCES AND THIRD PARTY SERVICES</b>	<b>51 600</b>	<b>61 703</b>

Other directly apportionable production costs mainly comprise wages and salaries of the production staff at the factory in Wingen-sur-Moder. Licence expenses arise mainly in connection with Jaguar Fragrances, Bentley Fragrances and Laliq Barberini Fragrances (Brioni brand licensee). Commission expenses relate to the mediation of transactions. The item "Other procurement costs" includes costs that are incurred in connection with the receipt and shipment of goods to/from stock, customs and freight charges related to purchasing, and lithography and plating costs, net of any supplier discounts.

**7. SALARIES AND WAGES**

IN EUR THOUSANDS	2020	2019
Wages and salaries (incl. bonuses)	18 619	24 396
Social insurance and employee pension/welfare expenses	9 200	10 737
Other personnel costs	840	388
<b>TOTAL PERSONNEL COSTS</b>	<b>28 659</b>	<b>35 521</b>
Number of FTE as at 31 December	678	732

The total personnel costs were reduced by personnel cost-saving measures and government grants for furloughing in the amount of EUR 2 930 thousand in 2020.

**8. OTHER OPERATING EXPENSES**

IN EUR THOUSANDS	2020	2019
Administrative expenses	5 914	6 467
Advertising and promotional expenses	5 451	9 105
Rental expenses	3 310	4 872
Property insurance, levies and charges	754	1 000
Vehicles	129	202
Miscellaneous operating expenses	7 310	8 388
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>22 868</b>	<b>30 034</b>

The item "Miscellaneous operating expenses" includes travel expenses (2020: EUR 1 350 thousand; 2019: EUR 3 788 thousand), expenses for creations (2020: EUR 18 thousand; 2019: EUR 168 thousand) and various other costs, including the cost for formation of a EUR 2 400 thousand provision for litigation at Lalique SA in 2020 (Note 22).

The amount of rental expenses includes variable lease payments, payments for short-term leases, leases of low value items as well as other rental expenses for non-lease components (e.g. heating costs). In 2020 the Group recognized a net relief of lease obligations of EUR 593 thousand presented as a rental expense reduction.

**9. FINANCIAL INCOME AND EXPENSES**

IN EUR THOUSANDS	2020	2019
<b>Financial income</b>		
Interest on loans and advance financing	6	-
Other financial income	62	61
<b>Total financial income</b>	<b>68</b>	<b>61</b>
<b>Financial expenses</b>		
Interest on short- and long-term financial liabilities <sup>1</sup>	793	1 067
Other financial expenses	465	820
<b>Total financial expenses</b>	<b>1 258</b>	<b>1 887</b>
Income from exchange rate fluctuations	4 689	5 845
Expenses from exchange rate fluctuations	5 957	5 950
<b>Net foreign exchange differences</b>	<b>-1 268</b>	<b>-105</b>
<b>FINANCIAL RESULT</b>	<b>-2 458</b>	<b>-1 931</b>

<sup>1</sup> Thereof interest expense on lease liabilities amount to EUR 406 thousand in 2020 (2019: EUR 579 thousand).

**10. INCOME TAXES**

The main components of income tax expenses are as follows:

IN EUR THOUSANDS	2020	2019
Current year income taxes	897	1 554
Income taxes from previous years	-57	9
<b>Current income taxes</b>	<b>840</b>	<b>1 563</b>
Deferred tax income/expenses resulting from change in temporary differences	-498	-5 013
Deferred tax income/expenses resulting from change in tax rates	281	2 081
Deferred tax expenses/income resulting from usage or capitalization respectively of deferred taxes on accumulated losses	-622	-268
<b>Deferred tax expenses</b>	<b>-839</b>	<b>-3 200</b>
<b>TOTAL TAX EXPENSES</b>	<b>1</b>	<b>-1 637</b>

The Group has assessed the impact of the Swiss Tax Reform that became effective as at 1 January 2020. The enactment required the abolishment of the holding company and mixed company tax regimes with tax rates for several Swiss entities of the Group therefore increasing. The enactment required a revaluation of the deferred tax positions to the newly enacted tax rates causing additional deferred tax expenses of EUR 2 081 thousand in 2019. On the other side, the enactment allowed for a partial step-up of tax values leading to deferred tax income of EUR 4 964 thousand in 2019.

The following breakdown shows a reconciliation of expected taxes to the actual income tax expenses:

IN EUR THOUSANDS	2020	2019
Group profit before taxes	-15 025	-544
Expected tax rate	21.0%	21.0%
<b>Expected tax expenses</b>	<b>-3 155</b>	<b>-114</b>
Income not subject to income tax	-361	-
Income taxes from previous years	-57	9
Effect from unaccounted tax loss and new temporary differences in the current reporting year	3 551	2 426
Effect from utilisation of unaccounted tax losses and temporary differences from previous years	-31	-18
Ex post accounting of previous unaccounted tax losses and temporary differences	536	-
Effect of change in tax rate	281	2 081
Effect of revenues taxed at different rates	-1 783	-1 350
Non-deductible expenses	838	212
Partial step-up of tax values due to Swiss tax reform	234	-4 964
Other effects	-52	81
<b>TOTAL INCOME TAX</b>	<b>1</b>	<b>-1 637</b>

The expected tax rate represents the domestic ordinary income tax rate at the parent's location (Zurich, Switzerland).

## 11. EARNINGS PER SHARE AND DIVIDENDS

		2020	2019
Average number of shares in circulation	Number	7 185 000	6 572 827
Net Group profit in favour of shareholders of Lalique Group SA	EUR thousands	-12 624	3 444
<b>EARNINGS PER SHARE</b>	<b>EUR</b>	<b>-1.76</b>	<b>0.52</b>

In July 2019, Lalique Group SA issued 1,200,000 new shares in connection with the rights issue (Note 26). Since the new shares were offered at a price below market value, for the purpose of earnings per share calculation, the number of shares outstanding before the rights issue was adjusted to reflect the bonus element inherent in it. The calculation of earnings per share, including comparative amounts for 2019, was adjusted accordingly.

For the 2019 financial year no dividend was paid out. With respect to the 2020 financial year, the Board of Directors proposes to waive a distribution.

**DETAILS ON THE CONSOLIDATED BALANCE SHEET****12. CASH AND CASH EQUIVALENTS**

IN EUR THOUSANDS	31.12.20	31.12.19
Cash	110	142
Bank	66 587	48 703
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>66 697</b>	<b>48 845</b>

Interest earned on assets denominated in CHF, EUR, GBP and USD was 0.00% (2019: 0.00%). Interest charged on liabilities in USD and GBP was 0.65% (2019: 0.65%) and on liabilities in EUR was between 0.50% and 2.75% (2019: between 0.29% and 1.62%). Interest charged on liabilities in CHF were between a below-market rate of 0.00%, due to the free-of-charge government guarantee of the Swiss government to the banks, and 0.65% (2019: 0.65%).

**13. TRADE ACCOUNTS RECEIVABLE**

Trade accounts receivable are non-interest-bearing and generally fall due between 0 and 90 days, and up to 150 days in special cases, depending on the customer.

IN EUR THOUSANDS	TOTAL OUT- STANDING ITEMS	NOT DUE	DUE	OF WHICH OVERDUE WITHIN 60 DAYS	OF WHICH OVERDUE 61-90 DAYS	OF WHICH OVERDUE MORE THAN 91 DAYS
<b>2020</b>						
Of which EUR	7 747	6 568	1 179	174	269	736
Of which CHF accounts shown in EUR	1 448	1 349	99	54	-	45
Of which USD accounts shown in EUR	5 848	3 483	2 365	642	150	1 573
Of which other currencies shown in EUR	1 124	297	827	704	28	95
Allowance for doubtful debts	-1 066	-12	-1 054	-16	-18	-1 020
<b>Total</b>	<b>15 101</b>	<b>11 685</b>	<b>3 416</b>	<b>1 558</b>	<b>429</b>	<b>1 429</b>
<b>2019</b>						
Of which EUR	10 315	8 352	1 963	1 016	157	790
Of which CHF accounts shown in EUR	3 037	2 845	192	118	3	71
Of which USD accounts shown in EUR	7 564	5 005	2 559	1 156	424	979
Of which other currencies shown in EUR	796	64	732	566	84	82
Allowance for doubtful debts	-642	-16	-626	-29	-27	-570
<b>Total</b>	<b>21 070</b>	<b>16 250</b>	<b>4 820</b>	<b>2 827</b>	<b>641</b>	<b>1 352</b>

An impairment analysis is performed at each reporting date. If there is an indication that the Group will not be able to collect all amounts due in relation to a single position according to the original terms of the receivables, an allowance for impairment is recognized on the identified receivables. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment.

In addition, the Group uses a provision matrix to measure expected credit losses on open receivables that are not individually impaired. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at year-end about past events, current conditions and forecasts of future economic conditions.

IN EUR THOUSANDS	TOTAL OUT- STANDING ITEMS	NOT DUE	DUE	OF WHICH OVERDUE WITHIN 60 DAYS	OF WHICH OVERDUE 61-90 DAYS	OF WHICH OVERDUE MORE THAN 91 DAYS
<b>2020</b>						
Expected credit loss rate	1.0%	0.1%	4.0%	1.0%	4.0%	7.0%
Estimated total gross carrying amount at default	15 255	11 697	3 558	1 574	447	1 537
Expected credit loss	-154	-12	-142	-16	-18	-108
<b>2019</b>						
Expected credit loss rate	0.8%	0.1%	3.2%	1.0%	4.0%	7.0%
Estimated total gross carrying amount at default	21 244	16 266	4 978	2 856	668	1 454
Expected credit loss	-174	-16	-158	-29	-27	-102

The movements in the allowance for expected credit losses of trade receivables and contract assets during the year developed as follows.

IN EUR THOUSANDS	31.12.20	31.12.19
<b>OPENING BALANCE</b>	<b>642</b>	<b>561</b>
Formation (+)	513	112
Usage (-)	-	-40
Reversed (-)	-22	-4
Currency effect	-67	13
<b>CLOSING BALANCE</b>	<b>1 066</b>	<b>642</b>

#### 14. INVENTORIES

IN EUR THOUSANDS	31.12.20	31.12.19
Components and raw materials	22 869	23 685
Finished goods	53 713	58 239
Advance payments	1 405	866
<b>TOTAL INVENTORIES</b>	<b>77 987</b>	<b>82 790</b>

Impairments on inventories recognized as expenditure amounted to EUR 2 281 thousand in 2020 (2019: EUR 1 058 thousand).

