

LALIQUE
GROUP

**ANNUAL
REPORT 2019**



Long version

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Cover

Head raised, the Lalique Wolf howls in the moonlight.
Enhanced by the purity of crystal, its satin-finished fur exhibits graphic accents.

MADE BY EXCELLENCE



Excellence for us is both an aspiration and a promise. It is founded on the creativity and experience of our staff and long-standing partnerships with renowned suppliers.

We constantly reinvent it by developing unique products of unsurpassed quality. It is underpinned by a well-structured distribution strategy and expressed in the way we communicate.

We strive to achieve our goals with enthusiasm and commitment, driven by the ambition to be a reliable and efficient partner and an exemplary company in everything we do.

LETTER TO SHAREHOLDERS

Dear Shareholders and Friends of Lalique Group

Lalique Group achieved further growth in 2019 and made significant investments in its business's broad base. Organic growth was driven primarily by continued strong growth in the Ultrasun segment and the positive development of almost all brands in the perfume business. The Lalique crystal business also developed positively, particularly in the area of interior design, which grew by 25%.

In terms of our external growth, the 50% stake in the Scottish single malt whisky distillery The Glenturret enabled us to integrate into our portfolio a brand with significant potential in one of the fastest growing segments of the spirits industry. With The Glenturret, we have substantially expanded our portfolio and are addressing an even broader group of clients in the international luxury goods market. In addition to this, we entered into an exclusive licensing agreement with the renowned luxury brand Brioni. Under the agreement, we will create, manufacture and globally distribute premium perfume collections using the Brioni label. The launch of a first fragrance under the new license will mark the 75th anniversary of Brioni and is planned for the fourth quarter of 2020. We are pleased to be Brioni's exclusive perfume partner and to build on our shared tradition of craftsmanship and quality.

Group results

Group operating revenue increased by 5% year-on-year to EUR 143.5 million. This corresponds to growth in local currencies of 5%. Personnel costs increased by 9% to EUR 35.5 million. Other operating expenses decreased from EUR 32.4 million to EUR 30.0 million year-on-year, while depreciation rose from EUR 7.7 million to EUR 14.8 million. This reflects the first-time application of IFRS 16. The growth and investment-related expenses reflect the planned costs for international expansion and for restructuring in the US; this also includes EUR 1.2 million of one-off expenses in connection with the acquisition of the stake in The Glenturret. Earnings before interest and taxes (EBIT) totaled EUR 1.4 million compared with EUR 6.1 million in the previous year. Net Group profit was EUR 1.1 million compared with EUR 5.2 million in the previous year.

BRIEF AN DIE AKTIONÄRE

Liebe Aktionärinnen und Aktionäre, liebe Freunde des Unternehmens

Im Jahr 2019 hat Lalique Group weiteres Wachstum erzielt und erheblich in die breite Abstützung ihres Geschäfts investiert. Zum organischen Wachstum trugen insbesondere ein anhaltend starker Zuwachs im Segment Ultrasun sowie eine positive Entwicklung fast aller Marken im Parfüm-Geschäft bei. Auch das Lalique-Kristallgeschäft entwickelte sich erfreulich, insbesondere der Bereich Interior Design, der um 25% zunehmen konnte.

Was unser externes Wachstum anbelangt, haben wir mit der 50% Beteiligung an der schottischen Single Malt Whisky Destillerie The Glenturret eine Marke mit grossem Potenzial in einer der am schnellsten wachsenden Kategorie der Spirituosenindustrie in unser Portfolio integriert. Mit The Glenturret haben wir unser Portfolio massgeblich erweitert und sprechen einen noch breiteren Kreis von Kunden im internationalen Luxusgütermarkt an. Im Weiteren konnten wir mit der renommierten Luxusmarke Brioni einen exklusiven Lizenzvertrag abschliessen. Gemäss der Vereinbarung werden wir edle Parfümkollektionen unter dem Brioni-Label kreieren, herstellen und weltweit vertreiben. Die Lancierung eines ersten Dufts im Rahmen der neuen Lizenz ist zur Feier des 75-jährigen Bestehens von Brioni im vierten Quartal 2020 geplant. Wir freuen uns, Brionis exklusiver Parfüm-Partner zu sein und dabei auf unserer gemeinsamen Tradition der Handwerkskunst und Qualität aufzubauen.

Gruppenergebnisse

Der Betriebserlös stieg gegenüber dem Vorjahr um 5% auf EUR 143.5 Mio. Dies entspricht einem Wachstum in Lokalwährungen von ebenfalls 5%. Der Personalaufwand nahm um 9% auf EUR 35.5 Mio. zu. Die übrigen betrieblichen Aufwendungen gingen gegenüber dem Vorjahr von EUR 32.4 Mio. auf EUR 30.0 Mio. zurück, während die Abschreibungen von CHF 7.7 Mio. auf CHF 14.8 Mio. zunahmen. Diese Entwicklung widerspiegelt die erstmalige Anwendung von IFRS 16. Die wachstums- und investitionsbedingten Aufwendungen reflektieren die plangemässen Kosten für die internationale Expansion und für die Restrukturierung in den USA; zudem sind darin EUR 1.2 Mio. an einmaligen Kosten im Zusammenhang mit der Akquisition der Beteiligung an The Glenturret enthalten. Das Betriebsergebnis EBIT belief sich auf EUR 1.4 Mio. gegenüber EUR 6.1 Mio. im Vorjahr. Das Konzernergebnis betrug EUR 1.1 Mio. im Vergleich zu EUR 5.2 Mio. im Vorjahr.



SILVIO DENZ, Executive Chairman of the Board of Directors
ROGER VON DER WEID, Chief Executive Officer



Segment results

The Lalique segment recorded a slight decrease in sales. While the crystal business achieved a solid rise in sales, the perfume business recorded a significant decline due to difficult market and operating conditions in the Middle East, including the embargo on Iran. Costs increased slightly, reflecting the further expansion of the business, particularly in Asia.

Ultrasun once again achieved a very good result for the year under review. The segment recorded continued growth, especially in China, Switzerland and the Netherlands, and new markets also closed the year with solid results.

In the other segments, Jaguar Fragrances recorded further growth as a result of increased sales in Europe, North America and Asia, following a good result in the previous year. Parfums Grès also reported a very positive result for 2019 and benefited from a strong recovery in key markets.

Among the other brands, Bentley Fragrances ended 2019 with solid growth and Parfums Samouraï once again reported higher sales following a decline in the previous year. The perfume filling and logistics

Ergebnisse der Segmente

Das Segment Lalique verzeichnete einen leichten Umsatzrückgang. Während das Kristallgeschäft ein gutes Umsatzplus erzielte, verzeichnete das Parfümgeschäft einen deutlichen Rückgang aufgrund schwieriger Markt- und Betriebsbedingungen im Mittleren Osten inklusive des Iran-Embargos. Die Kosten stiegen leicht und widerspiegeln den weiteren Ausbau des Geschäfts namentlich in Asien.

Ultrasun schloss das Berichtsjahr erneut mit einem sehr erfreulichen Resultat ab. Das Segment verzeichnete insbesondere in China, der Schweiz und den Niederlanden weiteres Wachstum, und neue Märkte schlossen ebenfalls mit soliden Zahlen ab.

In den übrigen Segmenten legte Jaguar Fragrances nach einem guten Vorjahr erneut zu, dank Umsatzsteigerungen in Europa, Nordamerika und Asien. Auch Parfums Grès verzeichnete ein positives Jahr 2019, das von einer starken Erholung von Schlüsselmärkten profitierte.

Unter den anderen Marken schloss Bentley Fragrances das Jahr 2019 mit einem guten Wachstum ab, und auch Parfums Samouraï verzeichnete wieder ein Umsatzplus nach dem Rückgang im

operation Lalique Beauty Services also developed positively. Sales for the whisky distillery The Glenturret for the months from April until December 2019 were in line with expectations.

Outlook

Before the lockdown measures imposed by the authorities around the world in mid-March 2020 to combat Covid-19, Lalique Group's business was less affected than initially expected when the crisis began in China. However, we expect our business operations to be adversely affected during the remainder of the year, in particular due to the closure of points of sale and interruptions in supply chains.

In light of this situation, we swiftly introduced measures to protect Lalique Group's profitability to the greatest extent possible and to maintain our solid financial position. Marketing activities have been significantly reduced and a number of projects for the development and launch of new collections and product lines have been suspended until further notice. In addition, we have applied for short-time work or comparable support measures for the majority of employees at our headquarters in Zurich, all locations in France, as well as overseas. In contrast, digital marketing and online distribution activities will be further expanded. The preparations for the launch of the first Brioni perfume in the fourth quarter of 2020 are proceeding according to plan, and the rebranding of The Glenturret distillery – in connection with the launch of a new line of whiskies under the leadership of renowned whisky maker Bob Dalgarno – is progressing rapidly.

Our solid balance sheet is also attributable to the capital increase completed in July 2019, which resulted in the issue of a total of 1 200 000 new shares. The gross proceeds from the issue amounted to CHF 48 million and were used in part to refinance the acquisition of the stake in The Glenturret. As a result, the equity capital ratio once again rose to 50%. In light of the Covid-19 situation and the associated uncertain economic developments, the Board of Directors of Lalique Group has, however, decided to propose to you that no dividend be distributed for the 2019 financial year. For their part, all members of the Board of Directors and the Executive Board have announced that they will contribute to the measures to preserve liquidity in the form of decreased salaries and bonuses.

Vorjahr. Der Parfüms-Abfüll- und Logistikbetrieb Lalique Beauty Services entwickelte sich ebenfalls positiv. Die Whisky-Destillerie The Glenturret verzeichnete in den Monaten April bis Dezember 2019 einen Umsatz gemäss Erwartungen.

Ausblick

Vor den Mitte März 2020 von Behörden weltweit verhängten Lockdown-Massnahmen zur Bekämpfung von Covid-19 wurde das Geschäft von Lalique Group weniger beeinträchtigt als beim Ausbruch der Krise in China zunächst befürchtet. Für den weiteren Jahresverlauf rechnen wir jedoch mit Beeinträchtigungen des Geschäftsbetriebs, insbesondere aufgrund der Schliessung von Verkaufsstellen und Unterbrüchen in Lieferketten.

Wir haben in dieser Situation umgehend Massnahmen eingeleitet, um die Profitabilität von Lalique Group bestmöglich zu schützen und unsere solide Finanzposition zu erhalten. So wurden Marketingaktivitäten stark reduziert und eine Reihe von Projekten zur Entwicklung und Lancierung neuer Kollektionen und Produktlinien bis auf Weiteres eingestellt. Zudem haben wir für den Grossteil der Mitarbeitenden am Hauptsitz in Zürich, an allen Standorten in Frankreich sowie in Übersee Kurzarbeit bzw. vergleichbare Unterstützungsmassnahmen beantragt. Demgegenüber werden Digitalmarketing und Online-Vertriebsaktivitäten weiter ausgebaut. Die Vorbereitungen für die Lancierung eines ersten Brioni-Parfüms im vierten Quartal 2020 laufen wie geplant, und auch das Rebranding der Destillerie von The Glenturret – verbunden mit der Lancierung eines neuen Whiskysortiments unter der Federführung des renommierten Whisky Makers Bob Dalgarno – schreitet zügig voran.

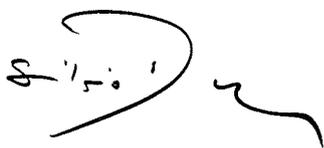
Unsere solide Bilanz verdanken wir auch der im Juli 2019 durchgeführten Kapitalerhöhung, bei der insgesamt 1 200 000 neue Aktien ausgegeben wurden. Der Bruttoerlös aus der Emission betrug CHF 48 Mio. und diente teils zur Refinanzierung der Akquisition der Beteiligung an The Glenturret. Dadurch stieg die Eigenkapitalquote wieder auf 50% an. Nichtsdestotrotz hat der Verwaltungsrat der Lalique Group beschlossen, Ihnen angesichts der Covid-19-Situation und der damit verbundenen unsicheren wirtschaftlichen Entwicklung den Verzicht auf eine Dividende für das Geschäftsjahr 2019 zu beantragen. Alle Mitglieder des Verwaltungsrates und der Geschäftsleitung haben ihrerseits erklärt, sich in Form von Lohn- und Bonusverzicht an den liquiditätserhaltenden Massnahmen zu beteiligen.

Due to the unpredictability of the further developments, it is not possible to provide more specific information on the course of business of Lalique Group at this point in time. However, we are convinced that our diversified portfolio consisting of differently positioned brands and the breadth of our business are fundamental strengths that will benefit Lalique Group, also if the difficult economic environment persists for an extended period. With regard to the medium-term goals communicated to date – sales growth in the mid-single digit percentage range in local currencies, a gradual increase in the EBIT margin to 9%-11% – we currently expect that the achievement of these targets will be delayed, depending on how markets recover from the current crisis.

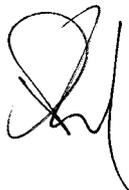
In the meantime, our top priority is the safety and health of our employees during the current pandemic. On behalf of the Board of Directors and the Executive Board, we would therefore like to express our sincere thanks to all our employees for their professionalism and loyalty in this extraordinary situation. We would also like to thank you, our valued shareholders, clients and partners, for your trust, loyalty and support, which continuously drive us in our business activities for Lalique Group.

Aufgrund der Unvorhersehbarkeit der weiteren Entwicklung lassen sich die Auswirkungen auf den Geschäftsverlauf von Lalique Group zum heutigen Zeitpunkt nicht genauer abschätzen. Wir sind jedoch überzeugt, dass unser diversifiziertes Portfolio mit unterschiedlich positionierten Marken und die Breite unseres Geschäfts eine fundamentale Stärke bilden, die Lalique Group auch in einem allenfalls länger anhaltenden schwierigen Wirtschaftsumfeld zu Gute kommen wird. Mit Blick auf unsere bisher kommunizierten Mittelfristziele – Umsatzwachstum im mittleren einstelligen Prozentbereich in Lokalwährungen, schrittweise Steigerung der EBIT-Marge auf 9% bis 11% – gehen wir derzeit davon aus, dass sich die Zielerreichung verzögern wird, abhängig davon, wie sich die Märkte von der aktuellen Krise erholen werden.

Bis dahin gilt unsere oberste Priorität der Sicherheit und Gesundheit unserer Mitarbeitenden während der aktuellen Pandemie. Im Namen des Verwaltungsrates und der Geschäftsleitung möchten wir ihnen daher allen einen besonderen Dank für ihren professionellen Einsatz und ihre Loyalität in dieser ausserordentlichen Situation aussprechen. Ihnen, geschätzte Aktionärinnen und Aktionäre, Kunden und Partner, danken wir für Ihr Vertrauen, Ihre Treue und Unterstützung, welche uns in unseren geschäftlichen Tätigkeiten für die Lalique Group immer weiter antreiben.



Silvio Denz
Executive Chairman of the Board of Directors



Roger von der Weid
Chief Executive Officer

2019 AT A GLANCE

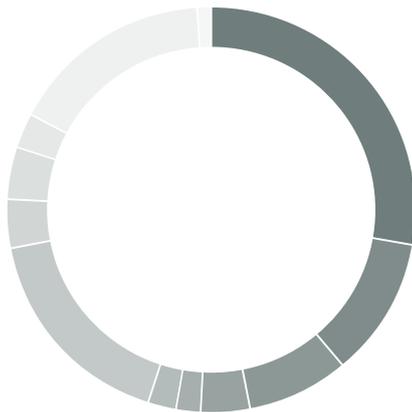
2019 AUF EINEN BLICK

KEY FIGURES 2019 (2018)

Kennzahlen 2019 (2018)



OPERATING REVENUE BY BUSINESS IN %
Betriebserlös nach Geschäftsbereichen in %



- **28** Laliq Decorative Items
- **11** Laliq Parfums
- **8** Laliq Interior Design
- **4** Laliq Hospitality
- **2** Laliq Jewellery
- **2** Laliq Art
- **17** Jaguar Fragrances
- **4** Parfums Samourai
- **4** Parfums Grès
- **3** Bentley Fragrances
- **16** Ultrasun
- **1** The Glenturret

OPERATING SEGMENT IN EUR MILLION
Geschäftssegmente in EUR Millionen



- **81.1** Laliq
- **23.3** Jaguar Fragrances
- **21.8** Ultrasun
- **11.6** Others¹
- **5.7** Parfums Grès
- 143.5** Total revenue

¹ Parfums Samourai, Bentley Fragrances, Parfums Alain Delon, Laliq Beauty Services, Laliq Beauty Distribution, Holding & Elimination

REVENUE BY REGION IN EUR MILLION

Umsatzerlös nach Regionen in EUR Millionen

North America
Nordamerika

20.7

Europe
Europa

80.2

Asia
Asien

27.7

South America
Südamerika

1.5

Middle East
Mittlerer Osten

13.4

KEY FIGURES IN EUR MILLION²Kennzahlen in EUR Millionen²

	2019	2018
Revenue <i>Betriebserlös</i>	143.5	136.4
EBIT	1.4	6.1
Net group profit <i>Konzernergebnis Gruppe</i>	1.1	5.2
Equity <i>Eigenkapital</i>	171.9	128.1
Net debt <i>Nettoverschuldung</i>	32.5	41.3
Equity ratio <i>Eigenkapitalquote</i>	50.13%	54.04%
EBIT margin <i>EBIT-Marge</i>	1.00%	4.50%

SHARE STATISTICS

Aktienkennzahlen

Earnings per share <i>Ergebnis pro Aktie</i> EUR	0.52	1.09
Equity per share <i>Eigenkapital pro Aktie</i> EUR	23.87	21.34
Share price high³ <i>Höchstkurs Aktie</i> CHF	54.78	54.5
Share price low³ <i>Tiefstkurs Aktie</i> CHF	36.00	42.4

Points of sale Lalique
Verkaufspunkte Lalique

700

Points of sale Beauty Division
Verkaufspunkte Beauty Division

13 500

² The Group has restated the comparative period as at 31 December 2018 for the correction of an error in deferred taxes.
Der Konzern hat den Vergleichszeitraum zum 31. Dezember 2018 angepasst, um einen Fehler bei den latenten Steuern zu korrigieren.