**15. OTHER RECEIVABLES**

IN EUR THOUSANDS	31.12.20	31.12.19
VAT and other tax receivables	3 638	3 157
Accrued income and prepaid expenses	2 722	3 183
Short-term rental deposits	1 348	2 859
Prepaid taxes	-	35
Other receivables	249	445
<b>TOTAL OTHER RECEIVABLES</b>	<b>7 957</b>	<b>9 679</b>

**16. INTANGIBLE ASSETS**

IN EUR THOUSANDS	GOODWILL	BRANDS	LICENCE RIGHTS	CREATIONS	SOFTWARE	TOTAL INTANGIBLE ASSETS
<b>Acquisition costs 01.01.2019</b>	<b>335</b>	<b>60 142</b>	<b>6 048</b>	<b>3 842</b>	<b>5 464</b>	<b>75 831</b>
Additions <sup>1</sup>	-	-	2 151	675	468	3 294
Additions from acquisitions of Glenturret	11 233	10 998	-	-	39	22 270
Disposals	-	-	-	-	-51	-51
Exchange differences	368	1 208	240	150	43	2 009
<b>Acquisition costs 31.12.2019</b>	<b>11 936</b>	<b>72 348</b>	<b>8 439</b>	<b>4 667</b>	<b>5 963</b>	<b>103 353</b>
Additions <sup>1</sup>	-	-	-	849	106	955
Reclassification/transfers	-	-	12	-14	2	-
Disposals	-	-	-	-75	-7	-82
Exchange differences	-1 000	-904	21	-1	-73	-1 957
<b>Acquisition costs 31.12.2020</b>	<b>10 936</b>	<b>71 444</b>	<b>8 472</b>	<b>5 426</b>	<b>5 991</b>	<b>102 269</b>
<b>Amortization, cumulative 01.01.2019</b>	<b>-</b>	<b>25</b>	<b>-1 174</b>	<b>-2 415</b>	<b>-4 435</b>	<b>-7 999</b>
Additions <sup>2</sup>	-	-	-1 172	-548	-438	-2 158
Disposals	-	-	-	-	51	51
Exchange differences	-	-25	-67	-97	-27	-216
<b>Amortization, cumulative 31.12.2019</b>	<b>-</b>	<b>-</b>	<b>-2 413</b>	<b>-3 060</b>	<b>-4 849</b>	<b>-10 322</b>
Additions <sup>2</sup>	-	-	-1 667	-647	-464	-2 778
Reclassification/transfers	-	-	-11	11	-	-
Disposals	-	-	-	34	7	41
Impairment	-	-4 320	-97	-33	-	-4 450
Exchange differences	-	-	16	-15	57	58
<b>Amortization, cumulative 31.12.2020</b>	<b>-</b>	<b>-4 320</b>	<b>-4 172</b>	<b>-3 710</b>	<b>-5 249</b>	<b>-17 451</b>
<b>NET INTANGIBLE ASSETS 31.12.2020</b>	<b>10 936</b>	<b>67 124</b>	<b>4 300</b>	<b>1 716</b>	<b>742</b>	<b>84 818</b>
Net intangible assets 31.12.2019	11 936	72 348	6 026	1 607	1 114	93 031

<sup>1</sup> The additions of EUR 955 thousand (2019: EUR 3 294 thousand) resulted in a cash outflow of EUR 929 thousand (2019: EUR 823 thousand).

<sup>2</sup> The amortization of licence rights is recorded in licence expenses.



## Brands

The multiperiod-excess-earnings method was used to test the various brand values for impairment as at 31 December 2020. At Ultrasun, Parfums Grès, Parfums Samouraï and Glenturret the values in use exceed their carrying values. Values in use of these brands as at 31 December 2020: Parfums Grès CHF 6.574 million (2019: CHF 6.574 million), Parfums Samouraï CHF 1.800 million (2019: CHF 1.800 million), Ultrasun CHF 11.000 million (2019: CHF 11.000 million)

and Glenturret GBP 9.400 million (2019: GBP 9.400 million). These calculations were based on a planning horizon of five or nine years and a residual value. The assumptions listed below were determined by management based on its expectations for future market development.

The following EBITDA margin development occurred and is expected for the brands:

IN %	2019	2020	2021	2025
Lalique	5.9	4.8	11.8	21.2
Ultrasun	21.3	10.5	17.1	20.5
Parfums Grès	17.0	10.9	15.1	21.7
Parfums Samouraï	31.9	34.6	31.7	31.4
Glenturret <sup>1</sup>	-81.1	-154.4	15.5	30.0

<sup>1</sup> Taking the PPA reverse on acquired stock through COGS into consideration

The residual value incorporates a growth rate of 1.5% for Lalique, 1.7% for Ultrasun, 0.1% for Parfums Samouraï, 1.3% for Parfums Grès and 1.7% for Glenturret respectively.

Estimating future cash flows is particularly challenging because of the increased economic uncertainty following the Covid-19 pandemic. Due to the increased uncertainty, the Group has decided to be more conservative in its forward projections for all brands. Given the significant higher degree of uncertainty in the retail and luxury business, the Group came to the conclusion that the carrying amount of the Lalique brand may not be recoverable as at 31 December 2020. The Group has recognized an impairment charge of EUR 4.320 million on the Lalique brand in 2020, reducing the carrying amount to EUR 38.868 million, of which Lalique SA holds EUR 32.376 million and Lalique Parfums SA EUR 6.492 million respectively CHF 7.040 million in local currency:

IN EUR THOUSANDS	LALIQUE BRAND
<b>Carrying value 01.01.2019</b>	<b>42 952</b>
Exchange differences	218
<b>Carrying value 31.12.2019</b>	<b>43 170</b>
Impairment	-4 320
Exchange differences	18
<b>Carrying value 31.12.2020</b>	<b>38 868</b>

Furthermore, it has been assumed in the multiperiod-excess-earnings calculation that the EBITDA margin of the Lalique brand will rise from 4.8% in 2020 to 21.2% in 2025 (2019: 5.9%). The sales declined by 30.9% in the first semester of 2020 compared with the comparative period of 2019, whereas a less pronounced sales decline by 18.7% was achieved in the full financial year.

The impairment test of the Lalique brand estimates an average growth in sales of 10.3% over the period of five years, as a profound sales recovery is expected for 2021. The discount rates have also been reviewed to reflect the current economic situation. The after-tax discount rate used within the impairment test of Lalique brand is unchanged at 11.5%.

IN %	AVERAGE GROWTH IN SALES		AFTER-TAX DISCOUNT RATE	
	2020	2019	2020	2019
Lalique <sup>1</sup>	10.3	4.8	11.5	11.5
Ultrasun <sup>1</sup>	14.2	8.2	11.5	11.5
Parfums Grès <sup>1</sup>	9.3	2.4	11.0	11.0
Parfums Samouraï <sup>1</sup>	8.3	3.0	9.7	9.7
Glenturret <sup>2</sup>	280.7	102.9	8.9	8.8

<sup>1</sup> Calculated over the planning horizon of five years.

<sup>2</sup> Calculated over the planning horizon of nine years

For Glenturret, a planning horizon of nine years was considered in the impairment test, as the business plan is currently based on the existing stock model and not on new increased production since the acquisition in 2019. The youngest whisky sold in Glenturret's product range is ten years old, therefore nine years is the minimum period to see the potential of the current stock and the potential of the increased capacity. Due to the business model customary in the industry, the revenues can be reasonably predicted over the planning horizon of nine years.

#### Sensitivity

The Group made different scenarios with more ambitious and more conservative five years business plan.

For Lalique, based on the more conservative business plan, the brand would be further impaired by EUR 1.200 million in the event of a decrease in sales of 0.3% until 2025, or a decrease in EBITDA of 0.6% until 2025, or an increase in WACC of 0.8%.

At Ultrasun, Parfums Grès, Parfums Samouraï and Glenturret the values in use exceed their carrying values. The Group believes that no reasonably possible changes in the key assumptions disclosed above would cause the recoverable amounts to fall below the carrying values.

#### Licence rights

Amortization charges in 2020 are unchanged in relation to licence agreements and rights for Jaguar Fragrances and Bentley Fragrances and applied for the first time for the Brioni brand. The amortization charges are amortized over the contractual term or the useful life of the licence and recognized under licence expenses. The residual amortization period for the Jaguar Fragrances licence rights is two years, for Bentley Fragrances one year and for the Brioni brand four years.

#### Creations

The item "Creations" comprises expenses incurred through the commissioning of external designers to create flacons and packaging, and the associated development costs. Internally incurred development costs are not capitalized. The residual amortization period is between zero and three years. In 2020, impairment losses of EUR 33 thousand (2019: EUR 0 thousand) were recognized.

#### Software

The item "Software" consists of purchased IT software usage licences and the costs of specific customization of the software.

With the exception of depreciation on new licence rights, which is recognized under licence expenses, all amortization of intangible assets appears under "Depreciation and amortization" in the income statement. In 2020, as in the previous year, there were no impairment losses recognized.

There are no restrictions on the use of intangible assets. There are no commitments to make further payments or to take on additional intangible assets. No intangible assets serve as collateral for obligations.