³ Period from 25.6.-31.12. for 2018 following the changeover to SIX Swiss Exchange
Periode vom 25.6.-31.12. für das Jahr 2018 nach dem Wechsel an die SIX Swiss Exchange

HIGHLIGHTS 2019



Images (Picture above): The Glenturret welcomes over 70 000 visitors a year to its distillery in Crieff.
(Picture below): Silvio Denz, Chairman of Lalique Group, and Roger von der Weid, CEO of Lalique Group



ACQUISITION OF THE GLENTURRET

A HISTORIC DISTILLERY

Lalique Group has joined with Swiss entrepreneur Hansjörg Wyss to acquire The Glenturret, Scotland's oldest working distillery. Together, they are breathing new life into the historic maker of single malt whisky.

EINE HISTORISCHE DESTILLERIE

Lalique Group hat – zusammen mit dem Schweizer Unternehmen Hansjörg Wyss – The Glenturret, Schottlands älteste noch operative Destillerie für Single Malt Whisky erworben. Gemeinsam hauchen sie der historischen Destillerie neues Leben ein.

HIGHLIGHTS 2019



Brioni
ROMA

TAILORING LEGENDS SINCE 1945

TAILORING A NEW SCENT

NEW LICENSING AGREEMENT

Lalique Group will create and distribute an exclusive collection of perfumes for the eponymous luxury fashion brand Brioni. The launch of a first Brioni scent under the licence is planned for the fourth quarter of 2020.

NEUE LIZENZVEREINBARUNG

Lalique Group wird exklusiv eine Parfümkollektion für die gleichnamige Luxusmodemarke Brioni kreieren und vertreiben. Die Einführung eines ersten Brioni-Duftes im Rahmen der Lizenz ist für das vierte Quartal 2020 geplant.

HIGHLIGHTS 2019



#IAMTHES

WAKE UP AND SMELL THE SUN!

With the addition of Soleil Lalique to its feminine fragrance portfolio, the House of Lalique celebrates the sun and the free-spirited women who love it—a community impassioned by the vibrant tagline: #IAMTHESUNCHILD

WACHEN SIE AUF UND RIECHEN SIE DIE SONNE!

Mit dem neuen Duft Soleil Lalique feiert das Unternehmen die Sonne und die eigenständigen Frauen. Eine Community, die vom erfrischenden Slogan #IAMTHESUNCHILD begleitet wird.

SUNCHILD

HIGHLIGHTS 2019

RIGHTS ISSUE

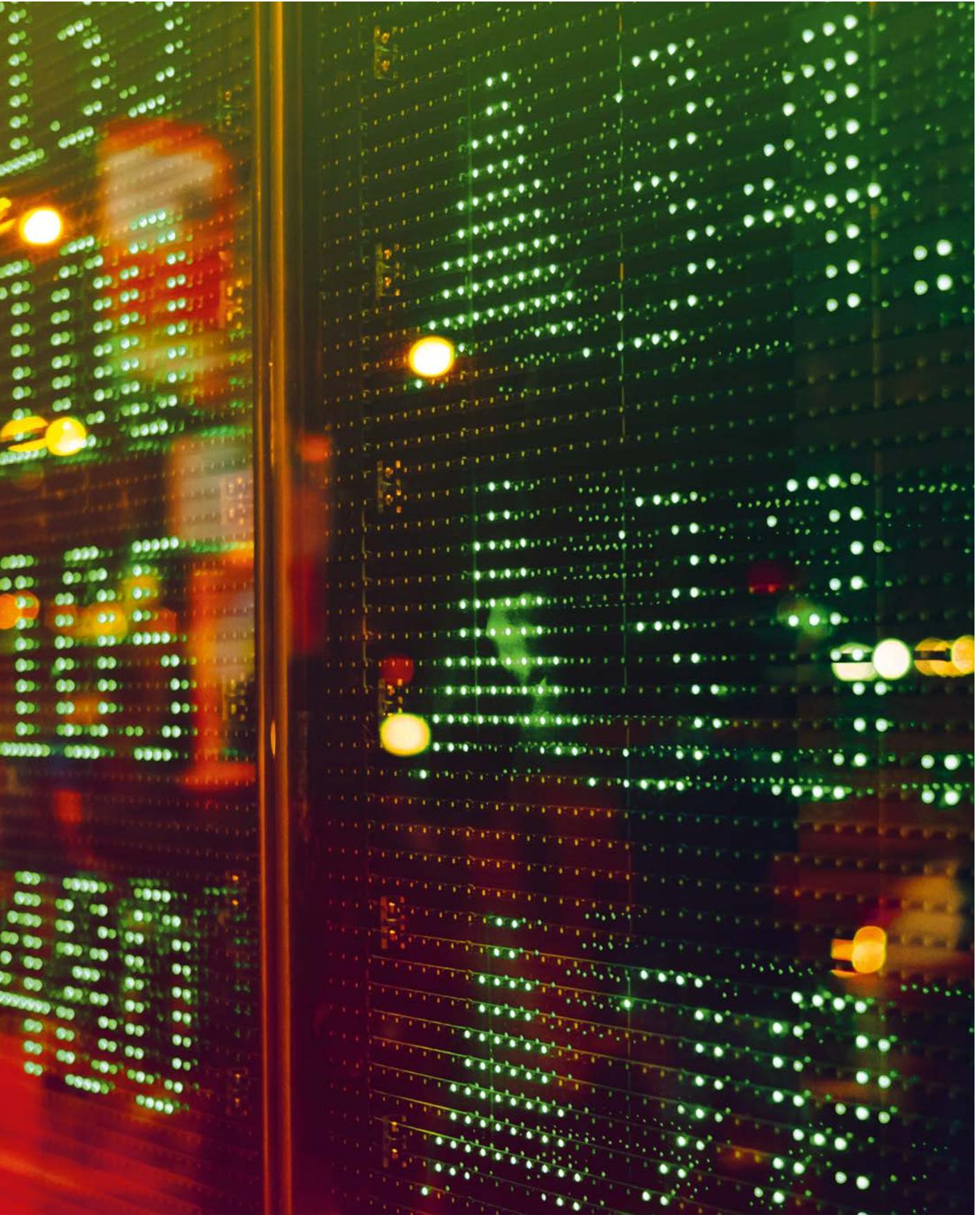
CAPITAL INCREASE

Lalique Group completed a capital increase in 2019, issuing a total of 1 200 000 new registered shares. The gross proceeds from the rights issue amounted to CHF 48 million and were used to refinance the acquisition of the Glenturret whisky business.

KAPITALERHÖHUNG

Lalique Group hat im 2019 eine Kapitalerhöhung durchgeführt und 1 200 000 neue Aktien ausgegeben. Der Bruttoerlös aus der Emission betrug CHF 48 Mio. und wurde vornehmlich zur Refinanzierung der Glenturret Whisky Akquisition verwendet.





BUSINESS MODEL AND STRATEGY

As a successful niche player in the luxury goods sector, Laliq Group, which is celebrating its 20th anniversary this year, specializes in the creation, development, marketing and global distribution of branded products. Its business areas comprise perfumes, cosmetics, crystal, jewellery, high-end furniture and lifestyle accessories, art, gastronomy and hospitality, as well as single malt whisky.

LALIQUE



ultrasun
Professional Protection

GRÈS
PARIS

SAMOURAÏ



Brioni
ROMA

THE GLENTURRET
SINGLE MALT SCOTCH WHISKY

GROUP HISTORY

Founded in 2000, the Company initially focused on perfumes and then expanded into cosmetics with the acquisition of the Ultrasun brand in 2007. In 2008, the Group acquired Lalique, which has a long tradition in the glass-making industry and is associated with high quality and craftsmanship, having developed specialized production processes over the last century. Today, Lalique Group leverages its diversified portfolio of brands, state-of-the-art production facilities and management expertise to pursue its growth strategy. Lalique Group holds 95% of the capital of Lalique SA, while the remaining shares are held by private investors.

NEW BUSINESS

In December 2019, Lalique Group entered into an exclusive licence agreement with the prestigious luxury fashion brand Brioni. Under the agreement, Lalique Group will create and distribute a range of exclusive perfumes for the house of Brioni, which is part of the Kering Group.

Together with Swiss entrepreneur Hansjörg Wyss, Lalique Group acquired The Glenturret in March 2019. The Glenturret is Scotland's oldest working distillery of single malt whisky.

BRAND PORTFOLIO

Lalique Group's portfolio includes the following brands (in chronological order):

- Parfums Samouraï (licence acquired in 2000; brand acquired in 2007)
- Parfums Grès (licence acquired in 2001; brand acquired in 2007)
- Jaguar Fragrances (licence acquired in 2002)
- Ultrasun (brand acquired in 2007)
- Lalique (brand acquired in 2008)
- Bentley Fragrances (licence acquired in 2011)
- The Glenturret (brand acquired in March 2019)
- Brioni (licence acquired in December 2019)

SINCE ACQUIRING THE LALIQUE BRAND IN 2008, THE COMPANY HAS MADE SIGNIFICANT INVESTMENTS WITH THE AIM OF TRANSFORMING IT FROM A CRYSTAL MANUFACTURER INTO A DESIRABLE LIFESTYLE BRAND.

In addition to its group headquarters in Zurich, Switzerland, the Group has its Lalique offices in Paris, as well as two industrial sites, a perfume filling and logistics centre in Ury, France and a glass manufacture in Wingen-sur-Moder, France. The Group also maintains representative offices in the United Kingdom, Germany, the United States, China, Japan and Singapore.

BUSINESS MODEL

The Group has the following strengths to support future growth and long-term shareholder value: a diversified product portfolio of well-positioned brands in the perfume, cosmetics, crystal and jewellery sectors, as well as in the fine-spirits industry. The Company has established a strong competitive position as a niche player in industries led by multinational companies.

1. LALIQUE BRAND

Lalique's offering includes a broad range of lifestyle products, from art to decorative pieces, from architecture to interior design, and from jewellery to fragrances and hotel-restaurants.

LALIQUE TO BECOME A DIVERSIFIED LIFESTYLE LUXURY BRAND.

Since acquiring the Lalique brand in 2008, the Company has made significant investments with the aim of transforming it from a crystal manufacturer into a desirable lifestyle brand. Lalique distinguishes itself from its competitors through its diversified offering, know-how in product design and the ability to produce elaborate and sophisticated items.

The Group's Interior Design Studio in Paris offers tailor-made crystal designs for architectural projects. Lalique also creates limited editions of artworks in collaboration with renowned artists and designers.

Co-branding

Lalique's marketing strategy also includes collaborations with other high-end brands which enable the Company to gain access to the partner brand's customer base.

The programme includes partnerships with houses such as Steinway & Sons, Singapore Airlines, Peugeot, McLaren, The Macallan, Vodka Beluga and Patrón Tequila. The products are sold through Lalique's own distribution channels as well as those of the respective co-branding partners.

1.1. CRYSTAL DECORATIVE ITEMS

Lalique can draw on its century-spanning know-how in traditional glassmaking. It conducts the complex manufacturing process, requiring up to 40 different steps, with the help of its team of expert artists and craftsmen. The factory workforce represents 25 professions, from precision mechanics to ceramics.

Lalique was awarded the prestigious label of "Entreprise du Patrimoine Vivant" ("Living Heritage Company"), a mark of recognition conferred by the French government to reward French firms for the excellence of their traditional and industrial skills. A particular highlight is the casting of sculptures using the lost-wax process. Lalique's expert glassmakers are among the very few still to master this difficult, artistic technique.

1.2 INTERIOR DESIGN

The Paris-based Lalique Interior Design Studio offers architects and designers an exclusive range of high-end interior designs using crystal, glass and the spatial dimension in creative combination. Superlative crystal glassmaking expertise, creative dynamism and technical flair all come together at the Studio. Lalique offers its clients the luxury of made-to-measure objects to satisfy even the most extravagant requests. The creative possibilities are endless.

High-end furniture items and home accessories are created with the participation of internationally renowned designers and architects such as Green & Mingarelli Design and Pierre-Yves Rochon. The resulting products are manufactured in close cooperation with top producers. Examples of bespoke luxury architectural projects are the Mikimoto flagship store in Tokyo and the Georges V hotel in Paris.

SIX MAIN PILLARS OF THE PRODUCT RANGE

DECORATIVE ITEMS	INTERIOR DESIGN	JEWELLERY	FRAGRANCES	ART	GASTRONOMY/ HOSPITALITY
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1.3 JEWELLERY

Lalique combines its experience and specialization in crystalware with the sophisticated skills of its workshops. Its manufacturing processes enable product customization upon request. Lalique markets its jewellery products through renowned dealers, department stores and its own network of boutiques and stores.

The streamlined catalogue has a clear focus and is undergoing continuous development to attract new customers.

1.4 FRAGRANCES

Lalique has been manufacturing perfume bottles since the early 20th century and launched its first perfume in 1992. Many more perfume lines have been added since then and Lalique Parfums has become a renowned fragrance brand, thanks also to its highly sought-after crystal editions. The portfolio includes perfumes, home fragrances, crystal limited editions and exclusive collections. Their bottles, whether made from glass or crystal, have fascinated collectors for generations. Lalique is using exceptional raw materials and the scents are presented in unique flacons.

1.5 ART

Lalique Art places the expertise of Lalique at the service of major contemporary artists, designers with flair, and cultural foundations; the aim is to create unique and exceptional works of art. Lalique Art offers artists new inspirations and motifs, using the interplay of light, transparency, colour and contours. This extraordinary encounter between art and crystal inspires new forms of creative expression.

Lalique Art has collaborated with Damien Hirst, Anish Kapoor, Arik Levy, Yves Klein Archives, Rembrandt Bugatti, George Lam, Zaha Hadid and, most recently, with Chinese artists Han Meilin and Lou Zhenggang.

THE THREE HOTELS AND RESTAURANTS ARE IDEAL SHOWCASES, PROVIDING AN EXCLUSIVE AMBIENCE IN WHICH TO EXPERIENCE THE LALIQUE LIFESTYLE.

1.6 GASTRONOMY/HOSPITALITY

Lalique launched gastronomy and hospitality activities in September 2015. It runs the Villa René Lalique luxury hotel and associated restaurant led by chef Jean-Georges Klein and executive chef Paul Stradner, which holds two Michelin stars. The hotel is located in Wingen-sur-Moder, France, near the glassworks. The original villa built by René Lalique celebrates its centenary in 2020. In July 2017, the Group acquired Château Hochberg, a four-star hotel with a brasserie-style restaurant close to the Lalique Museum.

In 2018, a sumptuous Lalique hotel and restaurant opened its doors at Château Lafaurie-Peyraguey in the Bordeaux region. The château is owned by Lalique Group's main shareholder Silvio Denz and operates under the Lalique brand on a licensing basis. Six months after its opening, chef Jérôme Schilling was awarded a first star by the Guide Michelin 2019.

The three hotels and restaurants are ideal showcases, providing an exclusive ambience in which to experience the Lalique lifestyle.

THE LAUNCH OF A FIRST BRIONI FRAGRANCE IS PLANNED FOR THE FOURTH QUARTER OF 2020.

2. PERFUMES

The current Lalique Beauty brand portfolio consists of a number of perfume brands, including Jaguar Fragrances, Bentley Fragrances, Parfums Grès and Parfums Samourai. In December 2019, Lalique Group announced an exclusive partnership with Brioni. The launch of a first Brioni fragrance is planned for the fourth quarter of 2020.

The development lead time for new products at Lalique Beauty generally takes four to six months for special editions and line extensions, and twelve to eighteen months for new product lines. This makes the company an industry leader in terms of time to market. Lalique Beauty operates with lean structures and therefore benefits from shorter decision-making processes than many of its competitors.

Lalique Beauty ensures quality control along the entire vertical value chain. International distribution is organized via a worldwide network of independent distribution partners and agents. In this way, the most effective partner for the commercialization of each market and brand can be selected to ensure the greatest possible market penetration.

Lalique Beauty Services is the Group's world production and logistics hub for perfumes. It is a full-service provider for perfume production: research, manufacture, maceration, filling, conditioning, warehousing and shipping. Lalique Beauty Services also provides related logistics services such as warehousing of components and end-products, and the dispatch of finished goods to worldwide destinations.