## 17. PROPERTY, PLANT AND EQUIPMENT

IN EUR THOUSANDS	LAND, BUILDINGS	EQUIPMENT, FURNISHINGS	MACHINERY + EQUIPMENT, IT, HARDWARE, TOOLS	VEHICLES	PLANT UNDER CONSTRUC- TION	TOTAL PROPERTY, PLANT AND EQUIPMENT
<b>Acquisition costs 01.01.2019</b>	<b>106 575</b>	<b>30 383</b>	<b>18 034</b>	<b>899</b>	<b>2 166</b>	<b>158 057</b>
Additions	4 026	4 474	1 432	140	2 506	12 578
Additions from acquisitions under common control	2 925	153	1 587	3	-	4 668
Reclassification/transfers	-671	136	671	-	-136	-
Disposals	-67	-232	-163	-76	-1 657	-2 195
Exchange differences	1 501	199	258	18	4	1 980
<b>Acquisition costs 31.12.2019</b>	<b>114 289</b>	<b>35 113</b>	<b>21 819</b>	<b>984</b>	<b>2 883</b>	<b>175 088</b>
Additions <sup>1</sup>	8 615	4 108	1 085	53	2 626	16 487
Reclassification/transfers	-36	64	-	-	-28	-
Disposals	-14 347	-416	-93	-26	-	-14 882
Exchange differences	-2 979	-262	-220	-5	-44	-3 510
<b>Acquisition costs 31.12.2020</b>	<b>105 542</b>	<b>38 607</b>	<b>22 591</b>	<b>1 006</b>	<b>5 437</b>	<b>173 183</b>
<b>Depreciation, cumulative 01.01.2019</b>	<b>-51 781</b>	<b>-15 655</b>	<b>-14 249</b>	<b>-462</b>	<b>-</b>	<b>-82 147</b>
Additions	-9 504	-2 625	-1 667	-166	-	-13 962
Reclassification/transfers	470	-	-470	-	-	-
Disposals	36	36	2	69	-	143
Exchange differences	-830	-156	-210	-11	-	-1 207
<b>Depreciation, cumulative 31.12.2019</b>	<b>-61 609</b>	<b>-18 400</b>	<b>-16 594</b>	<b>-570</b>	<b>-</b>	<b>-97 173</b>
Additions	-9 422	-2 838	-1 713	-171	-	-14 144
Reclassification/transfers	14	-14	-	-	-	-
Disposals	12 015	378	6	24	-	12 423
Impairment	-	-	-2	-	-	-2
Exchange differences	2 108	176	96	4	-	2 384
<b>Depreciation, cumulative 31.12.2020</b>	<b>-56 894</b>	<b>-20 698</b>	<b>-18 207</b>	<b>-713</b>	<b>-</b>	<b>-96 512</b>
<b>NET PROPERTY, PLANT AND EQUIPMENT 31.12.2020</b>	<b>48 648</b>	<b>17 909</b>	<b>4 384</b>	<b>293</b>	<b>5 437</b>	<b>76 671</b>
<b>Thereof carrying amount of RoU assets<sup>2</sup></b>	<b>19 997</b>	<b>465</b>	<b>13</b>	<b>192</b>	<b>-</b>	<b>20 667</b>
Net property, plant and equipment 31.12.2019	52 680	16 713	5 225	414	2 883	77 915

<sup>1</sup> The additions of EUR 16487 thousand (2019: EUR 12 578 thousand) resulted in a cash outflow of EUR 7636 thousand (2019: EUR 7 764 thousand).

<sup>2</sup> Refer to Note 24 for further information on RoU assets

No items of plant and equipment serve as collateral for obligations. Certain property is pledged for a bank credit (Note 30).

**18. OTHER NON-CURRENT ASSETS**

Other non-current assets comprise a collection of perfume flacons, drawings, and other collectables. The pieces were produced by the Company's founder René Lalique or artists collaborating with the Group. In 2020, the Group acquired

additional items in the amount of EUR 0 thousand (2019: EUR 260 thousand) with a cash outflow of EUR 0 thousand (2019: EUR 108 thousand).

Financial assets contain exclusively long-term rental deposits.

**19. PENSION SCHEMES**

IN EUR THOUSANDS	31.12.20	31.12.19
Defined benefit pension plans	5 148	5 521
Other long-term post-employment benefits	279	191
<b>TOTAL DEFINED BENEFIT OBLIGATION</b>	<b>5 427</b>	<b>5 712</b>

**Defined benefit pension plans**

There is a defined benefit pension plan in Switzerland. The plan is designed to ensure that current and future contributions are sufficient to cover future obligations. As defined in the fund regulations, the employer and the employees make matching annual contributions. Contributions are based on an age-related sliding scale which defines the relevant percentage of an employee's insured salary. In accordance with Swiss law, the pension fund guarantees its insured members vested benefits, which are confirmed each year. Upon retirement, insured members are entitled to draw their benefits as a single lump-sum payment, an annuity, or a combination of both. For the purpose of providing an occupational pension scheme, Lalique Group has joined a collective foundation in which the assets are invested on a joint basis with other scheme participants (with the same investment profile). As at 31 December 2020, 100% of the plan assets were invested in a collective insurance policy held with Futura Pension Foundation. Direct pension entitlements vis-à-vis the insurance company constitute 100% of the investment. The pension plan meets legal provisions stipulating the minimum benefits payable. There were no significant changes, curtailments or settlements related to the plan during the reporting period.

**Other long-term post-employment benefits**

In France, there are plans that fall into this category. These can be described as follows: one plan exists which, in accordance with the statutory requirements governing privately held companies, builds up capital which is then used to pay appropriate compensation to employees when they leave the company. The benefit payable is based on years of service, the reference salary, the collective wage agreement and the circumstances which led to the employee's resignation. Payment of pensions conforms to the national collective agreement for handmade glass manufacture.

Another plan or regulation exists which, under certain conditions, entitles specific pension recipients to claim a supplementary annuity corresponding to 55% of the beneficiary's last annual net salary (average salary over the last three years).

A breakdown of the Group's defined benefit obligation recognized in the consolidated balance sheet as at 31 December is as follows:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	31.12.20	31.12.19	31.12.20	31.12.19
Present value of defined benefit pension obligation	-12 942	-13 955	-279	-191
Fair value of the plan assets	7 794	8 434	-	-
<b>(SHORTFALL)/SURPLUS</b>	<b>-5 148</b>	<b>-5 521</b>	<b>-279</b>	<b>-191</b>

Annual expenditure on pension benefits recognized in wages and salaries breaks down as follows:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2020	2019	2020	2019
Current service cost	-302	-811	-18	-19
Net interest cost of pension plans	-5	-20	-	-
<b>TOTAL EMPLOYEE BENEFIT EXPENSES RECOGNIZED IN THE INCOME STATEMENT</b>	<b>-307</b>	<b>-831</b>	<b>-18</b>	<b>-19</b>

Remeasurement of pension plans recognized directly in other comprehensive income breaks down as follows:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2020	2019	2020	2019
Actuarial gain/(loss) from the pension obligation	-11	-468	-96	37
Change in the plan assets (not incl. interest)	206	-140	-	-
<b>TOTAL REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME</b>	<b>195</b>	<b>-608</b>	<b>-96</b>	<b>37</b>

The changes in the present value of the Group's pension obligations are as follows:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2020	2019	2020	2019
Present value of defined benefit pension obligations on 1 January	-13 550	-11 937	-191	-206
Interest expenses	-18	-91	-	-
Current service cost	-302	-811	-18	-19
Employee contributions	-450	-489	-3	- 3
Actuarial gains and losses arising from changes in financial assumptions	-390	-930	-79	6
Actuarial gains and losses arising from changes in demographic assumptions	379	462	-17	31
Benefits paid	1 851	234	29	-
Past service costs/cost reductions	-	-	-	-
Administration costs	-4	-8	-	-
Currency effect	-458	-385	-	-
<b>PRESENT VALUE OF DEFINED BENEFIT PENSION OBLIGATIONS ON 31 DECEMBER</b>	<b>-12 942</b>	<b>-13 955</b>	<b>-279</b>	<b>-191</b>

Only the Swiss defined benefit pension plan contains plan assets. Changes in the fair value of the plan assets were as follows:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2020	2019	2020	2019
Fair value of the plan assets on 1 January	8 438	7 290	-	-
Interest income from the plan assets	13	71	-	-
Change in the plan assets (not incl. interest)	206	-137	-	-
Employer contributions	433	456	-	-
Employee contributions	433	456	-	-
Benefits paid	-1 763	28	-	-
Currency effect	34	270	-	-
<b>FAIR VALUE OF THE PLAN ASSETS ON 31 DECEMBER</b>	<b>7 794</b>	<b>8 434</b>	<b>-</b>	<b>-</b>

#### Sensitivity of key actuarial assumptions

Actuarial assumptions are made in respect of the discount rate, future salary trends and life expectancy, and these can be summarized as follows.

	2020	2019
<b>Bases used for calculation of Swiss plan</b>		
Discount rate	0.14%	0.32%
Expected rate of salary increase	1.00%	1.00%
Life expectancies	BVG2015 GT	BVG2015 GT

The implications for the defined benefit obligation (DBO) are as follows:

- A 0.25% increase/decrease in the discount rate would result in a decrease of EUR 530 thousand (-5.0%)/increase of EUR 573 thousand (+5.4%) in defined benefit pension obligations.
- A 0.25% increase/decrease in the expected rate of salary increase would result in an increase of EUR 87 thousand (+0.8%)/decrease of EUR 85 thousand (-0.8%) in defined benefit pension obligations.
- An increase/decrease in life expectancies of one year would result in an increase of EUR 64 thousand (+0.6%)/decrease of EUR 51 thousand (-0.5%) in defined benefit pension obligations.

The average duration of a defined benefit pension obligation was 20.45 years at the end of the reporting period (2019: 19.7 years).

#### Forecasted contributions

The forecasted contributions of the company for the 2020 financial year amount to EUR 432 thousand.

	2020	2019
<b>Bases used for calculation of French plans</b>		
Discount rate	0.50%	0.90%
Expected rate of salary increase	1.14%/3.39%	1%/3.94%
Life expectancies	TGH 05/TGF 05	TGH 05/TGF 05

**20. OTHER CURRENT LIABILITIES**

IN EUR THOUSANDS	31.12.20	31.12.19
Current financial liabilities	3 268	3 296
Accrued salary expenses	2 902	2 898
Accruals for social institutions	835	1 111
Short-term leasing liabilities	5 144	7 652
Current minimal fees for licence rights	1 688	1 320
Short-term liabilities main shareholder	-	9 196
Government grants	447	-
Other current liabilities	5 913	6 194
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>20 197</b>	<b>31 667</b>

Current minimal fees for licence rights are owed in respect of Jaguar Fragrances, Bentley Fragrances and Lalique Barberini Fragrances (Brioni brand licensee).

The governments issued guarantees to the banks for Covid-19 credits on condition that the company receiving the guarantee complied with certain restrictions (e.g. no dividend distribution). Due to the government guarantee, the Group's entities received certain Covid-19 credits below the market rate. The benefit of the government's guarantee for the below-market rate loans amounted to EUR 447 thousand by 31 December 2020 and is presented as government grants.

Loans from the main shareholder bear an interest rate of 0.75%.

**21. OTHER NON-CURRENT LIABILITIES**

IN EUR THOUSANDS	31.12.20	31.12.19
Non-current minimal fees for licence rights	2 460	4 149
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>2 460</b>	<b>4 149</b>

As at 31 December 2020, other non-current liabilities comprised minimal fees for licence rights owed in respect of Jaguar Fragrances, Bentley Fragrances and Lalique Barberini Fragrances (Brioni brand licensee).

**22. PROVISIONS**

IN EUR THOUSANDS	OTHER PROVISIONS	TOTAL PROVISIONS
<b>As at 01.01.2019</b>	<b>208</b>	<b>208</b>
Formation	142	142
Usage	-58	-58
Release	-137	-137
Currency effect	4	4
<b>As at 31.12.2019</b>	<b>159</b>	<b>159</b>
Formation	2 948	2 948
Usage	-63	-63
Currency effect	-1	-1
<b>As at 31.12.2020</b>	<b>3 043</b>	<b>3 043</b>
Of which current	2 526	2 526
Of which non-current	517	517

The formation in 2020 includes a new other current provision for litigation at Lalique SA. These legal proceedings have been ongoing for several years. In 2020, the Paris Court of Cassation annulled a decision of the Court of Appeal from 2018, which led to a reassessment of the legal situation and the formation of a provision in the amount of EUR 2 400 thousand.

**23. NON-CURRENT FINANCIAL LIABILITIES**

IN EUR THOUSANDS	31.12.20	31.12.19
Loans from the NCI shareholder	3 776	978
Long-term leasing liabilities	12 043	14 271
Non-current Covid-19 credits	20 752	-
Other non-current financial liabilities	22 352	21 698
<b>TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>58 923</b>	<b>36 947</b>

The "Other non-current financial liabilities" mainly contains loans associated with contractual agreements between subsidiaries and local financing institutions.

The loans from an NCI shareholder bear an interest rate of 0.75%.



## Changes in financial liabilities from financing cash flows

IN EUR THOUSANDS	31.12.19	CASH FLOWS	CURRENCY EXCHANGE MOVEMENTS	NEW LEASES	OTHER	31.12.20
Bank overdrafts	<b>41 623</b>	2 609	39	-	-	<b>44 271</b>
Short-term leasing liabilities	<b>7 652</b>	-7 956	-182	20	5 610	<b>5 144</b>
Short-term liabilities main shareholder	<b>9 196</b>	-9 345	149	-	-	<b>-</b>
Other current financial liabilities	<b>3 296</b>	-2 092	-	-	2 064	<b>3 268</b>
Long-term leasing liabilities	<b>14 271</b>	-	-439	6 176	-7 965	<b>12 043</b>
Non-current liabilities NCI shareholder	<b>978</b>	2 775	- 6	-	29	<b>3 776</b>
Other non-current financial liabilities	<b>21 697</b>	23 834	-180	-	-2 248	<b>43 103</b>
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>98 713</b>	<b>9 825</b>	<b>-619</b>	<b>6 196</b>	<b>-2 510</b>	<b>111 605</b>

IN EUR THOUSANDS	01.01.19	CASH FLOWS	CURRENCY EXCHANGE MOVEMENTS	NEW LEASES	ACQUIRED THROUGH BUSINESS COMBINATIONS	OTHER	31.12.19
Bank overdrafts	<b>41 785</b>	-1 264	1 102	-	-	-	<b>41 623</b>
Short-term leasing liabilities	<b>8 759</b>	-8 759	-	-	-	7 652	<b>7 652</b>
Short-term liabilities main shareholder	<b>-</b>	8 767	429	-	-	-	<b>9 196</b>
Short-term loan of Glenturret Limited	<b>-</b>	-7 281	-	-	7 281	-	<b>-</b>
Other current financial liabilities	<b>3 156</b>	-3 000	-1	-	-	3 141	<b>3 296</b>
Long-term leasing liabilities	<b>18 254</b>	-	429	3 247	-	-7 659	<b>14 271</b>
Non-current liabilities NCI shareholder	<b>-</b>	835	86	-	-	57	<b>978</b>
Other non-current financial liabilities	<b>12 596</b>	11 251	34	-	-	-2 184	<b>21 697</b>
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>84 550</b>	<b>549</b>	<b>2 079</b>	<b>3 247</b>	<b>7 281</b>	<b>1 007</b>	<b>98 713</b>

The “Other” column includes the effect of reclassifying of the non-current portion of interest-bearing loans and borrowings and leasing liabilities as “current” due to the passage of time as well as interest accrued and paid (classified as cash flow from operating activities on the cash flow statement).

## 24. LEASE

The Group has lease contracts for various items of rental properties (retail stores, offices etc.), production machinery, vehicles and other equipment used in its operations. Leases of rental properties and production machinery generally have lease terms between less than 1 and 20 years, while motor vehicles and other equipment generally have lease terms between 1 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases with a duration of 12 months or less and leases with low value (e.g. office equipment). The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Reconciliation of lease liabilities and reconciliation of right-of-use assets (RoU)

IN EUR THOUSANDS	2020	2019
<b>Liabilities from leases as of 1 January 2020</b>	<b>21 923</b>	<b>27 013</b>
New leases	6 196	3 247
Disposals of lease liabilities	-2 355	-7
Lease payments	-8 362	-9 338
Interest accruals	406	579
Exchange differences	-621	429
<b>LIABILITIES FROM LEASES AS OF 31 DECEMBER 2020</b>	<b>17 187</b>	<b>21 923</b>

IN EUR THOUSANDS	LAND, BUILDINGS	EQUIPMENT, FURNISHINGS	MACHINERY + EQUIPMENT, IT, HARD- WARE, TOOLS	VEHICLES	TOTAL PROPERTY, PLANT AND EQUIPMENT
<b>Right-of-use assets 01.01.2019</b>	<b>27 091</b>	<b>615</b>	<b>1 094</b>	<b>290</b>	<b>29 090</b>
Additions to right-of-use assets	2 903	250	-	94	3 247
Depreciation charge for right-of-use assets	-7 225	-196	-557	-111	-8 089
Disposals of right-of-use assets	-	-	-	-7	-7
Exchange differences	553	1	-	2	556
<b>RIGHT-OF-USE ASSETS 31.12.2019</b>	<b>23 322</b>	<b>670</b>	<b>537</b>	<b>268</b>	<b>24 797</b>
<b>Right-of-use assets 01.01.2020</b>	<b>23 322</b>	<b>670</b>	<b>537</b>	<b>268</b>	<b>24 797</b>
Additions to right-of-use assets	6 137	6	-	53	6 196
Depreciation charge for right-of-use assets	-7 107	-167	-524	-124	-7 922
Disposals of right-of-use assets	-1 832	-34	-	-4	-1 870
Exchange differences	-523	-10	-	-1	-534
<b>RIGHT-OF-USE ASSETS 31.12.2020</b>	<b>19 997</b>	<b>465</b>	<b>13</b>	<b>192</b>	<b>20 667</b>

Lease in the income statement

LEASES IN THE INCOME STATEMENT IN EUR THOUSANDS	2020	2019
Short-term lease expense <sup>1</sup>	-253	-1 058
Low-value lease expense <sup>2</sup>	-25	-19
Variable lease payment expenses <sup>3</sup>	-483	-805
<b>Other operating expenses</b>	<b>-761</b>	<b>-1 882</b>
Depreciation charge for RoU	-7 922	-8 089
Impairment losses on RoU	-	-
<b>Depreciation and impairment losses on RoU</b>	<b>-7 922</b>	<b>-8 089</b>
Interest expense on lease liabilities	-406	-579
<b>Financial expenses</b>	<b>-406</b>	<b>-579</b>
<b>LEASES IN THE INCOME STATEMENT</b>	<b>-9 089</b>	<b>-10 550</b>
<b>Total cash outflows for leases of</b>	<b>-8 362</b>	<b>-9 338</b>

<sup>1</sup> Expenses relating to leases with a lease term of less than a year<sup>2</sup> This expense does not include the expense relating to short-term leases of low-value assets<sup>3</sup> This expense is not included in the measurement of lease liabilities

## 25. DEFERRED TAXES

Deferred taxes balances as at 31 December are as follows:

IN EUR THOUSANDS	31.12.20	31.12.19
Deferred tax assets	-3 867	-4 025
Deferred tax liabilities	11 524	12 687
<b>NET DEFERRED TAX LIABILITIES</b>	<b>7 657</b>	<b>8 662</b>

Reconciliation of net deferred tax liabilities is as follows:

IN EUR THOUSANDS	2020	2019
<b>Net deferred tax liabilities</b>		
Opening balance 1.1	8 662	9 085
Formation (+)/release (-) recognized in income statement	-839	-3 200
Formation (+)/release (-) recognized in other comprehensive income	23	-104
Acquisitions/divestments	-	2 744
Currency translation differences	-189	137
<b>CLOSING BALANCE 31.12.</b>	<b>7 657</b>	<b>8 662</b>

The deferred income tax is determined based on the local income tax rate. Deferred tax balance sheet positions relate to the following:

IN EUR THOUSANDS	31.12.20	31.12.19
Trade accounts receivable	198	338
Inventory	3 414	4 082
Financial assets	401	-
Fixed assets	3 218	1 979
Intangible assets	15 626	15 682
Other non-current assets	652	-
Long-term financial liabilities	387	-
<b>Deferred tax liabilities gross</b>	<b>23 896</b>	<b>22 081</b>
Offsetting of assets and liabilities	-12 372	-9 394
<b>Deferred tax liabilities net</b>	<b>11 524</b>	<b>12 687</b>
Trade accounts receivable	-28	-
Inventory	-844	-1 142
Fixed assets	-4	-88
Intangible assets	-4 975	-2 914
Other short-term liabilities	-1 092	-1 506
Other long-term liabilities	-438	-
Long-term provisions	-15	-
Long-term financial liabilities	-527	-
Pension liabilities	-1 137	-1 191
Deferred tax assets on losses carry forward	-7 179	-6 578
<b>Deferred tax assets gross</b>	<b>-16 239</b>	<b>-13 419</b>
Offsetting of assets and liabilities	12 372	9 394
<b>Deferred tax assets net</b>	<b>-3 867</b>	<b>-4 025</b>

The Group has not capitalized deferred taxes for losses carried forward in the amount of EUR 43 457 thousand (2019: EUR 39 656 thousand). These income tax deductible losses carried forward expire as follows:

IN EUR THOUSANDS	31.12.20	31.12.19
Expire next year	2 243	120
Expire in 2-4 years	3 307	4 756
Expire in 5-7 years	2 998	2 042
Expire after 7 years	6 030	13 310
No expiry	28 879	19 428
<b>TOTAL UNRECOGNIZED LOSSES CARRY-FORWARD</b>	<b>43 457</b>	<b>39 656</b>

Temporary differences for which no deferred tax asset is recognized amount to EUR 22 637 thousand (2019: EUR 17 754 thousand). This is due to the fact that deferred tax assets are only recognized to the extent of recognized deferred tax liabilities. Additional deferred tax assets are recognized if it is probable that sufficient taxable profit will be available against which those deductible temporary differences or unused tax losses can be utilized.