The entire Lalique Beauty Services facility is certified to ISO 22716 (Cosmetic Good Manufacturing Practices).

3. ULTRASUN

Ultrasun manufactures multifunctional skincare products combining UV protection with, for example, ingredients against ageing or unwanted pigmentation.

Ultrasun is constantly launching innovative, advanced UV protection products, driven by in-house formulation expertise, strong marketing and sales experience in cosmetics/dermatology and external Swiss manufacturing support. The brand commands a leadership position in the market thanks to its unmatched formulations, which are free of many controversial ingredients.

ULTRASUN IS CONSTANTLY LAUNCHING INNOVATIVE, ADVANCED UV PROTECTION PRODUCTS.

After Western Europe, international expansion is focussed on countries with a high awareness of the need for daily UV protection (e.g. China, Hong Kong, Japan, Taiwan and South Korea) and regions with all-year-round sunshine (e.g. Middle East).

4. SINGLE MALT WHISKY: THE GLENTURRET

On 29 March 2019, the Group announced the acquisition of The Glenturret, Scotland's oldest working single malt whisky distillery, together with Swiss entrepreneur Hansjörg Wyss. Operating since at least 1763 based on available historical records, The Glenturret uses a largely hand-crafted process to make single malt Scotch whisky in the super-premium segment. The distillery is located in Perthshire in the Highlands of Scotland, within easy reach of Edinburgh and Glasgow.

THE GROUP WILL FURTHER DEVELOP THE GLENTURRET BUSINESS BY LEVERAGING BOTH BRANDS AND ITS INTERNATIONAL NETWORK, AS WELL AS IMPLEMENTING JOINT INITIATIVES IN PRODUCT DESIGN, DISTRIBUTION AND HOSPITALITY.

STRATEGY

The long-term business strategy includes the following:

Control of value chain

The Group has two state-of-the-art production facilities for its crystal and perfume products. The Group controls the majority of the value chain, which creates a higher degree of independence from third parties and allows increased flexibility to meet market demands. The Company's lean organization enables quick decision-making, efficient product development processes and, as a result, short time to market.

Lalique: pursuing growth and diversification

Lalique Group has invested substantially in the crystal sector, resulting in higher productivity at the Wingen-sur-Moder factory and, crucially, in the optimization of the supply chain.

The distribution channels have been expanded, partly by opening proprietary boutiques in strategic markets, but also by increasing the number of partner-managed points of sale. These may be operated by independent franchisees or distributors and are an especially strong presence in the emerging markets. Alongside this investment and expansion, the main objective remains to increase awareness of Lalique as a contemporary luxury and lifestyle brand by pursuing its strategy of diversification across six key areas of activity: decorative items, interior design, jewellery, fragrances, art, and gastronomy/hospitality.

Lalique Beauty: pursuing growth and expanding the brand portfolio

The Group intends to grow organically on the one hand and achieve external growth on the other. In pursuing organic growth, the Company intends to continue to develop and market new products and collections within its existing brand portfolio, primarily in the perfume business. Central factors governing this process are the level of strategic fit with existing activities and products, as well as the potential to build up a perfume or cosmetic brands. The Group intends to also foster its growth by pursuing a digital strategy in order to link the offline and online customer experience and thereby increase the global awareness and penetrate new sales channels. To this end, the Group intends to improve the current Lalique website and include an optimized e-commerce site with an enhanced display on mobiles and tablets.

The Glenturret distillery: a share in the fast-growing single malt whisky business

In March 2019, Lalique Group acquired a 50% stake in The Glenturret. The Glenturret is a lean and efficient organization with a highly skilled and expert staff. Currently, The Glenturret distillery has a stock of more than 1 000 000 litres of maturing whisky that is ageing in various types of cask at different strengths, the oldest of which was distilled back in 1987. These stocks will allow the blending of high-end single malts with an impressive range of age statements up to and including 30 years old, as well as various special editions and "The Master Blender's Choice" limited editions, ensuring a broad and consistent range of whiskies that will be marketed in the super-premium segment. New distributors have been selected for key whisky markets allowing Glenturret's unique brand to be handled by partners that truly understand its value.

Following the acquisition of the distillery, production increased immediately from 170 000 to 215 000 litres of alcohol, with a further capacity increase planned over time to 500 000 litres that will allow The Glenturret to enlarge its distribution network while remaining a niche super-premium brand.

Planned activities to develop the Glenturret brand by leveraging the Group's capabilities include the design of The Glenturret whisky bottles by Lalique and the creation of limited-edition whisky decanters in Lalique crystal, as well as joint marketing activities. Furthermore, the successful visitor centre with its café-restaurant offers a wide range of opportunities to leverage the Lalique and Glenturret brands. The visitor centre is being renovated in the spirit of Lalique, with a shop-in-shop due to open in the course of 2020. In addition, brand-building activities are planned for The Glenturret to include co-branding projects with other renowned Scottish brands in the gastronomy and hospitality sector in particular.

In line with its diversification strategy, the Group sees significant potential in further developing The Glenturret in the high-end single malt whisky market. This is forecast to be one of the fastest-growing categories in the spirits industry, with retail value growth of over 8% per annum and even stronger prospects for Asia.





OUR BRANDS AND ACTIVITIES

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“IT IS TIMELESS MODERNITY THAT IS MOST CHARACTERISTIC OF LALIQUE.”



LALIQUE

LALIQUE DECORATIVE ITEMS

Brand acquired **2008**

Share of company revenue **28%**

Timeless creations of desire

The Group has developed a dedicated process for producing elegantly decorated works in crystal that covers the entire procedure from original idea to finished product. Over the years, Lalique has become a byword for expertise and craftsmanship and a synonym for excellence, masterfully using the contrast between brilliant and satin-finished crystal. Lalique collections are composed of timeless creations that have become classics and others that will undoubtedly follow suit.

The 2019 Aquatique collection plunges into an aquatic world. Nature has always been a major source of inspiration for René Lalique, one of whose favourite themes was fauna. With the Aquatique collection, Lalique captures the graphic power of fighting fish and the powerful and symbolic expressions of ornamental fish such as koi carp.

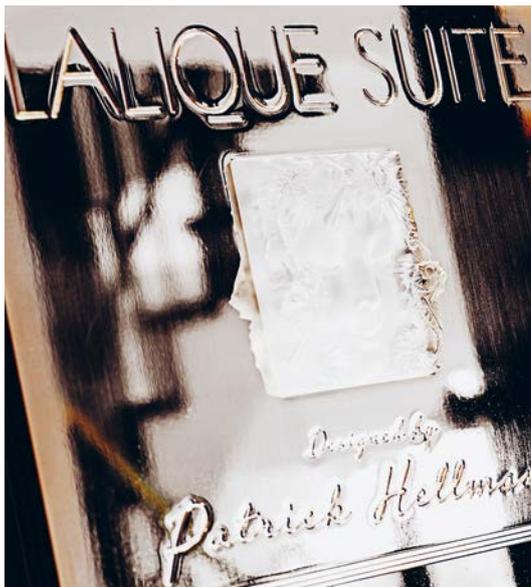
The new 2020 collection takes us to a universe where floral romanticism contrasts with mineral strength. With the Botanica collection, Lalique captures the ornamental and symbolic power of peony, lily of the valley, orchid and cherry blossom.

Images (left and right): With the Botanica Collection, Lalique captures the ornamental and symbolic power of peony, lily of the valley, orchid and cherry blossom.



MAISON FONDÉE EN 1820
VERMOREL
COGNAC-TYPE
VERMOREL
MAISON FONDÉE EN 1820





“CUSTOM-MADE
CRYSTAL DESIGNS
FOR ARCHITECTURAL
PROJECTS.”



LALIQUE

LALIQUE INTERIOR DESIGN

Brand acquired **2008**

Share of company revenue **8%**

The Paris-based Lalique Interior Design Studio offers architects and designers an exclusive range of high-end interior designs using crystal glass and space in creative combination. The most innovative creations are made to order for the interior design of private residences, restaurants, luxury hotels, yachts and many other settings.

In addition to offering bespoke architectural projects, Lalique Interior Design Studio is a source of inspiration for interior designers. Samples of crystal or glass and crystal panels with various finishes are available to integrate the material libraries of interior design firms. Placed in mood boards upstream of projects, crystal takes its rightful place in the creative genesis of a decor.

A thoroughly Parisian experience

Opened in June 2019, the Lalique Suite by Patrick Hellmann at the Prince de Galles, the five-star hotel in Paris, is representative of this dynamic: conceived by the famous fashion designer in collaboration with the Lalique Interior Design Studio, the Suite showcases interior panels and crystal inserts which define both the volumes and the spirit of the place. The Suite extends over 180 square metres. Each room is adorned with Lalique crystal, including not only decorative objects and lighting, but also panels and crystal motifs integrated into the interior design.

Images (left): The bar: detail of two panels with female motifs created in 1928 by René Lalique for the Orient Express. (right): The bedroom, where you can discover the Coutard wall panel.



“LALIQUE COMBINES ITS EXPERIENCE IN CRYSTALWARE WITH THE SOPHISTICATED SKILLS OF ITS WORKSHOPS.”

LALIQUE

LALIQUE JEWELLERY
Brand acquired **2008**
Share of company revenue **2%**

A brilliant mix of materials

The Lalique jewellery collections continue to showcase a perfect blend of iconic designs and fashionable pieces.

For the final line in Lalique’s collaboration with the Paris Opera, La Flûte Enchantée fine jewellery collection, Mozart’s Magic Flute has inspired five jewels in black and white, like a musical score with light, bouncing notes. The Aréthuse costume jewellery collection reinvented itself in 2019 in an unprecedented rendition designed to celebrate the Paris Opera. This new version interpreted with Art Deco lines in black crystal and red resin refers to the mysterious lake of the Opéra Garnier and the iconic colour of its performance hall.

2019 has also been the year of the first-ever men’s jewellery collection under the name L’Homme Alpha. This male collection plays on a striped motif like a military tag and expresses the Lalique man’s style: seductive, sophisticated, singular.

In 2020, Lalique jewellery opens a new floral chapter with the Pivoine collection. This ode to flowers offers multiple wearing options, all infused with a femininity that is as sophisticated as it is minimalist.

Images (left): The Peony and Aréthuse Collection. (right): In the Collection inspired by Mozart’s Magic Flûte, Lalique plays with contrasts between brightness and the deepest dark.







“WITH SOLEIL LALIQUE, THE HOUSE CELEBRATES THE SUN AND THE FREE-SPIRITED WOMEN WHO LOVE IT.”

LALIQUE

LALIQUE PARFUMS
 Brand acquired **2008**
 Share of company revenue **11%**

The essence of the Lalique Lifestyle

Lalique added Soleil Lalique to its feminine fragrance portfolio in June 2019 as a celebration of the sun and the free-spirited women who love it. The new feminine line draws the inspiration for its softly rounded bottle from the pattern created by the sun’s rays. The compelling floral and oriental essence of Eau de Parfum and vibrant colours of Soleil Lalique attract a younger, more assertive audience which can identify with the core values of the Lalique brand: timeless modernity and a constant quest for creativity. A community fired up by a vibrant tagline: #IAMTHESUNCHILD.

Soleil Lalique is also offered in an ultra-exclusive Limited Edition of 20 signed and numbered Parfum 1500 ml crystal flacons adorned with rays of gold (23.5 carats).

Born of a ceaseless quest for excellence

Lalique has been manufacturing perfume bottles since the early 20th century and launched its first perfume, Lalique de Lalique, in 1992. Today, the offering includes top-of-the-range feminine and masculine fragrances, exclusive collections and crystal limited editions, a “bath & body” collection and home fragrances. All these scents are composed by the best perfumers using exceptional raw materials and presented in unique flacons inspired by the work of René Lalique and modernized by the Lalique Creative Studio.

Images (left): The Soleil Lalique Crystal Edition. (right): Soleil Lalique EDP and the exclusive Collection Les Compositions Parfumées.

“THANKS TO LALIQUE ART AND ITS PARTNERSHIPS, THE BRAND REACHES NEW TARGET GROUPS.”



LALIQUE

LALIQUE ART
Brand acquired **2008**
Share of company revenue **2%**

Where art and crystal meet

In 2019, Lalique placed the expertise of its master craftsmen at the service of Chinese artist Han Meilin, distinguished UNESCO Artist for Peace. This collaboration led to the creation of pandas Yuan-Yuan and Meng-Meng, named after Yuan-Meng, the first panda to be born in France, at Beauval Zoo (Loir-et-Cher) in 2017.

This same year, Lalique Art also presented a collaboration with Arik Levy: RockStone 40. These sculptures in pure crystal come in four colours found in nature: amber, blue, green and clear. In January of the following year, Lalique Art presented the second chapter of this collection.

The new series draws inspiration from the aurora borealis and features four new colours: dark grey, sky green, aurora mauve, and lime.

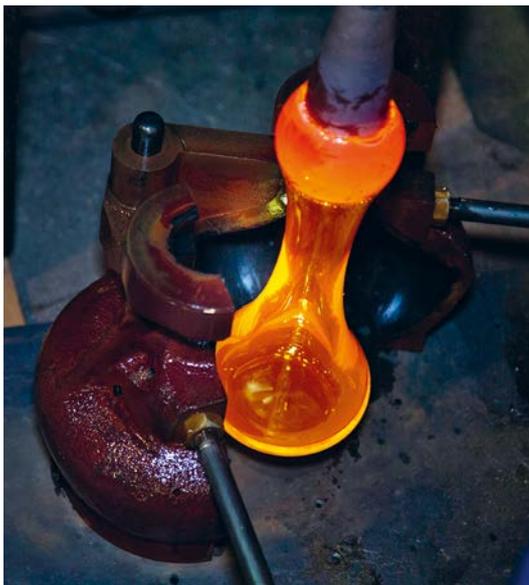
Another highlight was the launch of the Tandrillah vase by architect Elizabeth de Portzamparc in January 2020, the third edition of the Crystal Architecture collection.

Finally, Lalique Art presented a series of six unique pieces, Sun&Moon, by artist Lou Zhenggang. For the first time, an abstract canvas takes shape in Lalique crystal. In these exceptional pieces, the Chinese artist pays tribute to the life cycle around two heavenly bodies, the Sun and the Moon.

Images (left): Tandrillah vase by Elisabeth de Portzamparc; the Panda Collection by Han Meilin; the colourful RockStone 40 by Arik Levy. (right): Sun&Moon by Lou Zhenggang.







“THE CRAFTED ITEMS REQUIRE A COMPLEX MANUFACTURING PROCESS WITH UP TO 40 DIFFERENT STEPS.”

Lalique® France

LALIQUE CRYSTAL FACTORY

Number of employees **230** (FTE)

Crafted items produced every year **500 000**

Unique production process

Lalique’s manufacturing site is located at Wingen-sur-Moder, France, and was built by the founder of Lalique in 1921 for glassmaking. Since 1945, the factory has manufactured exclusively crystal glass products. The Group has maintained the traditions and heritage of Lalique since its acquisition in 2008.

Significant investments

In the last ten years, the Group has invested approximately EUR 20 million in the factory. Investments have included the installation of a new electric furnace, refurbishment of the mould workshop with new equipment, including five-axis milling machines and lathes, as well as workshop

modernization, safety and environmental protection. By implementing these major improvements, the factory has reduced its environmental impact to nearly zero.

Remarkable craftsmanship

Lalique can draw on its century-spanning know-how in traditional glassmaking. It conducts the complex manufacturing process, requiring up to 40 different steps, with the help of its team of expert artists and craftsmen. Seven of the Group’s artisans have earned the title “Meilleur Ouvrier de France” (Best Craftsman in France), recognizing their glassmaking skills, awarded by Société Nationale de Meilleurs Ouvriers de France in 2015.

Images (left and right): The precision of the designs, the purity of the material and the play on reflections and transparency give birth to exquisite decorative objects.

“THE HOTELS AND RESTAURANTS ARE IDEAL SHOWCASES TO SAVOUR THE LALIQUE LIFESTYLE.”



LALIQUE

GASTRONOMY/HOSPITALITY

Established 2015
Share of company revenue 4%

A passion for savoir-faire and savoir-vivre—the art of living

Lalique’s expertise and heritage in art, interiors, decorative objects, tableware, perfume and jewellery is inextricably linked to the art of fine dining and cuisine.

The world of Lalique lifestyle is perfectly exemplified by the four-star hotel Château Hochberg and the Villa René Lalique—a five-star hotel with six exclusive suites and a restaurant, which holds two Michelin stars. The latest addition to the ideal showcases is Château Lafaurie-Peyraguey, a member of the Relais & Châteaux

collection and five-star hotel in the Bordeaux region, which is owned by Lalique Group’s main shareholder Silvio Denz and operates under the Lalique brand on a licensing basis. Château Lafaurie-Peyraguey is situated in Sauternes near Bordeaux and opened in June 2018.

Our commitment and vision for the art of living is to offer guests an emotionally engaging experience to be discovered and shared.

Images (left): Every aspect of Château Lafaurie-Peyraguey is suffused with Lalique lifestyle. (right): The Lalique crystal barrique in Château Lafaurie-Peyraguey.