The net deferred tax assets from entities that suffered a loss in either the current or preceding period amount to EUR 110 thousand (2019: EUR 675 thousand). The recognition is supported by the past result development and a promising business plan for the entities concerned.

There are temporary differences of EUR 501 thousand associated with investments in the Group's subsidiaries, for which no deferred tax liability has been recognized in 2020 (2019: EUR 0 thousand).

## 26. EQUITY

### Share capital

IAs at 31 December 2020 the share capital amounts to EUR 1 204 thousand (CHF 1 440 thousand) (2019: EUR 1 204 thousand (CHF 1 440 thousand)), consisting of 7,200,000 registered shares (2019: 7,200,000) with a nominal value of EUR 0.17 (CHF 0.20) each (2019: EUR 0.17 (CHF 0.20)).

In addition, there is conditional share capital of EUR 46 thousand (CHF 50 thousand) (2019: EUR 46 thousand (CHF 50 thousand)) for a potential employee incentive plan.

ORDINARY SHARES ISSUED AND FULLY PAID	THOUSANDS	EUR THOUSANDS
<b>At 1 January 2019</b>	<b>6 000</b>	<b>988</b>
issued in July 2019	1 200	216
<b>At 31 December 2019 and 1 January 2020</b>	<b>7 200</b>	<b>1 204</b>
issued in 2020	-	-
<b>At 31 December 2020</b>	<b>7 200</b>	<b>1 204</b>

TREASURY SHARES	THOUSANDS	EUR THOUSANDS
<b>At 1 January 2019</b>	<b>-</b>	<b>-</b>
purchase of treasury shares	15	551
<b>At 31 December 2019 and 1 January 2020</b>	<b>15</b>	<b>551</b>
purchase of treasury shares	-	-
<b>At 31 December 2020</b>	<b>15</b>	<b>551</b>

All registered shares issued are fully paid up and bear equal rights in all regards.

### Capital reserves

The capital reserves relate to capital increases in 2007, 2017, 2018 and 2019.

In 2020, there was no capital contribution from shareholders (2019: EUR 41 212 thousand, thereof EUR 18 754 thousand were converted shareholder loans), and therefore, none was allocated to capital reserves (2019: EUR 41 996 thousand) or share capital (2019: EUR 216 thousand).

### Retained earnings and other reserves

These reserves include retained earnings and currency translation differences. There are non-distributable reserves in various Group companies.

## 27. CONSOLIDATED GROUP AND CHANGES

The scope of consolidation of Lalique Group as at 31 December 2020 changed compared with 31 December 2019 through

- the acquisition of the Maison Noir AG, which was renamed to Art & Fragrance SA, as a subsidiary of Lalique Group SA; Art & Fragrance SA is an acquired inactive shell, which is to be filled by a new licensing business in the future and used to protect the Group's former corporate name

Lalique Group comprised the following companies at 31 December 2020:

COMPANY, HEADQUARTERS, COUNTRY	CURRENCY (THOUSANDS)	SHARE CAPITAL		PARTICIPATING INTEREST	
		2020	2019	2020	2019
Lalique Group SA, Zurich, Switzerland	CHF	1 440	1 440	Holding	Holding
Lalique Beauty SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
LLQ Management SA, Zurich, Switzerland	CHF	500	500	100%	100%
Lalique Parfums SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
Parfums Grès SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Samouraï SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Alain Delon SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Jaguar Fragrances AG, Zurich, Switzerland	CHF	250	250	100%	100%
Bentley Fragrances AG, Zurich, Switzerland	CHF	250	250	100%	100%
Lalique Barberini Fragrances SA, Zurich, Switzerland	CHF	100	100	100%	100%
Lalique Beauty Distribution SASU, Ury, France	EUR	252	252	100%	100%
Ultrasun AG, Zurich, Switzerland	CHF	250	250	100%	100%
Ultrasun (UK) Limited, Reigate, UK	GBP	10	10	100%	100%
Lalique Beauty Services SASU, Ury, France	EUR	500	500	100%	100%
Art & Fragrance SA, Zurich, Switzerland	CHF	100	-	100%	0%
SCI du Mont à Grillon, Ury, France	EUR	1	1	100%	100%
Lalique Maison SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Lalique Art SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Lalique Suisse SA, Zurich, Switzerland	CHF	100	100	100%	100%
Lalique SA, Paris, France	EUR	34 400	34 400	95%	95%
Lalique North America, Inc., East Rutherford, NJ, USA	USD	2 300	2 300	95%	95%
Lalique Limited, London, UK	GBP	2 050	2 050	95%	95%
Lalique Asia Limited, Hong Kong, China	HKD	29 000	29 000	95%	95%
Lalique (China) Limited, Hong Kong, China	HKD	16 000	16 000	95%	95%
Lalique (Shanghai) Limited, Shanghai, China	CNY	12 780	12 780	95%	95%
Lalique Beijing Trading Company Limited, Beijing, China	CNY	4 310	4 119	95%	95%
Lalique Crystal Singapore PTE Ltd, Singapore	SGD	300	300	95%	95%
Lalique GmbH, Frankfurt, Germany	EUR	870	870	95%	95%
Villa René Lalique SAS, Wingen-sur-Moder, France	EUR	1 814	1 814	95%	95%
Château Hochberg SAS, Wingen-sur-Moder, France	EUR	10	10	95%	95%
Lalique Japan Co. Ltd, Tokyo, Japan	JPY	160 000	160 000	90%	57%
Glenturret Holding SA, Zurich, Switzerland	CHF	4 800	4 800	50%	50%
Glenturret Limited, Edinburgh, Scotland	GBP	-	-	50%	50%

<sup>1</sup> of which paid-in share capital: CHF 50 000 each

Information on subsidiaries which have non-controlling interests that are material to Lalique Group is provided below:

IN % OR EUR THOUSANDS	LALIQUE SA <sup>1</sup> 2020	GLENTURRET HOLDING SA <sup>2</sup> 2020	LALIQUE SA <sup>1</sup> 2019	Glenturret Holding AG 2019
Structural type of subsidiary	consolidated subgroup	consolidated subgroup	consolidated subgroup	consolidated subgroup
Principal place of business of the subsidiary	Paris, France	Edinburgh, Scotland	Paris, France	Edinburgh, Scotland
Proportion of ownership interests and voting rights held by non-controlling interests	5%	50%	5%	50%
Net Group profit attributable to non-controlling interests	-933	-1 469	-1 656	-695
Accumulated balances of non-controlling interest	76	18 119	- 378	20 700
<b>Summarized statement of financial position</b>				
Current assets	52 817	27 467	51 874	20 505
Non-current assets	93 423	31 751	101 802	29 079
Current liabilities	37 780	12 176	37 502	3 223
Non-current liabilities	100 400	10 804	91 654	4 959
Equity	8 060	36 238	24 520	41 402
<b>Summarized statement of profit or loss</b>				
Revenue and other operating income	53 692	1 329	64 604	1 901
Net profit or loss	-16 091	-2 938	-8 804	-1 390
Total comprehensive income	-16 312	-5 221	-10 934	-801

<sup>1</sup> The Group holds a 95% interest in Lalique SA. Lalique SA holds a 95% interest in Lalique Japan (2019: 60%) and a 100% interest in a number of other subsidiaries, resulting in 90% and 95% interests held by the Group, respectively. The amounts presented in column "Lalique SA" are for the entire subgroup, rather than the individual entity within the subgroup.

<sup>2</sup> The Group holds 50% interest in Glenturret Holding SA. Glenturret Holding SA holds 100% interest in Glenturret Ltd. The amounts presented within column "Glenturret Holding SA" are for the entire subgroup, rather than the individual entity within the subgroup.

The amounts presented as summarized in the financial information above are before inter-company elimination with other entities of Lalique Group (transactions and balances within the consolidated subgroup Lalique SA have been eliminated).

**28. TRANSACTIONS WITH RELATED PARTIES****Members of the Board of Directors, members of the Executive Board**

IN EUR THOUSANDS	2020	2019
Total emoluments and salaries (incl. bonuses and interest) paid to members of the Board of Directors and Executive Board	2 663	3 248
Total pension fund contributions paid to members of the Board of Directors and Executive Board	254	307

The compensation elements indicated relate to the last financial year.

**Affiliates and shareholders**

IN EUR THOUSANDS	31.12.20	31.12.19	TYPE OF TRANSACTION
<b>Liabilities:</b>			
Affiliates under common control	6	60	Château Lafaurie-Peyraguey, wine and hospitality services
	7	-	Château Faugères, purchase of racking for warehouse
	1	30	Denz Weine, purchase of wine
	11	17	Vignobles Silvio Denz, purchase of wine
Principal shareholder	-	9 196	Loan Silvio Denz
	10	4	Expenses Silvio Denz
Members of the Board of Directors of Lalique Group SA	19	9	Mont-Blanc resourcing, consulting
	12	-	Sanjeev Malhan, remuneration board mandate
	18	-	Adbodmer AG, remuneration board mandate
<b>Receivables:</b>			
Affiliates under common control	6	108	Château Lafaurie-Peyraguey, purchase of Lalique products
	6	-	Château Lafaurie-Peyraguey, reimbursements
	2	-	Vignobles Silvio Denz, purchase of Lalique products
	-	18	Denz Weine, services
	-	5	Wermuth Auktionen, services
Principal shareholder	-	16	Silvio Denz, purchase of Lalique products



IN EUR THOUSANDS	2020	2019	TYPE OF TRANSACTION
<b>Proceeds from:</b>			
Affiliates under common control	5	182	Château Lafaurie-Peyraguey, sale of Lalique products
	7	-	Château Lafaurie-Peyraguey, reimbursements
	2	-	Vignobles Silvio Denz, sale of Lalique products
	-	18	Denz Weine, products and services
	11	11	Art & Terroir SA, reimbursements
	-	5	Wermuth Auktionen, services
	-	1	Ciron SA
	38	103	Reimbursement private expenses
Principal shareholder	2	33	Proceeds from sale of Lalique products
<b>Expenditure of:</b>			
Affiliates under common control	61	193	Château Lafaurie-Peyraguey, purchase of wine and hospitality services
	3	-	Château Rocheyron, purchase of wine
	7	-	Château Faugères, purchase of racking for warehouse
	-	107	Art & Terroir SA, transaction costs and reimbursements
	50	91	Vignobles Silvio Denz, purchase of wine
	26	48	Denz Weine, purchase of wine
	99	8	Wermuth Auktionen, purchase of wine
	-	5	Clos d'Agon, purchase of wine
	-	1	Noir Gastronomie AG, services
Principal shareholder	-	82	Interest on loan
	75	118	Expenses Silvio Denz
Members of the Board of Directors of Lalique Group SA	78	109	Mont-Blanc resourcing, consulting
	399	434	Ermitage Estate Limited, rent
	-	90	Adbodmer SA, transaction fees Project Clyde
	18	-	Adbodmer AG, remuneration board mandate
	12	-	Sanjeev Malhan, remuneration board mandate
	93	-	Claudio Denz, purchase Maison Noir SA (renamed to Art & Fragrance SA) and reimbursements

Transactions with related parties are settled on an arm's-length basis.