CHÂTEAU LAFAURIE-PEYRAGUEY

1618

2018

1^{er} GRAND CRU CLASSÉ - SAUTERNES

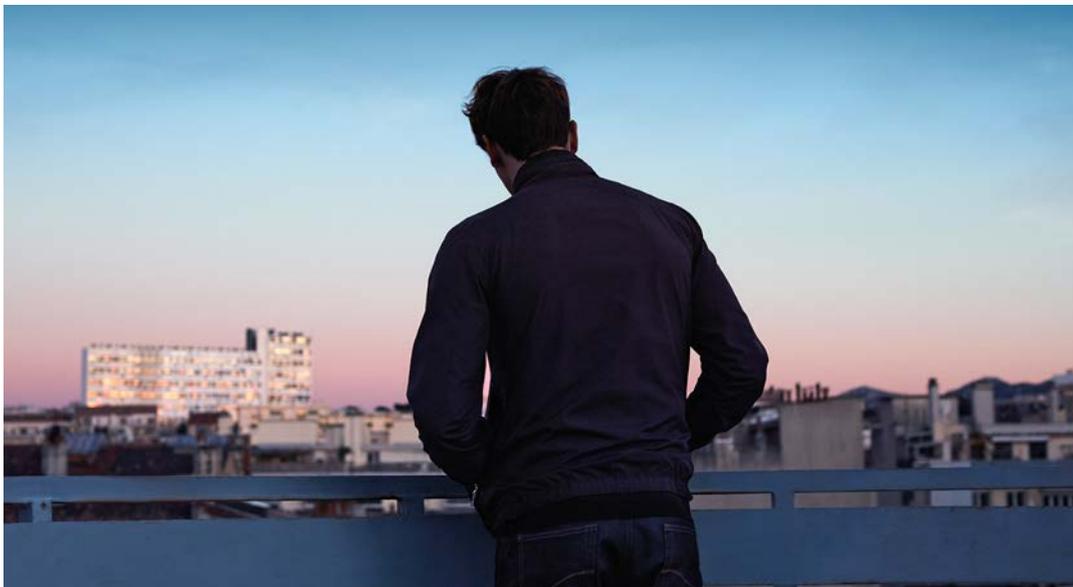





JAGUAR

CLASSIC
ELECTRIC SKY

“ELECTRIC SKY BELONGS TO THE AROMATIC FOUGÈRE—THE MOST MASCULINE OF FRAGRANCE FAMILIES.”



JAGUAR FRAGRANCES

Brand acquired **2002**

Share of company revenue **17%**

What's your territory? #UrbanAnimals

Jaguar Fragrances is proud to present a thrilling addition to the successful Jaguar Classic line, which defines a special territory for sophisticated urban animals: Jaguar Classic Electric Sky. The new fragrance in the signature range is sleek, built for thrills and speaks to a different kind of urban animal—it's a fresh, magnetic scent for a man always in quest of new sensations.

The ultimate luxury

The first Jaguar fragrance—Jaguar For Men—was launched in 2002 in the iconic green bottle. It targets the cosmopolitan, well-educated man.

Since then, For Men has become a timeless masterpiece. Jaguar Fragrances, proudly positioned as a prestige brand, symbolizes the Jaguar attributes of style, performance and modernity. The range of products is constantly being reviewed and modernized and today comprises around 25 fragrances. Products are launched in conjunction with new Jaguar car models. The masculine scents have since gained worldwide renown. All the perfumes were created for successful, self-confident men bold enough to wear a strong, masculine fragrance produced in the classic perfumery tradition.

Images (left and right): The successful Jaguar Classic line with Electric Sky, which is the new addition.



“WITH PARFUMS GRÈS
LIFE IS A STAGE,
WHERE EVERY WOMAN
STRIVES TO BE
HERSELF AND LAND
A LEADING ROLE.”



GRÈS

PARIS

PARFUMS GRÈS
Brand acquired **2007**
Share of company revenue **4%**

Cabocharard chérie takes the stage

The new fragrance from Parfums Grès celebrates a very special role that combines both power and seduction. A newcomer to the Cabocharard family, Cabocharard chérie has a mellow feel, offering enhanced radiance, tenderness and an exquisite touch. It epitomizes a woman who remains as determined as ever but has understood the benefit of compromise and getting what she wants in an irresistible way.

The iconic fragrances by Grès

Founded by Madame Grès, a fashion designer who loved dressing women, especially actresses, and who long occupied centre stage in the world of haute couture, Parfums Grès designs its fragrances like exquisite and seductive costumes that women can wrap around themselves, holding their own in the game of life and leaving the scent of a divine comedy in their wake.

The Group launched Grès fragrances in 2002 and it targets confident, chic women with a sense of vintage.

Images (left and right): Cabocharard is made for a woman of character who only does what she wants— full of grace, humour and sensuality.



Elle n'en fait qu'à sa tête.



samourai
woman
White Musk

eau de parfum

“PARTICULARLY POPULAR IN JAPAN AND RANKING AMONG THE COUNTRY’S BEST-SELLING PERFUMES.”



SAMOURAI

PARFUMS SAMOURAI

Brand acquired 2007

Share of company revenue 4%

Between power and wisdom

Samourai fragrances appeal to sensitive and confident men and women, thanks to their unique and distinctive storytelling. The name means “servant” or “companion” and evokes the role of the Samourai as Japan’s warrior caste in the preindustrial age. The brand manifests the passion of a man for action and adventure.

The first Samourai for Men fragrance was launched in 1995 together with Alain Delon and became an international success. Since then, the Samourai fragrances have been particularly popular in Japan and rank among the country’s best-selling perfumes due to their focused product development, marketing and brand name.

Samourai has added new scents to its feminine fragrance portfolio in the past year: While Sakura Tea took its inspiration from the magnificently blossoming cherry tree, Yuzu Mitsu stands for the ultimate harmony between various fresh and sparkling notes. The slightly softer fragrance known as White Musk generates a pure, flowery aura composed of freesia, gardenia and violets. Refined sandalwood along with tonka beans and traces of musk create a warm background that provides a wonderful base.

Images (left and right): The brand has added new scents to its feminine fragrance portfolio in the past year: White Musk, Yuzu Mitsu and Sakura Tea. Driving Rush is a popular scent for men.



“ALTHOUGH THE TWO COMPANIES OPERATE IN DIFFERENT SECTORS, THEIR MUTUAL PASSION FOR EXCELLENCE HAS GIVEN RISE TO A UNIQUE PARTNERSHIP.”



BENTLEY FRAGRANCES

Licence acquired **2011**

Share of company revenue **3%**

Discover a new world of scent

A quest for perfection characterizes the latest collection of fragrances Bentley Beyond—The Collection. This collection was born during three enchanting olfactory adventures to Acapulco, Goa and Java. Each fragrance has its distinctive colour scheme, from the hand-stitched leather lid that recalls the interior of a Bentley car to the colour of the fragrance set off by the transparent glass of the bottle. Created by Bentley Motors designers, the faceted bottle is inspired by the cut-glass headlights of the Continental GT.

Precision, design and power

Since 2011, Bentley Motors has entrusted Lalique Group with the creation of its perfumes. From that time on, the Bentley fragrances have been part of the Group's portfolio. Its aim is to establish Bentley as an English luxury brand—not only in the automobile segment. The first fragrance was released in 2013—Bentley For Men. Although the two companies operate in different sectors, their mutual passion for excellence and prestige has given rise to a unique partnership. Today, the Bentley Fragrances portfolio contains some 20 perfumes.

Images (left): Bentley For Men Intense fragrance. (right): Exotic Musk, an ambery musky composition.



BENTLEY

BEYOND
THE COLLECTION

EXOTIC
MUSK



FOR MEN
INTENSE

“THE GROUP CONTROLS THE MAJORITY OF ITS PERFUME VALUE CHAIN.”



LALIQUE BEAUTY

LALIQUE BEAUTY SERVICES

Number of employees **103** (FTE)

Perfume production capacity per year: **12 000 000 units**

Facility acquisition: **January 2013**

Lalique Beauty Services, headquartered in Ury, France, is a full-service provider active in the fields of perfume preparation, filling and packaging. It also provides related logistics services such as warehousing of components and end-products, and the dispatch of finished goods to worldwide destinations.

The entire Lalique Beauty Services facility is certified to ISO 22716 (Cosmetic Good Manufacturing Practices). Lalique Beauty Services operates with lean structures and therefore benefits from shorter decision-making processes.

The warehouse has a storage capacity of 12 000 pallets. Lalique Beauty Services has six production lines (one fully automated line, two automated lines, and three semi-automated lines). The maceration capacity is 90 000 litres, using tanks with a capacity of between 100 and 5000 litres. Since the acquisition in 2013, the Group has invested approximately EUR 15 million to increase production and logistics capacities, improve security and reduce environmental impact.

Images (left and right): Lalique Beauty Services is a full-service provider active in the fields of perfume preparation, filling and packing.



“ULTRASUN IS FOCUSING ON FURTHER EXPANDING ITS DISTRIBUTION NETWORK IN EXISTING AND NEW MARKETS ALL OVER THE WORLD.”



ULTRASUN
Brand acquired **2007**
Share of company revenue **16%**

Innovation and professional endorsement

With over 25 years' experience in UV protection, Ultrason is an internationally recognized skin protection brand enjoying a strong growth trajectory.

In recent years, Ultrason's formulas and market appearance have been revised to enhance competitiveness and create a platform for further growth. A combination of in-house expertise and external Swiss manufacturing support is enabling the brand to establish a leadership position in the industry. All formulas must comply with the brand's "0% policy" that prohibits the use of controversial ingredients in any product.

The new extra-light fluid formulas are gaining even more dermatological endorsement for daily usage, generating strong demand from European and especially Asian customers. With a focus on online shopping in Asia and the associated need for content creation, Ultrason is developing its e-commerce and social media expertise.

As the first sun protection brand worldwide Ultrason's lamellar range for sensitive skin was awarded BASF's EcoSun Pass. This neutral industry label confirms that Ultrason products for sensitive skin are formulated with the best-possible standards of practice with regard to the environment.

Images (left): Ultrason's new urban UV protection mist; product group shot. (right): Ultrason advertising visual.





GLENTURRET

28
S3
05

GLENTURRET

64

GLENTURRET

GLENTURRET





“THE GLENTURRET IS A DISTILLATION OF PASSION AND EXPERTISE.”

THE GLENTURRET
SINGLE MALT SCOTCH WHISKY

THE GLENTURRET
Brand acquired (50% stake) **2019**
Share of company revenue **1%**

Glenturret: passion and expertise

The Glenturret, whose history goes back to at least 1763, is Scotland’s oldest working distillery and uses a largely hand-operated process to craft single malt Scotch whisky in the super premium segment that will be distributed in international key spirits markets. The Glenturret is located in Perthshire in the Highlands of Scotland, within easy reach of Edinburgh and Glasgow, with Loch Turret as its water source. The distillery is also home to a first-class visitor centre with an integrated shop and café-restaurant and is a well-known tourist destination that attracts more than 70 000 visitors from around the world each year.

The gold of Scotland

Lalique Group intends to harness synergies with its other businesses such as Lalique, including its hotels and restaurants in France’s Alsace and Bordeaux regions. For the Group, this is an ideal way to combine both fields: the gold of Scotland and the crystal of Alsace.

Images (left): One of The Glenturret’s six traditional dunnage warehouse. (right): The wash stills have a shape and size unique to The Glenturret Distillery.





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CORPORATE GOVERNANCE

PRINCIPLES

Lalique Group undertakes to comply with the principles of good corporate governance, which protects the interests of Company shareholders and other stakeholders while helping the Group achieve sustainable development. Lalique Group's corporate governance is based on its Articles of Incorporation. It follows the guiding principles of the Swiss Code of Best Practice for Corporate Governance. The information disclosed hereinafter meets the current requirements of the "Directive Corporate Governance" (DCG) issued by SIX Swiss Exchange.

GROUP STRUCTURE AND SHAREHOLDERS

Group structure

Lalique Group SA, with its registered corporate headquarters at Grubenstrasse 18, 8045 Zurich, Switzerland, is the parent company of Lalique Group. It is a limited company (Aktiengesellschaft, société anonyme), pursuant to art. 620 et seq. of the Swiss Code of Obligations. The shares of Lalique Group SA (ticker symbol: LLQ) were listed on the BX Bern eXchange from 19 September 2007 until 24 June 2018, and have been traded on the SIX Swiss Exchange since 25 June 2018 under Swiss Security Number 3381329, ISIN CH0033813293.

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 living accessories, along with art, gastronomy and hospitality as well as single malt whisky.

Founded in 2000, the Company initially focused on perfumes and then expanded into cosmetics with the acquisition of the Ultrasun brand in 2007. A major milestone was the acquisition of the house of Lalique in 2008, which has a long tradition in the glass-making industry and is associated with high quality and craftsmanship having developed specific production processes over the last century. Today, the Group leverages its diversified portfolio of brands, state-of-the-art production facilities and the experience of its management to pursue its growth strategy.

The Group had 732 employees as of 31.12.2019. In addition to its headquarters in Zurich, Switzerland, it has an office in Paris, as well as a perfume filling and logistics centre in Ury, France, a crystalware factory in Wingen-sur-Moder, France, and a whisky distillery in Perthshire, Scotland. The Group also maintains representational offices in the United Kingdom, Germany, the United States, China, Japan and Singapore.

The list of principal consolidated subsidiaries, their domiciles, share capital and the Group's shareholding is presented in the Notes to the Consolidated Financial Statements, Note 27. With the exception of the parent company, the companies included in the scope of consolidation are unlisted.

Significant shareholders

As of 31 December 2019, a total of 874 shareholders (previous year: 681) were entered in the share register. 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 2019:

SHAREHOLDER	NUMBER OF SHARES	%
Silvio Denz	4 197 000	58.29
Dharampal Satyapal Limited	884 000	12.28
Hansjörg Wyss	453 918	6.30
MAG Seven Ltd	240 000	3.33

CAPITAL STRUCTURE

Ordinary share capital

As of 31 December 2019, the share capital amounted to CHF 1 440 000 (31 December 2018: CHF 1 200 000) and consisted of 7 200 000 registered shares with a nominal value of CHF 0.20 each (31 December 2018: 6 000 000 registered shares with a nominal value of CHF 0.20 each). All of the issued shares are registered shares. There are no preference rights or similar rights attached to the shares. As of 31 December 2019 the company held 15 000 treasury shares (31 December 2018: 0). At this time there were no cross-shareholdings with other companies.

The market capitalization of the Company at 31 December 2019 was CHF 279 360 000.

Conditional and authorized share capital

Pursuant to article 3a of the Articles of Incorporation, the Company has a conditional share capital of CHF 50 000 corresponding to 250 000 shares with a nominal value of CHF 0.20 each. The conditional share capital is available for the exercise of options or subscription rights that the Company or Group entities would grant to employees, including members of the Board of Directors. The pre-emptive rights of the shareholders are excluded in relation to the maximum of 250 000 shares with a nominal value of CHF 0.20 each. The issuance of new shares may take place at a price below their market value. The Board of Directors shall determine the details of the terms of the relevant issue. After their acquisition, the new shares will be subject to the transfer restrictions set out in article 5 of the Articles of Incorporation.

As of 31 December 2019 the Company had no authorized share capital.

Changes in capital

In CHF	31.12.2017	31.12.2018	31.12.2019
Ordinary share capital	1 000 000	1 200 000	1 440 000
Conditional share capital	50 000	50 000	50 000
Treasury shares (number)	13 500	0	15 000

At the ordinary Annual General Meeting on 24 May 2019 shareholders approved the creation of authorized capital up to a maximum nominal amount of CHF 240 000 by issuance of a maximum of 1 200 000 registered shares. On 25 June 2019 the Group announced a rights issue from the authorized capital. Existing shareholders were granted subscription rights entitling them to purchase one new Lalique Group share at a subscription price of CHF 40 for every five shares held. On 10 July 2019 the ordinary share capital of Lalique Group SA was increased by CHF 240 000 through the issue of 1 200 000 new registered shares. The issuance of a total of 1 200 000 new shares with a nominal value of CHF 0.20 each increased the issued share capital of Lalique Group SA to CHF 1 440 000, divided into 7 200 000 shares.

Participation certificates and profit-sharing certificates

Lalique Group SA has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine, bons de participation) or profit-sharing certificates (Genussscheine, bons de jouissance).

Dividend-right certificates

Other than the registered shares, there are no dividend right certificates.