### **29. CONTINGENT LIABILITIES**

As at 31 December 2020, there were no unrecognized contingent liabilities (2019: EUR 0).

### **30. ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS**

Villa René Lalique SAS has pledged the property of Villa René Lalique in Wingen-sur-Moder, France for a bank credit of EUR 10.0 million. This bank credit has replaced a former credit line in 2019. The pledged value amounts to the property assets valued EUR 9.2 million. There are no other assets pledged or assigned to secure the Groups' own commitments.

### **31. SUBSEQUENT EVENTS**

Lalique Group has evaluated events from 31 December 2020 up to the date the financial statements were issued. There were no subsequent events that require disclosure.



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Statutory Auditor's Report

To the General Meeting of  
**LALIQUE GROUP SA, ZÜRICH**

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Lalique Group SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 5 to 50) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### **Basis for Opinion**

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Recoverability of intangible assets with indefinite useful life

### Key audit matter

Intangible assets (including goodwill) amounted to EUR 84.8 Mio as of 31 December 2020 and represent 25% of total assets. Thereof, EUR 10.9 Mio (13%) represent Goodwill and EUR 67.1 Mio (79%) represent intangible assets with an indefinite life. Other intangible assets amounting to EUR 6.8 Mio (8%) have definite lives and are amortised over the useful life.

Recoverability of goodwill, as well as intangible assets with an indefinite life, is tested for impairment on an annual basis under IAS 36 Impairment of assets (IAS 36). Thereby, the recoverable amount determined by management is compared with the carrying amount to assess the need for an impairment. Should the carrying amount exceed the recoverable amount, an impairment is required. In 2020 an impairment of EUR 4.32 Mio has been recorded on the brand "Lalique".

In the absence of plans to dispose of an intangible asset, management has determined the recoverable amount of intangible assets and goodwill using a discounted cash flow method (DCF).

The application of the DCF method requires a number of management estimates. Significant management estimates comprise, among other things, the forecast of future revenues, growth rates as well as the determination of an appropriate discount rate.

Due to the magnitude of the balance as per 31 December 2020, as well as the susceptibility of management estimates to bias and estimation uncertainty, we consider the recoverability of Goodwill and intangible assets with an indefinite life as a key audit matter.

In this regard, please also refer to the accounting and valuation principles (Note 2) and Note 16 (Intangible assets) in the consolidated financial statements.

### How the scope of our audit responded to the key audit matter

To audit management's assessment of the recoverability of goodwill and intangible assets with an indefinite life, we have involved valuation specialists and performed the following procedures:

- We obtained a comprehensive understanding of the impairment tests performed by the client and assessed them for irregularities and appropriateness.
- We tested the design and implementation of the internal control that is applied to ensure proper valuation of intangible assets.
- With the assistance of valuation specialists, we critically challenged base assumptions and estimates such as discount and growth rates, by performing independent recalculations and reviewing the report of the management experts.
- Based on publicly available information, as well as on information obtained from management, we have developed our own expectation on the impairment test key input factors, which we have compared to the client's analysis.
- We assessed the accuracy of prior period management estimates of future cash flows by comparing these to actual results achieved during the current year.
- We assessed the appropriateness of management's disclosures in Note 16 of the consolidated financial statements in accordance with IAS 36 requirements.

Our audit procedure did not lead to any reservation concerning the valuation of intangible assets with indefinite useful life and goodwill.

### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor whose report, dated 16 April 2020, expressed an unqualified opinion on those consolidated financial statements.



***Other Information in the Annual Report***

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.



Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibility of the Board of Directors for the Consolidated Financial Statements***

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Lalique Group SA  
Statutory Auditor's Report  
for the year ended  
31 December 2020

**Report on Other Legal and Regulatory Requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

**Deloitte AG**

Chris Krämer  
Licensed Audit Expert  
Auditor in Charge

Sarah Sutter  
Licensed Audit Expert

Zurich, 19 April 2020

# Lalique Group Remuneration Report

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## Compensation governance

### Compensation principles

Lalique Group strives to attract and retain qualified and motivated managers and skilled personnel. This aspiration is underpinned by a fair remuneration system. In the interests of the sustainable development of the company this system takes short-, medium- and long-term targets into account.

The present Remuneration Report offers an overview of the remuneration policy for the Board of Directors and the Executive Board, and of the equity participation of the members of those bodies in the company. This information complies with Articles 663bbis and 663c of the Swiss Code of Obligations, the Ordinance against Excessive Compensation in Listed Corporations (VegÜV/ORAb) and the company's Articles of Incorporation. The currently applicable articles were approved at the General Meeting of Shareholders on 24 May 2019.

Remuneration rates for the members of the Board of Directors and the Executive Board were put to shareholders for approval for the first time at the General Meeting of Shareholders on 26 June 2015. Neither amendments to the contracts of the Executive Board members nor any new agreements with members of the Board of Directors relating to the new legal and statutory requirements were necessary.

This report is based on the guiding principles given in the Swiss Code of Best Practice for Corporate Governance (2016). The information on compensation paid to the Board of Directors and the Executive Board is also in accordance with IFRS Accounting Standards, Swiss law, the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the SIX Directive Corporate Governance (DCG), and the Company's Articles of Incorporation.

### Remuneration Committee

The Remuneration Committee consists of at least two members of the Board of Directors. All members of the Remuneration Committee are individually elected by the shareholders' meeting for a term of one year. Re-election is permitted. The chairperson of the Remuneration Committee is appointed by the Board of Directors.

At the General Meeting of Shareholders of 8 May 2020, shareholders confirmed the members of the Remuneration Committee. The elected members for a period of one year are Silvio Denz and Roland Weber.

The Remuneration Committee is responsible for regularly checking and evaluating the company's remuneration system. In addition, the Remuneration Committee assists the Board of Directors in remuneration-related matters, namely by:

- verifying compliance with the principles of remuneration in accordance with the law, the Articles of Incorporation and the Organizational Regulations as well as the resolutions of the shareholders' meeting regarding remuneration
- proposals to the Board of Directors for the establishment of principles, assessment criteria and qualitative and quantitative objectives for remuneration within the framework of the requirements set out by law and in the Articles of Incorporation
- calculation and proposals to the Board of Directors on the achievement of qualitative and quantitative targets for the assessment of variable remuneration
- proposals to the Board of Directors for the amounts of fixed and variable remuneration for the members of the Board of Directors as well as the fixed and variable remuneration for the members of the Executive Board
- proposal to the Board of Directors regarding the remuneration report
- taking all further actions assigned to it by law, the Articles of Incorporation and the Organizational Regulations

The Remuneration Committee is entitled to conduct investigations in all matters within its competence. In particular, it has full access, to the extent required for the fulfilment of its duties, to the employees, books and records of the Group and its subsidiaries. It may also request the services of independent advisors and experts to the extent required for the accomplishment of its duties.

### General duties and powers of the Annual General Meeting

The Annual General Meeting of the Company votes each year separately on the proposals by the Board of Directors regarding the maximum aggregate amount of the compensation of the Board of Directors and the Executive Board for the term of office until the next annual shareholders' meeting.

## Compensation awarded to the Board of Directors

### Composition of directors' remuneration

The Board of Directors consisted of six members until 8 May 2020 and of seven members after 8 May 2020. All existing members of the Board of Directors were re-elected for another term at the General Meeting of Shareholders on 8 May 2020. Sanjeev Malhan was elected as a new member of the Board of Directors representing DS Group, which had acquired a 12.3% interest in Lalique Group in June 2019. Further information on the Board of Directors, its powers, the delegation of its duties and responsibilities, its spheres of influence, and its composition can be found in the Corporate Governance Report 2020.

The members of the Board of Directors receive a fixed remuneration for their work as members of the Board of Directors. The Remuneration Committee can provide for them to receive an optional variable rate of remuneration. Where a variable remuneration rate is implemented, it is based on qualitative and quantitative targets. The variable remuneration rate may not exceed 200% of the fixed compensation.

Bonuses can be paid to members of committees or those who assume particular roles or tasks.

With regard to activities in companies directly or indirectly controlled by Lalique Group and activities performed in the exercise of the role of member of the Board of Directors, the company concerned may remunerate directors as long as this remuneration is covered by the amount approved by the General Meeting of Shareholders.

The fixed remuneration can be paid in part in shares, and the variable remuneration in part or in full in shares.

Members of the Board of Directors are entitled to compensation for personal expenditure and expenses. The reimbursement of expenditure and repayment of expenses is not considered as remuneration. In addition, where the law permits, the company can compensate directors for financial disadvantages relating to legal proceedings, court cases or settlement deals, and advance corresponding amounts and contract insurance coverage. Any such indemnification, advances and insurances are not considered as compensation.

### Approval of directors' remuneration

The General Meeting of Shareholders approves the maximum amount of fixed remuneration for the Board of Directors for the period up to the next General Meeting of Shareholders.

The General Meeting of Shareholders approves the total amount of variable remuneration of the Board of Directors for the previous financial year.

### Actual compensation of the Board of Directors for 2020

The directors were entitled to a fixed compensation of CHF 25 000 for their service on the Board of Directors but voluntarily waived 20% of this amount in the context of the Covid-19 situation. Silvio Denz (Executive Chairman of the Board of Directors), Roger von der Weid (Delegate of the Board of Directors & CEO), as well as Claudio Denz (Member of the Board of Directors & Head of Digital) each received additional fixed remuneration for their operational responsibilities.