Limitations on transferability and nominee registrations

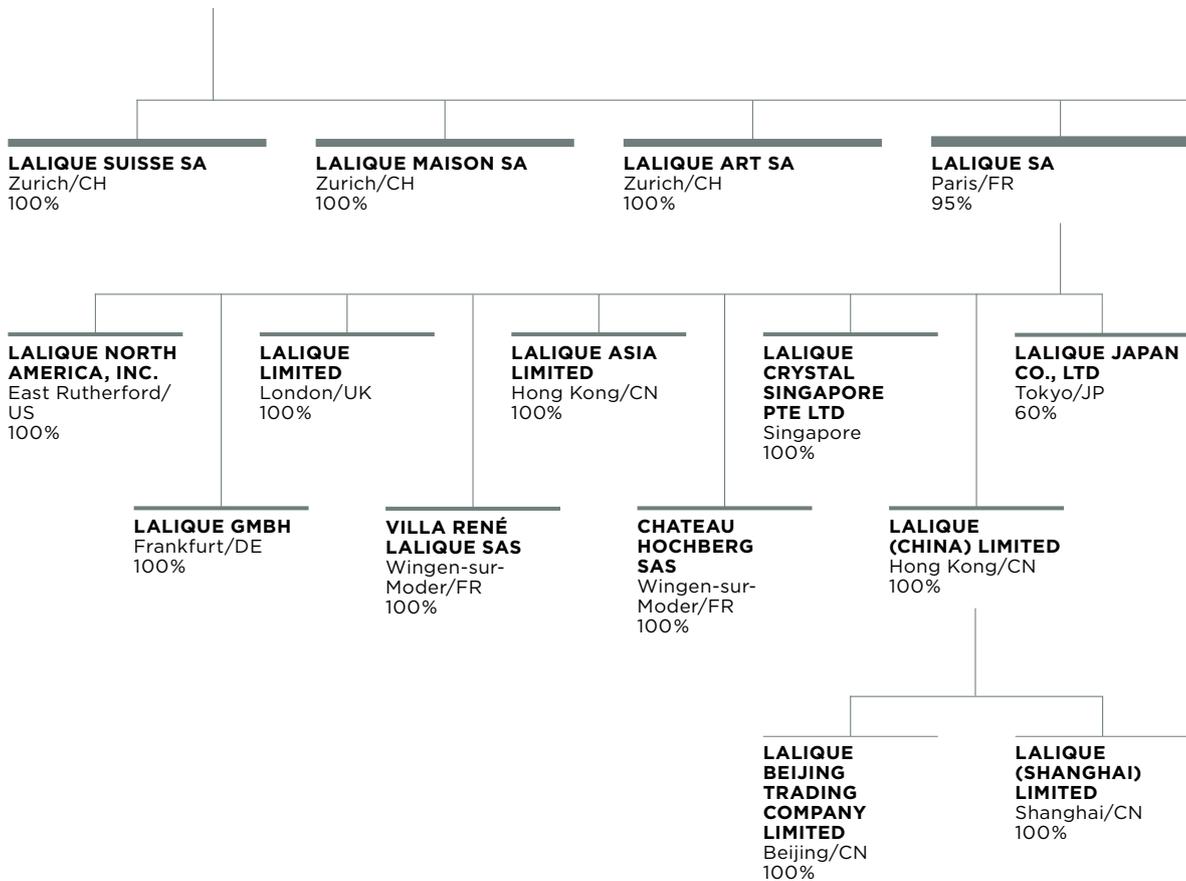
The transferability of the shares of Lalique Group is not subject to any restrictions as a matter of principle. Owners of shares are entered in a share register. The company must be notified of any changes. The persons entered in the share register are deemed to be the shareholders in relation to the company. The entry in the share register requires evidence of the share acquisition. The company may cancel any relevant entry in the share register that was made on the basis of false information. Limitations on transferability and nominee registrations may be changed by a positive vote of the absolute majority of the share votes represented at a shareholders' meeting.

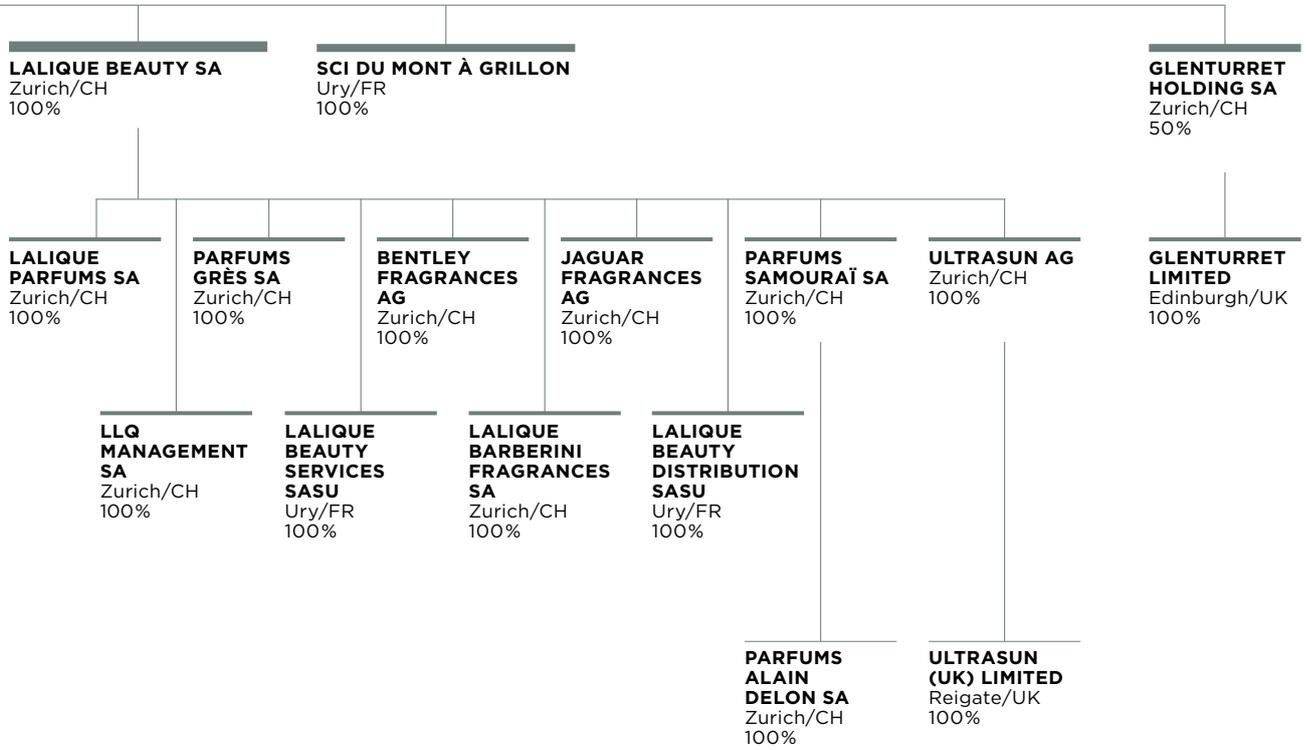
Convertible bonds and options

There are no bonds or warrants outstanding that are convertible into shares of Lalique Group SA.

LEGAL GROUP STRUCTURE

LALIQUE GROUP SA
Zurich/CH





BOARD OF DIRECTORS



Denz, Silvio, Executive Chairman of the Board of Directors, is a dual Swiss and Italian citizen currently residing in Switzerland.

Silvio Denz founded Lalique Group SA, formerly known as Art & Fragrance SA, in 2000. He is currently serving the Group as Executive Chairman of the Board of Directors. He is also Chairman of the Board of Directors and CEO of Lalique SA. Moreover, he is the major shareholder in the Company. Before Silvio Denz set up the business with the incorporation of Art & Fragrance SA, he owned and managed Alrodo AG, a perfume distribution company and family business, as Chief Executive Officer. Alrodo was subsequently sold to Marionnaud in 2000.

Besides his commitment to the Group, he is also active in international art trading and the management of various vineyards. He currently holds further board memberships at Lalique Asia Limited in China, Glenturret Holding SA, Ciron SA, Art & Terroir SA in Switzerland and Chocoladenfabriken Lindt & Sprüngli AG, among others.



Weber, Roland, Vice-Chairman of the Board of Directors, is a Swiss citizen residing in the United Arab Emirates since 2007.

Roland Weber joined Lalique Group SA, formerly known as Art & Fragrance SA in 2000. He has been a member and the Vice-Chairman of the Board of Directors since 2003. From 1994 to 2000, Roland Weber collaborated with Silvio Denz and served as Chief Executive Officer and delegate of the board of directors of Alrodo AG. Prior to that, he gained experience in sales and marketing, firstly as a manager for Jaguar Cars Switzerland at Emil Frey Group from 1985 to 1988 and secondly as Director of Perfumes for Yves Saint Laurent, Switzerland and Austria, from 1988 to 1993. Roland Weber holds a master's degree in business administration from the University of St. Gallen (HSG).

In 2002, he founded Retail Factory SA, Switzerland's largest agency for retail spaces, to which he still actively contributes. Besides his commitment to the Group, he has also made several smaller investments in various fields and been active in the real estate sector for more than 15 years.



von der Weid, Roger, Delegate of the Board of Directors and CEO, is a Swiss citizen currently residing in Switzerland.

Roger von der Weid joined the Group as Chief Executive Officer and member of the Board of Directors in 2006. Prior to his commitment to the Group, he served as Managing Director at a Swiss trust company for two years. Before this engagement, he practised as a lawyer for two major Swiss corporate law firms from 1998 to 2004. Roger von der Weid earned his master of law at Duke University School of Law, North Carolina (USA) in 1998 and was admitted to the bar in 1996. Furthermore, he became a federally certified tax expert in 2002 and graduated with an executive master in corporate finance from IFZ Financial Services Institute in 2006.

He is a member of the board of directors of Lalique SA in France, Lalique Asia Limited in China, Lalique North America in the USA, Lalique China in China, Lalique (UK) Limited in the UK as well as Lalique Beauty SA, Art & Terroir SA, Ultrasun AG, Glenturret Ltd and Ciron SA in Switzerland, among other Group companies.



Denz, Claudio, member of the Board of Directors and Head of Digital, is a dual Swiss and Italian citizen currently residing in Switzerland.

Claudio Denz has served as a member of the Board of Directors since 2011. Besides this engagement, he is Head of Digital. Before he took on the above-mentioned responsibilities, he worked in the areas of marketing, branding and product management at Art & Fragrance SA, with various assignments at Lalique North America and Lalique London between 2005 and 2011. In 2008, Claudio Denz graduated from the Commercial Minerva School, Switzerland.

Claudio Denz holds several board memberships, including Ermitage Estate AG, Madox Group AG, Noir Gastronomie AG and Denz Weine AG, among other Group companies, all of which are based in Zurich, Switzerland.



Kollros, Jan, member of the Board of Directors, is a Swiss citizen currently residing in Switzerland.

Jan Kollros studied mechanical engineering and industrial management at ETH Zurich. He gained professional experience in various international industrial groups. Since 2005 he has worked for adbodmer AG, a multi-family office in Horgen, near Zurich. From 2009 until 2019 he was a Managing Partner at adbodmer AG, with responsibility for the operational management of the company. In 2019, adbodmer was acquired by the Swiss-based Bellevue Group. Jan Kollros joined the Group Executive Board, heading the Bellevue Private Markets division. Furthermore, Jan Kollros currently holds board memberships at The Hess Group AG, Evatec AG and Bédât & Co SA, among others.



Roesti, Marcel, member of the Board of Directors, is a Swiss citizen currently residing in Switzerland.

Marcel Roesti has been a member of the Board of Directors since 2008. He previously served as VP Sales and Marketing and later as Chief Executive Officer for European fragrance operations at Takasago, a major international producer of flavours and fragrances; he also worked as Sales Manager at Essencia Essential Oils Ltd, the Swiss market leader in essential oils, for a total of 19 years. Marcel Roesti studied business administration in Cambridge and Sheffield and attended the Givaudan Perfumery School. The International Federation of Essential Oils Aromas and Trade honoured him with a Diploma in Perfumery. Currently, he also acts as Chief Executive Officer and is the owner of Mont-Blanc Resourcing M. Roesti, a consulting company specializing in the creation and development of perfume and cosmetic products. In addition, Marcel Roesti holds a board membership at Lalique SA in France.

BOARD OF DIRECTORS

Members of the Board of Directors

The duties and responsibilities of the Board of Directors of Lalique Group are defined by the Swiss Code of Obligations and the Company's Articles of Incorporation and Organizational Regulations. The Board of Directors consisted of six directors as at 31 December 2019. Three members of the Board of Directors are non-executive directors.

The following table summarizes the constitution of the Board of Directors as of 31 December 2019, as well as their position and year of appointment to the Board.

NAME	NATIONALITY	PLACE OF RESIDENCE	YEAR OF APPOINTMENT	YEAR OF BIRTH	POSITION
Denz, Silvio	Switzerland/Italy	Switzerland	2007	1956	Executive Chairman
Weber, Roland	Switzerland	United Arab Emirates	2003	1957	Vice-Chairman
von der Weid, Roger	Switzerland	Switzerland	2006	1970	Delegate and CEO
Denz, Claudio	Switzerland/Italy	Switzerland	2011	1988	Member and Head of Digital
Kollros, Jan	Switzerland	Switzerland	2017	1978	Member
Roesti, Marcel	Switzerland	Switzerland	2008	1946	Member

Other activities and vested interests

With the exception of the positions listed above, none of the directors holds any material permanent management or consultancy function or engages in any activities of relevance to corporate governance in:

- governing or supervisory bodies of important organizations, institutions or foundations under private or public law;
- a permanent management or consultancy capacity for important interest groups;
- a public or political office.

Rules in the Articles of Incorporation on the number of permitted activities pursuant to art. 12 para. 1 item 1 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC)

The members of the Board of Directors may only assume the following maximum number of mandates in management or administrative bodies of entities and organizations: up to five additional mandates in listed entities, up to ten mandates in non-listed entities, up to ten mandates in charity organizations, associations or foundations and other non-profit organizations. Exceeding these restrictions by one mandate in the short term is permitted. Several mandates in different entities under uniform control are considered as one mandate. There is no restriction for mandates in entities which are directly or indirectly controlled by the Company as well as entities which are not obliged to obtain entry in the commercial register or a corresponding foreign register.

Elections and organization of the Board of Directors

The shareholders' meeting of the Company elects the members of the Board of Directors, the Executive Chairman of the Board of Directors, as well as the members of the remuneration committee. The remuneration committee may only consist of members of the Board of Directors. The Board of Directors may appoint a Vice-Chairman of the Board of Directors. The term of office of each member of the Board of Directors is one year.

The Executive Chairman presides over the Board of Directors. Furthermore, the Board of Directors appoints the members of the Executive Board.

The Board of Directors takes the view that the current dual functions of three members of the Board of Directors, Silvio Denz as Chairman of the Board of Directors and CEO of Lalique SA, Roger von der Weid as CEO of Lalique Group and Claudio Denz as Head of Digital are to the benefit of Lalique Group, facilitating efficient leadership and an excellent flow of information between shareholders, the Board of Directors and the Executive Board.

Definition of areas of responsibility

The Board of Directors has the following non-transferable and inalienable duties and competencies as required by law: the Board of Directors is ultimately responsible for the management of the Company. Accordingly, pursuant to the legal concept of the Swiss Code of Obligations, the Board of Directors has both executive and supervisory functions.

The ultimate management responsibilities include (i) issuing the Organizational Regulations (règlement d'organisation, Organisationsreglement), (ii) appointment and removal of the persons entrusted with the management and the representation of the Company, (iii) issuing principles for accounting and financial reporting, (iv) decisions and motions put to the shareholders' meeting, (v) determination of the strategy, and (vi) establishment of the organization.

Supervising and monitoring the senior management includes

- (a) establishing a suitable system of internal controls and receiving regular reports on the progress of business; and
- (b) preparing the annual report and approving the annual financial statements and the half-year financial statements.

The Board of Directors is also responsible for preparing the shareholders' meeting and carrying out the shareholders' resolutions. Further, the Board of Directors must notify the court in case of capital loss and over-indebtedness.

Subject to the non-transferable and inalienable powers and duties mandatorily reserved to the Board of Directors pursuant to the Swiss Code of Obligations, as well as subject to the duties and competencies retained by the Board of Directors or delegated to one of the committees according to the Articles of Incorporation and the Organizational Regulations, the Board of Directors delegated the operational management activities to the members of the Executive Board.

The Board of Directors is quorate if the majority of the members is present and passes resolutions with the majority of votes cast. No such quorum is necessary for establishing resolutions in connection with share capital increases and amending the Articles of Incorporation in this context. In case of a tie, the Executive Chairman has the deciding vote.

If no member of the Board of Directors requests a verbal debate, resolutions may also be passed by way of circular resolutions. Such resolutions have to be included in the minutes of the Board of Directors' meetings. The signatory powers of the members of the Board of Directors follow the entry in the commercial register. Currently, the members of the Board of Directors have joint signatory powers.

The Remuneration Committee consists of at least two members of the Board of Directors. The current members are Silvio Denz and Roland Weber. All members of the Remuneration Committee are individually elected by the shareholders' meeting for terms of one year. Re-election is permitted. The chairperson of the Remuneration Committee is appointed by the Board of Directors (article 26 section 3 of the Articles of Incorporation).

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.

Information and control instruments vis-à-vis the Executive Board

During every meeting of the Board of Directors the CEO reports on the general course of business. Deviations from the expected course of business and significant occurrences are reported. The members of the Board of Directors receive monthly reports on the development of gross sales in the different business lines, quarterly consolidated profit and loss statements, as well as weekly treasury updates.

The Board of Directors is briefed directly by the CEO on the ongoing strategic and operational projects and the results achieved. Besides information relating to the annual budget, the Board of Directors is also given a projection of the expected annual results once or twice a year.