Total actual remuneration for members of the Board of Directors for the 2020 and 2019 financial years was as follows:

IN CHF THOUSANDS		GROSS COM- PENSATION	POST EMPLOY- MENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COM- PENSATION
<b>2020</b>					
Denz, Silvio	Executive Chairman of the Board of Directors	263	21	17	301
Weber, Roland	Vice-Chairman of the Board of Directors	20	-	1	21
von der Weid, Roger	Delegate of the Board of Directors & CEO	481	40	31	552
Denz, Claudio	Member of the Board of Directors & HD	206	9	14	229
Kollros, Jan	Member of the Board of Directors	20	-	-	20
Roesti, Marc	Member of the Board of Directors	20	-	-	20
Malhan, Sanjeev	Member of the Board of Directors (as of 8.5.20)	13	-	-	13
<b>Total Board of Directors</b>		<b>1 023</b>	<b>70</b>	<b>63</b>	<b>1 156</b>
<b>2019</b>					
Denz, Silvio	Executive Chairman of the Board of Directors	301	24	19	344
Weber, Roland	Vice-Chairman of the Board of Directors	25	-	2	27
von der Weid, Roger	Delegate of the Board of Directors & CEO	624	43	39	706
Denz, Claudio	Member of the Board of Directors & HD	246	10	16	272
Kollros, Jan	Member of the Board of Directors	25	-	-	25
Roesti, Marc	Member of the Board of Directors	25	-	-	25
<b>Total Board of Directors</b>		<b>1 246</b>	<b>77</b>	<b>76</b>	<b>1 399</b>

Except for Roger von der Weid and Claudio Denz whose total compensation includes a variable component for their operational responsibilities (Roger von der Weid CHF Thousands 35; Claudio Denz CHF Thousands 7), none of the members of the Board of Directors was paid a variable compensation for their service. No remuneration was paid to former members of the Board of Directors.

## Compensation awarded to the Executive Board

### Composition of remuneration of the Executive Board

The members of the Executive Board receive a fixed annual remuneration sum and a variable remuneration for their work. The variable remuneration rate is based on qualitative and quantitative targets. Evaluating the extent to which these targets are achieved is the responsibility of the Board of Directors. The variable remuneration rate may not exceed 100% of the fixed compensation.

Bonuses can be paid to members of committees or those who assume particular roles or tasks.

With regard to activities in companies directly or indirectly controlled by Lalique Group and activities performed in the exercise of the role of member of the Executive Board, the company concerned may remunerate Executive Board members as long as this remuneration is covered by the amount approved by the General Meeting of Shareholders.

The variable remuneration can be paid in part or in full in shares.

Members of the Executive Board are entitled to compensation for personal expenditure and expenses. The reimbursement of expenditure and the repayment of expenses is not considered as remuneration. In addition, where the law permits, the company can compensate Executive Board members for financial disadvantages relating to legal proceedings, court cases or settlement deals, and

advance sums accordingly and contract insurance coverage. Any such indemnifications, advances and insurances are not considered as compensation.

### Approval of remuneration for the Executive Board

The General Meeting of Shareholders approves the maximum amount of fixed remuneration of the Executive Board for the period up to the next General Meeting of Shareholders.

The General Meeting of Shareholders approves the total amount of the variable remuneration for the Executive Board for the previous financial year.

Where new Executive Board members are appointed subsequent to approval being given by the General Meeting of Shareholders, the supplementary pro rata sum per new member is 150% of the highest fixed remuneration paid to an Executive Board member in the financial year preceding the last General Meeting of Shareholders. Approval by the shareholders for the supplementary remuneration is not required.

### Actual compensation of the Executive Board for 2020

The members of the Executive Board voluntarily waived a part of their fixed remuneration since the outbreak of the Covid-19 crisis in spring 2020, as well as 50% of their variable compensation due for the financial year 2019. Total actual remuneration for members of the Executive Board for the financial years 2020 and 2019 was as follows:

IN CHF THOUSANDS	GROSS COMPENSATION	POST EMPLOY- MENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COMPENSATION
2020				
Members of the Executive Board <sup>1</sup>	1 827	202	349	2 378
<b>Total Executive Board</b>	<b>1 827</b>	<b>202</b>	<b>349</b>	<b>2 378</b>
2019				
Members of the Executive Board <sup>1</sup>	2 367	266	439	3 072
<b>Total Executive Board</b>	<b>2 367</b>	<b>266</b>	<b>439</b>	<b>3 072</b>

<sup>1</sup> Amounts do not include remuneration to members of the Executive Board who are also serving as members of the Board of Directors.

The total compensation includes a variable component of CHF 179 Thousand in 2020 (CHF 391 Thousand in 2019).

The Group CEO, Roger von der Weid, received the highest total compensation in 2020 (see table "Actual compensation of the Board of Directors for 2020").

No remuneration was paid to former members of the Executive Board.

## Shares held by members of management bodies

As at 31 December 2020, the members of the Board of Directors and the Executive Board held the following number of shares:

NAME	FUNCTION	31.12.20	31.12.19
Denz, Silvio	Chairman of the Board of Directors	4 202 700	4 197 000
Weber, Roland	Vice-Chairman of the Board of Directors	8 000	8 000
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 600	3 600
Denz, Claudio	Member of the Board of Directors & Head Digital	214 560	214 560
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	2 100	2 100
Rubinstein, Alexis	Group CFO	120	120
Müller, Michael	CFO, Lalique Beauty	120	120
Rios Lopes, David	COO, Perfumes	600	600
Abels, Rosemarie	Head Procurement & Production, Perfumes	120	120
Joly, Marie-Laure	Head of Marketing, Perfumes	700	300
Leutenegger, Thomas	Head of Sales, Perfumes	150	150
Irniger, Benedikt	Head of Ultrasun	-	-
Mandry, Denis	Factory Director, Crystal	-	-
Larminaux, Marc	Head of Design, Crystal	-	-
de Jaham, Jean Baptiste	Head of Sales, Crystal	-	-
Ashworth, Alexia	Head of Marketing, Crystal	-	-
<b>Total</b>		<b>4 432 770</b>	<b>4 426 670</b>
Total Lalique Group shares		7 200 000	7 200 000

The shares listed above, held by members of the Board of Directors and Executive Board, are not subject to any vesting periods. The option of purchasing blocked shares in the company at market value (including a discount which recognizes the lock-up period and its duration) may

be accorded to members of either body. Otherwise, the members of the Board of Directors and Executive Board are not granted any special rights concerning the purchase of shares.

## Loans and credit

Lalique Group may grant loans or credit to members of the Board of Directors or Executive Board in exceptional cases. The total sum of such loans and credits may not exceed CHF 1 million per member. No such loans or credits existed in the 2020 financial year, either towards present (or former) members of the Board of Directors or of the Executive Board, or towards persons closely connected with these members.



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### **Report of the statutory auditor**

To the General Meeting of  
**LALIQUE GROUP SA, ZÜRICH**

We have audited the remuneration report dated 19 April 2021 of Lalique Group SA for the year ended 31 December 2020. Our audit is limited to the information provided in the tables on page 59 to 61 in accordance with the articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) and to the information regarding compensation for former members of governing and executive bodies or parties related to them and regarding loans and advances on page 62.

### **Responsibility of the Board of Directors**

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Lalique Group SA  
Report of the statutory auditor in relation to the  
remuneration report as of 31 December 2020

**Opinion**

In our opinion, the remuneration report for the year ended 31 December 2020 of Lalique Group SA complies with Swiss law and articles 14 – 16 of the Ordinance.

**Deloitte AG**

Chris Krämer  
Licensed audit expert  
Auditor in Charge

Sarah Sutter  
Licensed audit expert

Zurich, 19 April 2021





# Lalique Group SA, Zurich, Financial Statements

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## Income statement

IN CHF THOUSANDS	2020	2019
Income from participating interests	-	6 800
Personnel expenses	-295	-458
Other operating expenses	-684	-782
Depreciation on property, plant and equipment	-20	-17
<b>Earnings before interest and taxes</b>	<b>-999</b>	<b>5 543</b>
Total financial income	4 148	4 204
Total financial expenses	-1 838	-4 045
Extraordinary expenses	-54 809	-854
Extraordinary income	41	-
<b>Loss/profit for the year before taxes</b>	<b>-53 457</b>	<b>4 848</b>
Direct taxes	-23	-
<b>LOSS/PROFIT FOR THE YEAR</b>	<b>-53 480</b>	<b>4 848</b>

# Balance Sheet

IN CHF THOUSANDS	31.12.20	31.12.19
<b>Current assets</b>		
Cash and cash equivalents	7 927	27 477
Other short-term receivables from third party	238	24
Other short-term receivables from related party	288	216
<b>Total current assets</b>	<b>8 453</b>	<b>27 717</b>
<b>Non-current assets</b>		
Investments	126 600	126 700
Loans to group companies	65 835	113 013
<b>Total non-current assets</b>	<b>192 435</b>	<b>239 713</b>
<b>TOTAL ASSETS</b>	<b>200 888</b>	<b>267 430</b>
<b>Current liabilities</b>		
Interest-bearing short-term bank liabilities	35 064	38 207
Trade account payables	278	181
Other current liabilities due to third party	197	225
<b>Total current liabilities</b>	<b>35 539</b>	<b>38 613</b>
<b>Non-current liabilities</b>		
Non-current liabilities due to group companies	484	472
Interest-bearing shareholder loans	-	10 000
<b>Total non-current liabilities</b>	<b>484</b>	<b>10 472</b>
<b>Total liabilities</b>	<b>36 023</b>	<b>49 085</b>
<b>Equity</b>		
Share capital	1 440	1 440
Legal capital reserves	107 632	108 475
Capital contribution reserves	87 810	88 652
Other legal capital reserves	19 822	19 822
Legal retained earnings	1 255	1 255
Voluntary retained earnings	55 151	107 788
Earnings brought forward	108 631	102 940
Loss/Profit for the year	-53 480	4 848
Treasury shares	-613	-613
<b>Total equity</b>	<b>164 865</b>	<b>218 345</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>200 888</b>	<b>267 430</b>

## Notes to the financial statements

### Applied valuation principles in the financial statements

These financial statements have been prepared in accordance with the regulations of Swiss financial reporting law.

### Treasury shares

Treasury shares are valued at acquisition cost at the date of recognition and recorded as a negative value of the equity. In case of sales, a gain or loss will be recorded in financial income or expenses.

### Interest-bearing long-term loans

Interest-bearing long-term loans are valued at nominal value.