Furthermore, the Executive Chairman of the Board of Directors maintains close contact with the CEO and the members of the Executive Board. The course of business and all major issues of corporate relevance are discussed at regular meetings. The Executive Chairman of the Board of Directors is closely involved with the Company and focuses his attention primarily on strategic issues and projects. Each member of the Board of Directors can request information on the course of the Company's business from persons entrusted with management of the Company. Any unexpected incidents must be reported to the members of the Board of Directors, either by the CEO or the Executive Chairman, without delay.

EXECUTIVE BOARD

Members of the Executive Board

In accordance with Swiss Law, the Articles of Incorporation and the Organizational Regulations, and subject to those affairs that lie within the responsibility of the Board of Directors by law, the Articles of Incorporation and the Organizational Regulations, the Board of Directors has delegated operational management to the Executive Board.

OPERATIONAL STRUCTURE

BOARD OF DIRECTORS LALIQUE GROUP

Silvio Denz, Executive Chairman; Roland Weber, Vice-Chairman; Claudio Denz, Member; Jan Kollros, Member; Marcel Roesti, Member; Roger von der Weid, Delegate and CEO

AUDITORS

Ernst & Young AG

GROUP CEO

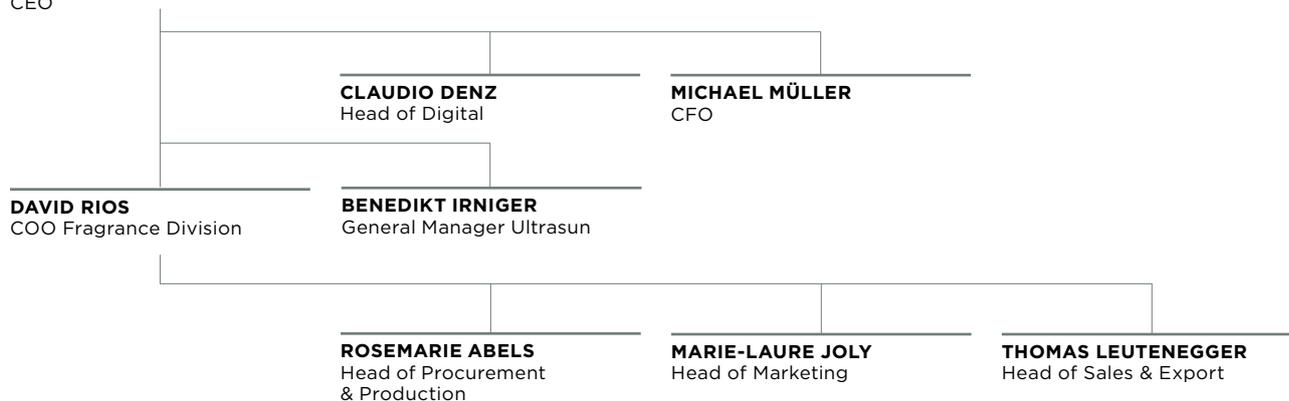
Roger von der Weid

GROUP CFO

Alexis Rubinstein

Besides the functions of Group CEO and Group CFO, the Executive Board of the Group is split into an Executive Board of the Beauty division and an Executive Board of the Lalique division. The Beauty division Executive Board and the Lalique division Executive Board together are defined as the Executive Board.

As of 31 December 2019, Roger von der Weid held the position of Group CEO and Alexis Rubinstein that of Group CFO. For the curriculum vitae of Roger von der Weid see "Members of the Board of Directors"; for Alexis Rubinstein see "Members of the Executive Board".

BEAUTY DIVISION**Executive Board****ROGER VON DER WEID**
CEO

The Beauty Division Executive Board comprises the following eight individuals:

NAME	NATIONALITY	PLACE OF RESIDENCE	YEAR OF APPOINTMENT	YEAR OF BIRTH	POSITION
von der Weid, Roger	Switzerland	Switzerland	2006	1970	CEO
Müller, Michael	Switzerland	Switzerland	2017	1978	CFO
Rios Lopez, David	Switzerland/ Ecuador	Switzerland	2015	1975	COO Fragrance Division
Abels, Rosemarie	Switzerland/ Germany	Switzerland	2010	1967	Head of Procurement & Production
Joly, Marie-Laure	France	Switzerland	2013	1969	Head of Marketing
Leutenegger, Thomas	Switzerland	Switzerland	2016	1968	Head of Sales & Export
Denz, Claudio	Switzerland/Italy	Switzerland	2011	1988	Head of Digital
Irniger, Benedikt	Switzerland	Switzerland	2013	1972	General Manager Ultrasun

For the curricula vitae of Roger von der Weid and Claudio Denz see "Board of Directors".

Müller, Michael, CFO, is a dual Swiss and German citizen currently residing in Switzerland. Michael Müller has served as CFO of Lalique Beauty since 2017. Before joining the Group, he worked as Head of Finance and Head of Controlling in various industries in Switzerland and Asia. Michael Müller has 16 years' experience in Finance & Consulting and holds a master's degree in business administration from the University of St. Gallen (HSG).

Rios Lopez, David, COO Fragrance Division, is a dual Swiss and Ecuadorian citizen currently residing in Switzerland. In 2006, David Rios Lopez joined Lalique Group SA. Before his appointment as Chief Operating Officer of the Fragrance Division in 2015, he was an Area Sales Manager and subsequently took further responsibilities as Vice-President of Sales and Head of Sales and Export. Prior to joining the Group, he worked as Business Development Manager for Elizabeth Arden International in Geneva, Switzerland, for seven years. David Rios Lopez holds a postgraduate diploma in business administration from the Université d'Angers, France, and a bachelor of arts in business administration from the Catholic University of Santiago de Guayaquil, Ecuador.

Abels, Rosemarie, Head of Procurement and Production, is a dual German and Swiss citizen currently residing in Switzerland. In 2010, Rosemarie Abels returned to Lalique Group SA as Head of Procurement and Production, after having worked at Intereurope GmbH and Scooter Fashion as Head of Purchasing for the previous three years. From 2001 to 2006, Rosemarie Abels had already been employed by the Group as Head of Procurement. Besides her current position as Head of Procurement and Production, Rosemarie Abels acts as Managing Director (directrice générale) for Lalique Beauty Services, Ury, France (since February 2014). Rosemarie Abels graduated in industrial management.

Joly, Marie-Laure, Head of Marketing, is a French citizen currently residing in Switzerland. Marie-Laure Joly joined Lalique Group SA in 2013 as Head of Marketing in charge of the management and development of the Group's perfume brands. In 2016, the areas of trade and retail marketing were added to Marie-Laure Joly's areas of responsibility. Prior to her engagement for the Group, she worked in marketing for various international companies including Triumph, La Prairie, Rochas, Dior and Hermès. She has a total of 25 years' experience in the luxury goods industry. Marie-Laure Joly holds a master's degree in fashion and art marketing from IFM, Paris (1992), and a bachelor in international business.

Leutenegger, Thomas, Head of Sales & Export, is a Swiss citizen currently residing in Switzerland. Thomas Leutenegger joined Lalique Group SA in 2016 in his current function as Head of Sales & Export. Prior to his engagement with the Group he worked as Regional Manager for Rado S.A. (Swatch Group) in Lengnau, Switzerland for eight years. Previously, he worked for Calida AG as Head of Wholesale until 2009, for Prionics AG, Schlieren, in the role of Area Director from 2004 to 2007 and in various national and international capacities within the Unilever Group from 1995 to 2003. Thomas Leutenegger holds a master's degree in business administration from the University of St. Gallen (HSG).

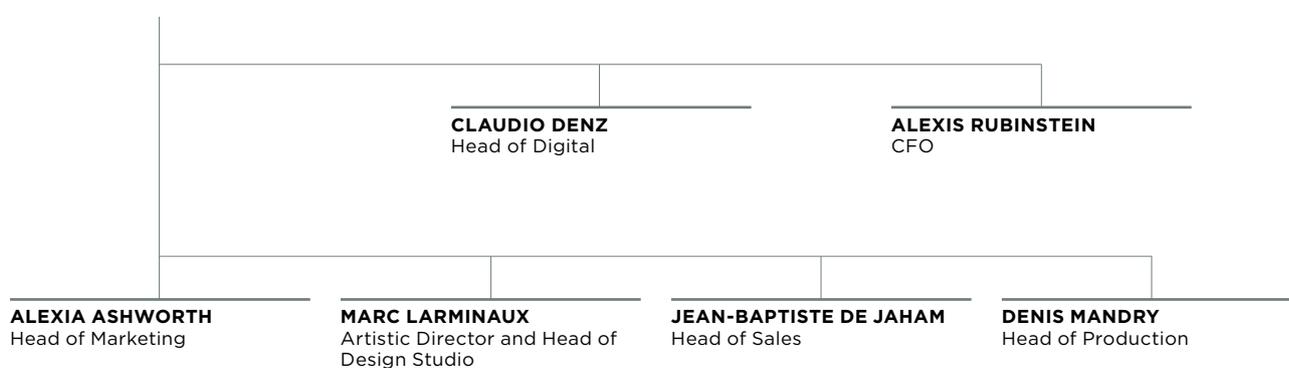
Irniger, Benedikt, General Manager Ultrasun, is a Swiss citizen currently residing in Switzerland. Benedikt Irniger joined Ultrasun in March 2013 as General Manager, after having worked for seven years for Kraft Foods (today: Mondelez) and seven years for Johnson & Johnson in brand/product management, sales and trade marketing roles in the FMCG and OTC sector. Benedikt Irniger graduated in business administration from the University of St. Gallen (HSG).

LALIQUE DIVISION**Executive Board****SILVIO DENZ**

Chairman of the Board of Directors & CEO

ROGER VON DER WEID

Managing Director



The Lalique Division Executive Board comprises the following eight individuals:

NAME	NATIONALITY	PLACE OF RESIDENCE	YEAR OF APPOINTMENT	YEAR OF BIRTH	POSITION
Denz, Silvio	Switzerland/Italy	Switzerland	2007	1956	Chairman and CEO
von der Weid, Roger	Switzerland	Switzerland	2006	1970	Managing Director
Rubinstein, Alexis	France	France	2014	1981	CFO
Mandry, Denis	France	France	2008	1963	Head of Production
Larminaux, Marc	France	France	2013	1976	Artistic Director and Head of Design Studio
De Jaham, Jean Baptiste	France	France	2016	1967	Head of Sales
Ashworth, Alexia	France	France	2005	1978	Head of Marketing
Denz, Claudio	Switzerland/Italy	Switzerland	2011	1988	Head of Digital

For the curricula vitae of Silvio Denz, Roger von der Weid and Claudio Denz see "Board of Directors".

Rubinstein, Alexis, Group CFO served as Chief Financial Officer of the Lalique division from 2014, before being nominated Group CFO in 2017. Before his commitment to the Group, he worked as a financial auditor specializing in due diligence from 2003 to 2008. Afterwards, Alexis Rubinstein spent over six years as Auditing Director and was working on various consulting missions, particularly in external financial interim management and industrial controlling. He gained a master's degree in finance from IPAG Business School Paris in 2003.

Mandry, Denis, Head of Production, is a French citizen currently residing in France.

Denis Mandry has managed the Lalique crystal factory since February 2008. Prior to taking this position he was employed at the factory in various positions from April 1990, first as Head of Methods and subsequently as manager in charge of the industrialization of products. Prior to joining the Group, Denis Mandry worked as Quality Manager and Purchasing and Logistics Manager at Schneider Industrie Industrielle from 1987 to 1990. Denis Mandry holds an engineering degree from the National School of Engineers, Metz, France.

Larminaux, Marc, Artistic Director and Head of Design Studio, is a French citizen currently residing in France. Marc Larminaux joined Lalique in 2002 as a Junior Designer, took further responsibilities over the years as a Senior Designer before being appointed Head of Design Studio in 2013 and Artistic Director in 2016. Marc Larminaux previously worked as a Graphic Designer in London for Keenan Design and as a Freelance Digital and Multimedia Designer for UNESCO. He holds a BTS in Ceramics and Glass Design from ENSAAMA (Olivier de Serres), Paris and a master's degree in industrial design from Central Saint Martins College, London.

De Jaham, Jean-Baptiste, Head of Sales, is a French citizen currently residing in France.

Jean-Baptiste De Jaham is Head of Sales, responsible for Lalique's international sales operations. Before joining Lalique in 2016, he worked at Yves Delorme's subsidiary in Charlottesville, USA, as Retail Sales Director (2006 to 2008) and later worked as International Sales Director in Paris (2013 to 2016). Prior to this, he worked as Sales Director and Area Manager for Hermès, Paris, France (1997 to 2006), and as Area Manager for LVMH Group, Paris, France (1991 to 1997). Jean-Baptiste De Jaham holds a degree in finance and marketing from ACI in Paris, France and from Esucomex Santiago, Chile.

Ashworth, Alexia, Head of Marketing, is a French citizen currently residing in France.

Alexia Ashworth is the international Head of Marketing for Lalique Decorative Objects, Interior Design and Jewellery. She joined Lalique in 2005 as Product Manager, took further responsibilities as Head of Operational Marketing before she was appointed international Head of Marketing in January 2014. She previously worked in marketing positions at Christian Dior Couture and Guerlain. Alexia Ashworth holds a master's degree in business law from the University of Paris II Assas Panthéon and graduated from Sciences Po, Paris.

Other activities and vested interests

With the exception of the positions listed above, none of the members of the Executive Board holds any material permanent management or consultancy function or engages in any activities of relevance to corporate governance in:

- governing or supervisory bodies of important organizations, institutions or foundations under private or public law;
- a permanent management or consultancy capacity for important interest groups;
- a public or political office.

Rules in the Articles of Incorporation on the number of permitted activities pursuant to art. 12 para. 1 item 1 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC)

The members of the Executive Board may only assume the following maximum number of mandates in management or administrative bodies of entities and organizations subject to the approval of the Executive Chairman: up to two additional mandates in listed entities, up to two mandates in non-listed entities, up to two mandates upon instruction of the Company in entities which are not directly or indirectly controlled by the Company, and up to ten mandates in charity organizations, associations or foundations and other non-profit organizations.

Several mandates in different entities under uniform control are considered as one mandate. There is no restriction for mandates in entities which are directly or indirectly controlled by the Company as well as entities which are not obliged to obtain entry in the commercial register or a corresponding foreign register.

Management Contracts

The company has not entered into any management contracts with third parties that fall within the scope of subsection 4.4 of the SIX Directive on Information relating to Corporate Governance.

COMPENSATION, SHAREHOLDINGS AND LOANS

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, the compensation and shareholdings of members of the Board of Directors, as well as the members of the Executive Board and any loans extended to them, are presented and discussed in the separate “Compensation Report”.

SHAREHOLDERS’ PARTICIPATION

Voting rights restrictions and representation

Holders of registered shares are registered on request in the Company’s share register, subject to their signature of a written statement expressly confirming that they have acquired the shares in their own name and for their own account. All shareholders entered in the share register with voting rights are entitled to attend and vote at the General Meeting of Shareholders. Each registered share entitles the holder to one vote. No restrictions on voting rights exist. Shareholders may arrange to be represented at the General Meeting of Shareholders by a person authorized in writing, the management representative, the independent proxy or a portfolio representative by means of a written power of attorney. No legal quorum is stipulated.

Quorums required by the Articles of Incorporation

Unless otherwise stipulated by mandatory law or by provisions contained in the Articles of Incorporation, the General Meeting of Shareholders passes its resolutions and confirms elections by an absolute majority of the votes represented. Abstentions are disregarded for the purpose of assessing a majority.

Convocation of the general meeting of shareholders

Ordinary General Meetings are convened by the Board of Directors and must be held annually within six months of the close of the Company’s fiscal year.

Extraordinary General Meetings shall take place as necessary, in particular in those cases stipulated by law. Those Meetings are called by the Board of Directors or, if necessary, by the auditors or a liquidator.

Invitations to the General Meeting of Shareholders are issued in writing at least 20 days in advance, together with an announcement in the Company’s official publication medium, the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SHAB/Feuille Officielle Suisse du Commerce, FOOSC)

For organizational reasons, only those shareholders entered in the share register on the day before invitations are sent may attend the General Meeting of Shareholders. Shareholders are entitled to receive dividends and to lay claim to the rights stipulated in the Swiss Code of Obligations.

In view of the updated measures to combat COVID-19 that were announced by the Swiss Federal Council on 16 March 2020, the 2020 Annual General Meeting will be limited to what is legally required and it is expected to take place without shareholders attending in person. Shareholders are requested to authorize the independent proxy to exercise voting rights on their behalf.

Inclusion of items on the agenda

The invitation to the General Meeting contains the agenda items, petitions by the Board of Directors and petitions by shareholders who have convened the General Meeting or requested the inclusion of an item in the agenda.

Entries in the share register

Shareholders will be registered with a right to vote in the share register of Lalique Group SA until the record date set by the Board of Directors for each shareholders’ meeting. The register date for the Ordinary General Meeting is specified in the invitation and is set approximately two weeks before the meeting. Only shareholders who hold shares registered in the share register with a right to vote at a certain date—or their representatives—are entitled to vote. Unless other cut-off dates are stipulated by the Board of Directors, no entries in the share register are permitted as from the date of dispatch of the invitations to the General Meeting until the day after the date of the meeting.