### Waiver of disclosing additional information for interest-bearing liabilities and cash flow statement

Lalique Group SA prepares its consolidated financial statements in accordance with IFRS and therefore is exempted from the presentation of cash flow statements, management report and additional disclosures.

### Information about balance sheet and income statement items

#### Extraordinary expenses

The extraordinary expenses are mainly related to impairments on intercompany loans. Lalique Group SA came to the conclusion that the carrying amount of the intercompany loans may not be recoverable as at 31 December 2020. In 2020, the Group recognized a total impairment charge on loans to group companies of EUR 54 809 thousand (2019: CHF 426 thousand).

#### Full-time positions

The number of full-time positions, on annual average, did not exceed ten in 2020 nor in the previous year.

#### Significant shareholders

To the knowledge of the company, the following were the only shareholders holding more than 3% of the share capital of Lalique Group SA as at 31 December 2020:

SIGNIFICANT SHAREHOLDERS	NUMBER OF SHARES 31 DECEMBER 2020		NUMBER OF SHARES 31 DECEMBER 2019	
		%		%
Silvio Denz	4 202 700	58.37%	4 197 000	58.29%
Dharampal Satyapal Limited	884 000	12.28%	884 000	12.28%
Hansjörg Wyss	453 918	6.30%	453 918	6.30%
MAG Seven Ltd on behalf of Ayman, Faisal, Mohammed and Maanoun Tamer	240 000	3.33%	240 000	3.33%

IN CHF THOUSANDS	31.12.20	31.12.19
<b>Contingent liabilities</b>		
As at 31 December 2020, there were unrecognized contingent liabilities (joint guarantees) of EUR 8,157 million (31.12.2019: EUR 9,198 million) arising from short- and long-term loans and guaranteed rental income in connection with Lalique SA and Villa René Lalique SAS.	8 846	10 002
<b>Guarantees</b>		
Joint and several liability for VAT debt resulting from the consolidated accounting of VAT (group taxation)	918	920
<b>Directly held investments</b>		
<b>Lalique Beauty SA (former Art &amp; Fragrance SA), Zurich</b>		
Holding of participating interests		
Share capital in CHF thousands	1 000	1 000
Ownership and voting right	100%	100%
<b>Lalique SA, Paris</b>		
Production and sale/distribution of crystal, jewellery, perfume and cosmetic products		
Share capital in EUR thousands	34 400	34 400
Ownership and voting right	95%	95%
<b>Lalique Suisse SA, Zurich</b>		
Wholesale and retail trade in consumer products and luxury items, in particular of the Lalique brand		
Share capital in CHF thousands	100	100
Ownership and voting right	100%	100%
<b>Lalique Maison SA, Zurich</b>		
Creation and sale/distribution of furniture and interior-design accessories		
Share capital in CHF thousands <sup>1</sup>	100	100
Ownership and voting right	100%	100%
<b>Lalique Art SA, Zurich</b>		
Creation, development and trading of works art and decorative elements		
Share capital in CHF thousands <sup>1</sup>	100	100
Ownership and voting right	100%	100%
<b>SCI du Mont à Grillon, Ury</b>		
Management and rental of real estate		
Share capital in EUR thousands	1	1
Ownership and voting right	100%	100%
<b>Glenturret Holding SA, Zurich</b>		
Production and sale/distribution of fine spirits		
Share capital in CHF thousands	4 800	4 800
Ownership and voting right	50%	50%

<sup>1</sup> Of which paid in: CHF 50,000 each

**Treasury shares**

	NUMBER OF TRANSACTIONS	ANNUAL LOW SHARE PRICE IN CHF	ANNUAL HIGH SHARE PRICE IN CHF	AVERAGE PRICE PER SHARE IN CHF	NUMBER OF TREASURY SHARES
<b>Treasury shares</b>					
<b>Balance as of 1.1.2019</b>					-
Purchases	48	36.40	51.50	40.88	15 000
<b>Balance as of 31.12.2019</b>					<b>15 000</b>
Purchases	1	37.00	37.00	37.00	1
Sales	1	25.80	25.80	25.80	-1
<b>Balance as of 31.12.2020</b>					<b>15 000</b>

As of balance sheet date, the acquisition cost of the treasury shares amounted to CHF 613 thousand (31.12.2019: CHF 613). All shares traded were placed at the current share price on the SIX Swiss Exchange.

**Shares held by members of Board of Directors and Executive Board**

NAME	FUNCTION	31.12.20	31.12.19
Denz, Silvio	Executive Chairman of the Board of Directors	4 202 700	4 197 000
Weber, Roland	Vice-chairman of the Board of Directors	8 000	8 000
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 600	3 600
Denz, Claudio	Member of the Board of Directors & HD	214 560	214 560
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	2 100	2 100
Rubinstein, Alexis	Group CFO	120	120
Müller, Michael	CFO, Lalique Beauty	120	120
Rios Lopes, David	COO, Perfumes	600	600
Abels, Rosemarie	Head Procurement & Production, Perfumes	120	120
Joly, Marie-Laure	Head of Marketing, Perfumes	700	300
Leutenegger, Thomas	Head of Sales, Perfumes	150	150
Irniger, Benedikt	Head of Ultrasun	-	-
Mandry, Denis	General Manager of Factory, Crystal	-	-
Larminaux, Marc	Head of Design, Crystal	-	-
de Jaham, Jean Baptiste	Head of Sales, Crystal	-	-
Ashworth, Alexia	Head of Marketing, Crystal	-	-
<b>Total</b>		<b>4 432 770</b>	<b>4 426 670</b>
Total Lalique Group shares		7 200 000	7 200 000

## Proposal for the allocation of retained earnings as at 31 December 2020

The Board of Directors proposes that the Annual General Meeting of Shareholders (AGM) on 28 May 2021 approves the following appropriation of available earnings:

IN CHF THOUSANDS	31.12.20	31.12.19
Incremental external transaction costs from previous year <sup>1</sup>	843	600
<b>Carried forward from previous year</b>	<b>108 631</b>	<b>102 940</b>
Profit/loss for the year	-53 480	4 848
<b>Total earnings available for appropriation</b>	<b>55 151</b>	<b>107 788</b>
<b>BALANCE TO BE CARRIED FORWARD</b>	<b>55 151</b>	<b>107 788</b>

<sup>1</sup> CHF 0.8 million extraordinary expenses of 2019 were reconsidered as incremental external transaction costs directly attributable to the capital increase of 2019 and consequently presented as a deduction from capital contribution reserves.

The Board of Directors proposes that the AGM on 28 May 2021 shall not issue a dividend this year.

IN CHF THOUSANDS	31.12.20	31.12.19
Incremental external transaction costs from previous year <sup>1</sup>	-843	-600
<b>Capital contribution reserves from previous years</b>	<b>87 810</b>	<b>40 893</b>
Capital increase	-	47 760
<b>Capital contribution reserves before proposed distribution</b>	<b>87 810</b>	<b>88 653</b>
Proposed distribution of capital contribution reserves (2020: CHF 0.00 per dividend-bearing share; 2019: CHF 0.00 per dividend-bearing share)	-	-
<b>BALANCE TO BE CARRIED FORWARD</b>	<b>87 810</b>	<b>88 653</b>

<sup>1</sup> CHF 0.8 million extraordinary expenses of 2019 were reconsidered as incremental external transaction costs directly attributable to the capital increase of 2019 and consequently presented as a deduction from capital contribution reserves.





Statutory Auditor's Report

To the General Meeting of  
**LALIQUE GROUP SA, ZURICH**

[Report on the Audit of the Financial Statements](#)

***Opinion***

We have audited the financial statements of Laliq Group SA, which comprise the balance sheet as at 31 December 2020 and the income statement and notes for the year then ended (pages 67 to 72).

In our opinion the accompanying financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

***Basis for Opinion***

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter



## Valuation of investments and loans to group companies

### Key audit matter

Lalique Group SA as the parent company of Lalique Group holds the shares of its subsidiaries and grants loans to selected subsidiaries. As per 31 December 2020, investments amounted to CHF 126.6 million and loans to group companies amounted to CHF 65.8 million, together representing 96% of Lalique's total assets.

The valuation of investments and loans to group companies depends among other things on the financial stability and healthiness of the investee and thus is linked to the future performance. Consequently, there is a risk that investments and loans are not appropriately valued as the carrying value exceeds the recoverable amounts.

The year-end balances of the investments and the loans to group companies are tested for impairment indication on an annual basis. On an annual basis management assesses the need of impairment, by comparing the recoverable amount, which is calculated based on a discounted cash flow method (DCF), with the carrying amount. Should the carrying amount exceed the recoverable amount, an impairment is required. In 2020 an impairment of CHF 54.8 million has been recorded on Lalique's loans granted to group companies.

Due to the magnitude of the balance, as well as the susceptibility of management estimates to bias and estimation uncertainty, we consider the valuation of investments and loans to group companies as a key audit matter.

In this regard, please also refer to the Note extraordinary expenses.

### How the scope of our audit responded to the key audit matter

To audit management's valuation of investments we performed the following procedures:

- We obtained a comprehensive understanding of the valuation analysis performed by the client and assessed it for irregularities and appropriateness.
- We tested the design and implementation of the internal control applied to ensure correct valuation of investments and loans to group companies.
- We critically challenged the DCF valuation for investments and loans to group companies. Thereby we challenged the base assumptions and estimates such as discount rates by performing independent recalculations and reviewing management's analysis.

Our audit procedures did not lead to any reservation concerning the valuation of investments and loans to group companies.

### Other Matter

The financial statements of the company for the year ended 31 December 2019 were audited by another auditor whose report, dated 16 April 2020, expressed an unqualified opinion on those financial statements.



Lalique Group SA  
Statutory Auditor's Report  
for the year ended  
31 December 2020

#### ***Responsibility of the Board of Directors for the Financial Statements***

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

#### ***Auditor's Responsibilities for the Audit of the 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 Swiss law and Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

#### **Deloitte AG**

Chris Krämer  
Licensed Audit Expert  
Auditor in Charge

Sarah Sutter  
Licensed Audit Expert

Zürich, 19 April 2021

# Publication Details

## PUBLISHER AND EDITOR

Lalique Group SA, Zurich

## DESIGN

Studio Blyss — Brand Identity, Zurich

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and projections made by management.

Such statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and performance of Lalique Group to differ from those expressed in, implied or projected by the forward-looking information and statements. The information published in this report is provided by Lalique Group SA and corresponds to the status as of the date of publication of this report.