CHANGES OF CONTROL AND DEFENCE MEASURES

Duty to make an offer

According to the Swiss Financial Market Infrastructure Act (FMIA), shareholders or a group of shareholders acting in concert who acquire more than 33.3% of the voting rights of a company domiciled in Switzerland and listed on an exchange in Switzerland are required to issue a public offer to acquire all listed equity securities of that company.

The Articles of Incorporation of Lalique Group SA do not allow for an opting-up or opting-out clause.

Clauses on changes of control

There are no change-of-control agreements with members of the Board of Directors or the Management Board or other executives.

AUDITORS

Duration of the mandate and term of office of the lead auditor

The General Meeting of Lalique Group SA appointed Ernst & Young AG (CHE-491.907.686) in Zurich as its statutory auditor for the first time in 2007. According to the Articles of Incorporation of the Company, the auditors must be re-appointed or confirmed each year by the General Meeting. Daniel Zaugg, a Swiss certified accountant, is the lead auditor and held this position for the audit of the 2019 financial statements.

Auditing fees

The fees of Ernst & Young AG for professional services related to the audit of the Group's annual accounts for the year 2019 were CHF 331 600. This amount includes fees for the audit of Lalique Group SA and its subsidiaries, and of the consolidated financial statements.

Additional fees

In addition, for the year 2019, Ernst & Young rendered services related to Lalique Group's capital increase, approved by the General Meeting on 24 May 2019, as well as for the integration of the acquired whisky distillery The Glenturret and other services for a total of CHF 117 450.

Information instruments pertaining to the external audit

Supervision and control of auditors' performance is exercised by the whole Board of Directors. Before the interim audit, auditors prepare an audit plan. Based on an analysis of current business and audit risks, the main points to be audited are proposed in this plan. The scope of the audit is defined in an engagement letter.

The report on the final audit for the annual financial statement is dispatched to all members of the Board of Directors after the end of each reporting year. It is discussed with the auditors prior to approval of the annual report.

Auditors' direct access to the Board of Directors is guaranteed at all times. The auditor meets with the executive member of the Board of Directors and CEO during the year on an ad-hoc basis.

INFORMATION POLICY

Lalique Group undertakes to pursue an open, transparent and consistent information policy, publishing half-year and annual results in compliance with the requirements of the SIX Swiss Exchange. In addition to the detailed information published in conjunction with the General Meeting of Shareholders, the company also provides information on current events and developments through press releases, which are archived on the company website at www.lalique-group.com. As a company listed on SIX Swiss Exchange, Lalique Group complies with the rules governing ad-hoc publicity, i.e. it is obligated to disclose potentially price-sensitive events and developments. The CEO is responsible for communication with investors. The official publication medium of Lalique Group is the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SHAB/ Feuille Officielle Suisse du Commerce, FOOSC).

E-mails can be sent to investor-relations@lalique-group.com at any time.

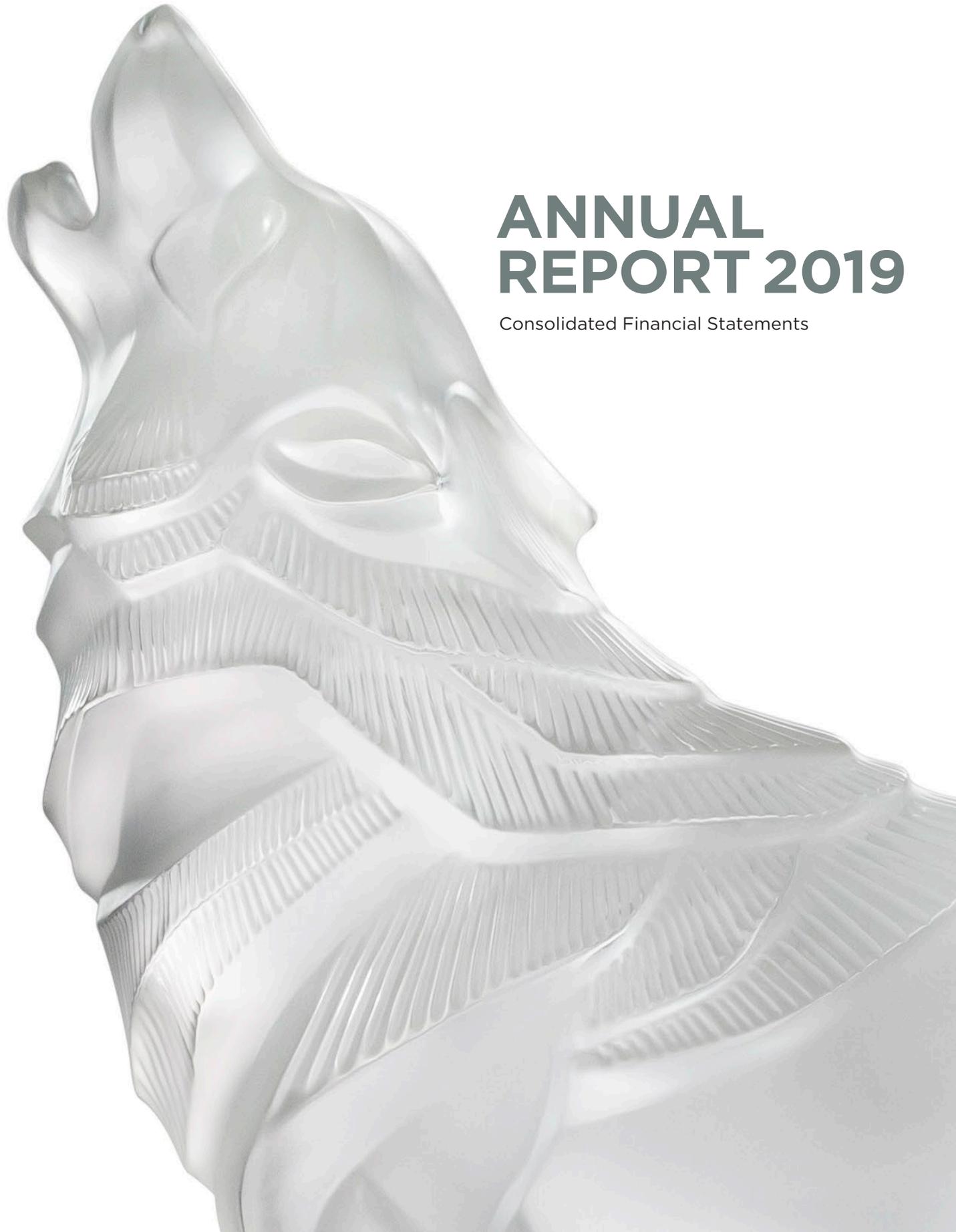
Events calendar

- Annual General Meeting: 8 May 2020
- Publication of Half-Year Results 2020: 9 September 2020

LALIQUE
GROUP

**ANNUAL
REPORT 2019**

Consolidated Financial Statements



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MANAGEMENT COMMENT

Lalique Group SA increased operating revenue in 2019 by 5% to EUR 143.5 million year-on-year and reported earnings before interest and taxes (EBIT) of EUR 1.4 million. Lalique Group expects its results for the current year to be adversely affected by the Covid-19 situation. The Board of Directors therefore proposes to shareholders that no dividend be distributed for the 2019 financial year.

Lalique Group achieved further moderate growth in sales in the financial year 2019 in a challenging market environment. This was driven primarily by continued strong growth in the Ultrasun segment and positive developments of almost all brands in the perfume business and the Lalique crystal business. The newly acquired stake in the Scottish whisky distillery The Glenturret also contributed to growth. Sales were negatively impacted in particular by a significant decline in higher-margin sales at Lalique Parfums in the Middle East. Overall, Group operating revenue increased by 5% to EUR 143.5 million compared with the previous year. This corresponds to growth in local currencies of 5%.

Personnel costs increased to EUR 35.5 million during the year under review (previous year: EUR 32.6 million), reflecting the expansion of the business as planned. Other operating expenses decreased from EUR 32.4 million to EUR 30.0 million year-on-year, while depreciation rose from EUR 7.7 million to EUR 14.8 million. This reflects the first-time application of IFRS 16, due to which other operating expenses declined by EUR 7.7 million and depreciation increased by EUR 6.9 million. If IFRS 16 is not applied, other operating expenses would have increased by 16% to EUR 37.7 million and depreciation would have risen by 3% to EUR 7.9 million due to growth and investments. The growth and investment-related expenses reflect the planned costs for international expansion and for recruiting in the US; this also includes EUR 1.2 million of one-off expenses in connection with the acquisition of a 50% stake in The Glenturret.

Earnings before interest and taxes (EBIT) totaled EUR 1.4 million in 2019 (previous year: EUR 6.1 million including extraordinary income of EUR 2.4 million related to legal proceedings) and was therefore at the upper end of the guidance provided in October 2019. The EBIT margin was 1.0% compared with 4.5% in the previous year. Excluding one-off costs related to the acquisition of a 50% stake in The Glenturret, EBIT for the year under review was EUR 2.6 million and the EBIT margin was 1.8%. Net Group profit was EUR 1.1 million compared with EUR 5.2 million in the previous year. The result for the reporting year contains a positive effect of EUR 2.9 million arising from the Swiss corporate tax reform, while the previous year's result contained a positive effect of EUR 1 million due to the tax reform in France.

Segment results

The Lalique segment recorded a 2% decrease in sales to EUR 81.1 million in 2019. The crystal business grew by 7% year-on-year, whereby China and Russia in particular developed very positively. In contrast, the perfume business recorded a decline of 18%, which is mainly attributable to the aforementioned difficult market and operating conditions in the Middle East. Costs rose by 4% and reflect the expansion of the business, particularly in Asia, where a new boutique in Beijing and four new shop-in-shops in Japan were opened in 2019, as well as restructuring in the US. EBIT was EUR -6.9 million (previous year: EUR -1.7 million, including the aforementioned extraordinary income of EUR 2.4 million).

Ultrasun once again achieved a very strong result for the year under review. Especially in China, Switzerland and the Netherlands, the segment recorded continued growth, and new markets such as Taiwan and Korea also closed the year with solid results. The strategy adopted, which places increased focus on distribution through pharmacies and chemists, continued to pay off. Overall, sales rose by 25% to EUR 21.8 million with a higher gross profit margin, while expenses increased by 19%, also reflecting higher personnel and marketing costs resulting from the expansion of the business. EBIT increased to EUR 4.1 million (previous year: EUR 2.2 million).

In the other segments, Jaguar Fragrances recorded a further increase in sales of 5% following a good result in the previous year. A significant decline in the Middle East was offset by sales growth in other markets—in particular in Europe, but also in North America and Asia. With sales growth of 20%, Parfums Grès reported a very positive result for 2019, benefiting from a strong recovery in key markets such as Spain, France, Latin America and Israel. The launch of the perfume “Cabocharde chérie” and the re-launch of “Cabocharde” also contributed to the positive development of Parfums Grès.

Among the other brands, Bentley Fragrances ended 2019 with growth of 5%, which is primarily also attributable to higher sales in the US and the UK. Following a decline in 2018, Parfums Samourai reported an appreciable recovery and grew by 9%. Two new launches and strong follow-up orders for existing product lines were the foundation for the positive growth in 2019. The perfume filling and logistics operation Lalique Beauty Services also developed positively. With the new filling facility that began operations in the fall of 2018, the productivity and capacities for new portfolio brands such as Brioni as well as for third-party clients were significantly increased. The whisky distillery The Glenturret, which has been fully consolidated in the accounts of Lalique Group since the acquisition on 28 March 2019, generated sales of EUR 1.9 million for the months from April until December 2019, which is in line with expectations.

Outlook for 2020

Before the lockdown measures imposed by the authorities around the world in mid-March 2020 to combat Covid-19, Lalique Group's business was less affected than initially expected when the crisis began in China. However, the company expects its business operations to be adversely affected during the remainder of the year, in particular due to the closure of points of sale and interruptions in supply chains.

In light of this situation, Lalique Group swiftly introduced measures to maintain the company's solid capital and liquidity position. In a first step, marketing activities were significantly reduced and a number of projects for the development and launch of new collections and product lines were suspended until further notice. In addition, Lalique Group has applied for short-time work or comparable support measures for the majority of employees at its headquarters in Zurich, all locations in France, including the crystal manufactory in Wingen-sur-Moder and the perfume filling plant in Ury, as well as overseas. In contrast, digital marketing and online distribution activities will be further expanded. The preparations for the launch of the first perfume under the new Brioni license scheduled for the fourth quarter of 2020 are proceeding according to plan.

Further to this, the Board of Directors has decided that in light of the Covid-19 situation, it will propose to the Annual General Meeting on 8 May 2020 that no dividend be distributed for the 2019 financial year. For their part, the members of the Board of Directors and the Executive Board have announced that they will contribute to the measures to preserve liquidity in the form of decreased salaries and bonuses.

Due to the unpredictability of the further developments, it is not possible to provide more specific information on the course of business of Lalique Group at this point in time. This depends on the duration of the Covid-19 pandemic and the related restrictions on business operations, as well as on how long it takes for the economic recovery in the various market regions to take hold. Lalique Group expects that in its portfolio, demand is likely to increase fastest for products for everyday use and in the cheaper price segment. For luxury products, namely in the Lalique segment, a rise in demand could be slower, although Lalique Group has a loyal customer base in this area that reacts less sensitively to general economic conditions, as has been demonstrated to some extent in the course of the year to date.

Lalique Group is convinced that the diversification strategy it has been pursuing for a number of years and the breadth of its business are fundamental strengths that will benefit the Group, also if the difficult economic environment persists for an extended period. Taking into account the Covid-19 situation, Lalique Group will continue to systematically implement its strategy and will also place a focus on specific regions. With regard to the medium-term goals communicated to date (sales growth in the mid-single digit percentage range in local currencies and a gradual increase in the EBIT margin to 9%–11%), Lalique Group currently expects that the achievement of these targets will be delayed, depending on how markets recover from the current crisis.

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 living accessories, along with art, gastronomy and hospitality as well as single malt whisky. Founded in 2000, the company employs approx. 720 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	NOTE	2019	2018
Revenue from contracts with customers	4	141 795	133 879
Other operating income	5	1 679	2 541
Revenue and other operating income		143 474	136 420
Material costs, licences and third-party services	6	-61 703	-57 587
Gross result		81 771	78 833
Salaries and wages	7	-35 521	-32 618
Other operating expenses	8	-30 034	-32 448
EBITDA		16 216	13 767
Depreciation and amortization/impairment	17/18	-14 829	-7 693
EBIT		1 387	6 074
Financial income	9	61	26
Financial expenses	9	-1 887	-1 343
Net foreign exchange differences	9	-105	921
Group profit/loss before taxes		-544	5 678
Income taxes	10	1 637	-512
NET GROUP PROFIT		1 093	5 166
of which attributable to:			
Non-controlling interests		-2 351	-1 035
Owners of the parent company		3 444	6 201
Earnings per share basic/diluted (in EUR)	11	0.52	1.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN EUR THOUSANDS	NOTE	2019	2018
NET GROUP PROFIT		1 093	5 166
Foreign currency translation		3 717	597
Items that can be reclassified subsequently to the income statement, net of tax		3 717	597
Remeasurements of pension plans	19	-571	170
Tax on remeasurements of pension plans		104	-32
Items that cannot be reclassified subsequently to the income statement, net of tax		-467	138
Other comprehensive income, net of tax		3 250	735
TOTAL COMPREHENSIVE INCOME		4 343	5 901
of which attributable to:			
Non-controlling interests		-1 754	-1 119
Owners of the parent company		6 097	7 020

CONSOLIDATED BALANCE SHEET

ASSETS

IN EUR THOUSANDS	NOTE	31.12.19	31.12.18 RESTATED	01.01.18 RESTATED
Cash and cash equivalents	12	48 845	15 336	16 252
Trade accounts receivable	13	21 070	17 698	15 723
Inventories	14	82 790	67 603	63 533
Other receivables	15	9 679	8 356	7 084
Total current assets		162 384	108 993	102 592
Property, plant and equipment	17	77 915	54 561	51 631
Intangible assets	18	93 031	67 832	67 294
Other non-current assets	16	5 459	5 199	5 114
Deferred tax assets ¹	25	4 025	409	1 584
Total non-current assets		180 430	128 001	125 623
TOTAL ASSETS		342 814	236 994	228 215

LIABILITIES AND EQUITY

IN EUR THOUSANDS	NOTE	31.12.19	31.12.18 RESTATED	01.01.18 RESTATED
Bank overdrafts	2	41 623	41 785	45 568
Trade accounts payable		15 953	14 179	10 838
Income tax liabilities		1 737	1 805	1 416
Other current liabilities	20	31 667	17 094	16 069
Total current liabilities		90 980	74 863	73 891
Other non-current liabilities	21	4 149	3 265	4 291
Provisions	22	159	208	397
Non-current financial liabilities	23	36 947	14 820	33 679
Defined benefit obligation	19	5 712	4 855	4 836
Deferred tax liabilities ¹	25	12 687	9 559	11 435
Total non-current liabilities		59 654	32 707	54 638
Total liabilities		150 634	107 570	128 529
Share capital	26	1 204	988	816
Capital reserves	26	85 378	46 039	20 798
Retained earnings/other reserves ¹	26	85 276	81 036	75 592
Total equity attributable to owners of the parent company		171 858	128 063	97 206
Non-controlling interests ¹		20 322	1 361	2 480
Total equity		192 180	129 424	99 686
TOTAL LIABILITIES AND EQUITY		342 814	236 994	228 215

¹ The Group has restated the comparative balance sheet as at 31 December and 1 January 2018 for the correction of an error in deferred taxes (Note 2)

CONSOLIDATED CASH FLOW STATEMENT

IN EUR THOUSANDS	NOTE	2019	2018 RESTATED
Group profit/loss before taxes		-544	5 678
Depreciation and amortization/impairment	17/18	16 120	8 816
Change in defined benefit obligation		177	-81
Change in provisions	22	-53	-191
Financial income	9	-61	-26
Financial expenses	9	1 887	1 343
Net foreign exchange differences	9	105	-921
Other non-cash income/expenditure		15	-176
Cash flow from operations before change in net current assets		17 646	14 442
Decrease (+)/increase (-) in trade accounts receivable		-2 813	-1 447
Decrease (+)/increase (-) in inventories		-1 114	-2 507
Decrease (+)/increase (-) in other receivables		-1 503	- 992
Increase (+)/decrease (-) in trade accounts payable		1 467	3 136
Increase (+)/decrease (-) in other current liabilities		-1 133	-1 791
Interest paid		-1 236	-754
Tax paid		-1 870	-922
Interest received		3	3
Cash flow from operating activities		9 447	9 168
Investments in subsidiaries net of cash acquired	27	-29 003	-
Investments in property, plant and equipment	17	-7 764	-9 243
Investments in other non-current assets	16	-108	-
Sale of property, plant and equipment	17	297	599
Investments in intangible assets	18	-823	-1 390
Cash flow from investing activities		-37 401	-10 034
Capital contribution from shareholders	26	42 212	6 659
Capital contribution from NCI shareholders	27	20 780	-
Reduction in shareholder loans		-13 488	-2 061
Receipt of/increase in shareholder loans		22 255	-
Receipt of/increase in NCI shareholder loans		835	-
Repayment of short-term loan of Glenturret Limited	27	-7 281	-
Purchase of treasury shares		- 551	-
Sale of treasury shares		-	589
Net cash flow from bank overdrafts ¹	23	-1 264	-4 690
Repayments/outflows current financial liabilities	23	-3 000	-2 288
Repayment of principal amount of lease liabilities	23	-8 759	-1 038
Proceeds/inflows other non-current liabilities	23	12 716	4 491
Repayments/outflows other current liabilities	23	-1 465	-
Dividend payment	2	-2 657	-2 165
Cash flow from financing activities		60 333	- 503
Exchange differences on cash and cash equivalents ¹		1 130	453
DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS		33 509	-916
Balance of cash and cash equivalents as at 01.01. ¹	12	15 336	16 252
Balance of cash and cash equivalents as at 31.12. ¹	12	48 845	15 336

¹ Restatement of bank overdrafts as financial liabilities rather than cash and cash equivalents (Note 2)

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
BALANCE AS AT 01.01.2018 AS PUBLISHED	816	20 798	-277	-3 898	75 771	93 210	2 270	95 480
Correction of an error ¹	-	-	-	-	3 996	3 996	210	4 206
BALANCE AS AT 01.01.2018 RESTATED¹	816	20 798	-277	-3 898	79 767	97 206	2 480	99 686
Net Group profit	-	-	-	-	6 201	6 201	-1 035	5 166
Foreign currency translation	-	-	-	681	-	681	- 84	597
Remeasurement IAS 19 (incl. tax)	-	-	-	-	138	138	-	138
Other comprehensive income	-	-	-	681	138	819	-84	735
Total comprehensive income	-	-	-	681	6 339	7 020	-1 119	5 901
Dividend payout	-	-	-	-	-2 165	-2 165	-	-2 165
Capital contribution from shareholders	172	25 241	-	-	-	25 413	-	25 413
Sale of treasury shares	-	-	277	-	312	589	-	589
BALANCE AS AT 31.12.2018 RESTATED¹	988	46 039	-	-3 217	84 253	128 063	1 361	129 424
BALANCE AS AT 01.01.2019	988	46 039	-	-3 217	84 253	128 063	1 361	129 424
Effect of adoption of IFRS 16 Leases	-	-	-	-	-1 306	-1 306	- 65	-1 371
BALANCE AS AT 01.01.2019 ADJUSTED²	988	46 039	-	-3 217	82 947	126 757	1 296	128 053
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
Total comprehensive income	-	-	-	3 135	2 962	6 097	-1 754	4 343
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
BALANCE AS AT 31.12.2019	1 204	85 378	- 551	- 82	85 909	171 858	20 322	192 180

¹ The Group has restated the balance at 31 December and 1 January 2018 for the correction of an error in deferred taxes (Note 2)

² Adjusted opening balance of retained earnings at 1 January 2019 by cumulative effect of adopting IFRS 16 (Note 2)

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 2019 were approved by the Board of Directors on 15 April 2020 and recommended for approval by the General Meeting of Shareholders on 8 May 2020.

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 living accessories as well as art. The Group has established itself as a brand builder in the perfume industry, developing tailored brand concepts focusing on specific target markets.

In 2019 Lalique Group acquired 50% of Glenturret, Scotland's oldest single malt whisky distillery, further expanding its luxury goods business.

In addition to its headquarters in Zurich, Switzerland and Paris, France, the Group has a manufacturing site for perfumes in Ury, France and one for crystal in Wingen-sur-Moder, France. The Group also maintains representative offices in the United Kingdom, Germany, the United States, China 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.

Correction of errors

Deferred taxes

In 2019, the Group identified an error in the amount of deferred tax liabilities, which was overstated due to non-recognition of income tax deductible losses carried forward, even though there were sufficient taxable temporary differences recognized relating to the same taxation authority and the same taxable entity. Further, the Group identified an error in the amount of deferred tax assets, which was overstated due to recognition of tax deductible temporary differences in several entities, even though there were not sufficient taxable temporary differences recognized nor taxable profits expected in those entities.

Therefore, the following corrections have been made to the comparative information for 2018 presented in the Consolidated Balance Sheet resulting in a net increase of equity by EUR 4 206 thousand as of 1 January and 31 December 2018:

Consolidated balance sheet as at 1 January 2018**ASSETS**

IN EUR THOUSANDS	NOTE	31.12.17 AS PUBLISHED	CORRECTION OVERSTATEMENT DTL	CORRECTION OVERSTATEMENT DTA	01.01.18 RESTATED
Deferred tax assets	25	3 189	-	-1 605	1 584
Total non-current assets		127 228	-	-1 605	125 623
TOTAL ASSETS		229 820	-	-1 605	228 215

LIABILITIES AND EQUITY

IN EUR THOUSANDS	NOTE	31.12.17 AS PUBLISHED	CORRECTION OVERSTATEMENT DTL	CORRECTION OVERSTATEMENT DTA	01.01.18 RESTATED
Deferred tax liabilities	25	17 246	-5 811	-	11 435
Total non-current liabilities		60 449	-5 811	-	54 638
Total liabilities		134 340	-5 811	-	128 529
Retained earnings / other reserves	26	71 596	5 521	-1 525	75 592
Total equity attributable to owners of the parent company		93 210	5 521	-1 525	97 206
Non-controlling interests		2 270	290	- 80	2 480
Total equity		95 480	5 811	-1 605	99 686
TOTAL LIABILITIES AND EQUITY		229 820	-	-1 605	228 215

Consolidated balance sheet as at 31 December 2018**ASSETS**

IN EUR THOUSANDS	NOTE	31.12.18 AS PUBLISHED	CORRECTION OVERSTATEMENT DTL	CORRECTION OVERSTATEMENT DTA	31.12.18 RESTATED
Deferred tax assets	25	1 328	-	-919	409
Total non-current assets		128 920	-	-919	128 001
TOTAL ASSETS		237 913	-	-919	236 994

LIABILITIES AND EQUITY

IN EUR THOUSANDS	NOTE	31.12.18 AS PUBLISHED	CORRECTION OVERSTATEMENT DTL	CORRECTION OVERSTATEMENT DTA	31.12.18 RESTATED
Deferred tax liabilities	25	14 684	-5 125		9 559
Total non-current liabilities		37 832	-5 125	-	32 707
Total liabilities		112 695	-5 125	-	107 570
Retained earnings/other reserves	26	77 040	4 869	-873	81 036
Total equity attributable to owners of the parent company		124 067	4 869	-873	128 063
Non-controlling interests		1 151	256	-46	1 361
Total equity		125 218	5 125	-919	129 424
TOTAL LIABILITIES AND EQUITY		237 913	-	-919	236 994

Disclosures for the impacted balances have been revised.

Cash flow statement

In 2019, a classification error in the Consolidated Cash Flow Statement of prior years was identified.

Lalique Group's consolidated balance sheet showed a bank overdraft of EUR 41 785 thousand on 31 December 2018 (2017: EUR 45 568 thousand). The Group used to consider these bank overdrafts as a component of cash and cash equivalents in the Consolidated Cash Flow Statement.

However, based on IAS 7.8, bank borrowings are generally considered to be financing activities. They can only be included as a component of cash and cash equivalents in the cash flow statement if the banking arrangements are bank overdrafts which are repayable on demand and form an integral part of an entity's cash management.

Lalique Group concluded in the past that these banking arrangements were an integral part of the Group's cash management. However, as the balance of the Group's bank overdrafts is consistently negative and does not often fluctuate from positive to negative, the Group has concluded that the arrangements do not form an integral part of the Group's cash management and, instead, represent a form of financing and the cash flows should be presented as financing activities.

Therefore, the following corrections have been made to the comparative information for 2018 presented in the Consolidated Cash Flow Statement:

IN EUR THOUSANDS	2018 AS PUBLISHED	CORRECTION	2018 RESTATED
Net cash flow from bank overdrafts	-	-4 690	-4 690
Cash flow from financing activities	4 187	-4 690	-503
Exchange differences on cash and cash equivalents	-454	907	453
DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	2 867	-3 783	-916
Balance of cash and cash equivalents as at 01.01.	-29 316	45 568	16 252
Balance of cash and cash equivalents as at 31.12.	-26 449	41 785	15 336

New accounting policies

The IASB has published the following new standards, interpretations and amendments to existing standards and interpretations that are effective for the 2019 financial statements and had an impact on the Group:

STANDARD/ INTERPRETATION	DESIGNATION	EFFECTIVE DATE
IFRS 16	Leases	1 January 2019

• IFRS 16

The Group applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognized as an adjustment to the opening balance at 1 January 2019, with no restatement of comparative information.

IFRS 16 replaced prior existing leases guidance including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and requires more extensive disclosures.

The Group applied the practical expedient to grandfather the definition of a lease on transition. This means it applied IFRS 16 to all contracts entered into before 1 January 2019 that were previously identified as leases in accordance with IAS 17 and IFRIC 4, and did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

IFRS 16 introduced a single, on-balance-sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group recognized new assets and liabilities for its operating leases, e.g. of boutiques, office buildings, motor vehicles and office equipment. The nature of expenses related to those leases changed because the Group recognizes a depreciation charge for right-of-use (RoU) assets and interest expense on lease liabilities. Previously, the Group recognized operating lease expenses on a straight-line basis over the term of the lease within “Other operating expenses”, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. In addition, the Group no longer recognizes provisions for operating leases that it assesses to be onerous after their commencement date. Instead, the Group includes the payments due under the lease in its lease liability and determines and recognizes any impairment of RoU assets applying IAS 36 Impairment of Assets.

On transition to IFRS 16, the right-of-use assets for all leases were recognized based on the carrying amount as if IFRS 16 had been applied since the commencement date of the lease, but discounted using the incremental borrowing rate at 1 January 2019.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

IN EUR THOUSANDS	31.12.18 RESTATED ¹	EFFECT OF ADOPTION OF IFRS 16 LEASES	01.01.19 ADJUSTED
Property, plant and equipment	54 561	21 349	75 910
Deferred tax assets	409	65	474
Total non-current assets	128 001	21 414	149 415
TOTAL ASSETS	236 994	21 414	258 408

¹ The amounts presented differ from the amounts presented in the consolidated financial statements for the year ended 31 December 2018 due to correction of error in deferred taxes as disclosed earlier in this note.

IN EUR THOUSANDS	31.12.18 RESTATED ¹	EFFECT OF ADOPTION OF IFRS 16 LEASES	01.01.19 ADJUSTED
Other current liabilities	17 094	7 181	24 275
Total current liabilities	74 863	7 181	82 044
Non-current financial liabilities	14 820	15 604	30 424
Total non-current liabilities	32 707	15 604	48 311
Total liabilities	107 570	22 785	130 355
Retained earnings/other reserves	81 036	-1 306	79 730
Total equity attributable to owners of the parent company	128 063	-1 306	126 757
Non-controlling interests	1 361	- 65	1 296
Total equity	129 424	-1 371	128 053
TOTAL LIABILITIES AND EQUITY	236 994	21 414	258 408

¹ The amounts presented differ from the amounts presented in the consolidated financial statements for the year ended 31 December 2018 due to correction of error in deferred taxes as disclosed earlier in this note.

As a result of adoption of IFRS 16 as of 1 January 2019:

- RoU assets of EUR 29 090 thousand were recognized within property, plant and equipment. This includes the lease assets recognized previously under finance leases of EUR 7 741 thousand.
- Additional lease liabilities of EUR 23 211 thousand were recognized within other current liabilities and non-current financial liabilities for its current and non-current portions, respectively.
- Accrued lease payments of EUR 426 thousand related to previous operation leases were derecognized.

- Deferred tax asset increased by EUR 65 thousand because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings (EUR 1 306 thousand) and non-controlling interest (EUR 65 thousand).

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

IN EUR THOUSANDS	2019
Liabilities from finance leases as of 31 December 2018 (under IAS 17)	3 802
Operating lease commitments as at 31 December 2018	23 657
Weighted average incremental borrowing rate as at 1 January 2019	2.75%
Discounted operating lease commitments as at 1 January 2019	21 445
Commitments relating to short-term leases	-252
Commitments relating to leases of low-value assets	-29
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	2 047
LIABILITIES FROM LEASES AS OF 1 JANUARY 2019	27 013

Other changes in IFRS that became effective on 1 January 2019 do not have a significant impact on these 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
IFRS 3	Definition of a Business	1 January 2020	2020 business year
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020	2020 business year
IAS 1 and IAS 8	Definition of Material	1 January 2020	2020 business year
	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	2020 business year
IFRS 17	Insurance Contracts	1 January 2021	2021 business year
IAS 1	Amendments to Classification of Liabilities as Current or Non-current	1 January 2022	2022 business year

Consolidation principles and consolidated companies

The Consolidated Financial Statements comprise the financial statements of Lalique 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. 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 it 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.

Foreign-currency translation

The functional currency of Lalique Group SA is Swiss francs (CHF). 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:

	2019	2018
CHF		
Year-end rate (balance sheet)	0.9196	0.8886
Average rate for the year (income statement)	0.8990	0.8661
USD		
Year-end rate (balance sheet)	0.8929	0.8738
Average rate for the year (income statement)	0.8932	0.8472
GBP		
Year-end rate (balance sheet)	1.1711	1.1097
Average rate for the year (income statement)	1.1405	1.1303
HKD		
Year-end rate (balance sheet)	0.1147	0.1116
Average rate for the year (income statement)	0.1140	0.1081
SGD		
Year-end rate (balance sheet)	0.6618	0.6391
Average rate for the year (income statement)	0.6547	0.6278
CNY		
Year-end rate (balance sheet)	0.1277	0.1271
Average rate for the year (income statement)	0.1294	0.1282
JPY		
Year-end rate (balance sheet)	0.0082	0.0079
Average rate for the year (income statement)	0.0082	0.0077

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 be assessed. 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. Further details on this subject can be found in Note 18.

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 judgements 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 determining 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. 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 of low-value assets. The Group recognizes 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 recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term includes 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 payments 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 recognized 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. Laliq 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 18). 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 purposes. At initial recognition the Group measures a collectible at cost. Subsequently, the Group measures the collectible under 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 based on 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.

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.

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 Notes.

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 summarizes 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	2019 TOTAL	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2018 TOTAL
Assets								
Cash and cash equivalents	48 845	-	-	48 845	15 336	-	-	15 336
Trade accounts receivable	21 070	-	-	21 070	17 698	-	-	17 698
Other financial receivables	6 522	-	-	6 522	5 026	-	-	5 026
Total	76 437	-	-	76 437	38 060	-	-	38 060
Liabilities								
Bank overdrafts ¹	41 623	-	-	41 623	41 785	-	-	41 785
Trade accounts payable	15 953	-	-	15 953	14 179	-	-	14 179
Short-term liabilities main shareholder ²	9 196	-	-	9 196	-	-	-	-
Short-term leasing liabilities	8 038	-	-	8 038	1 656	-	-	1 656
Other current liabilities	15 070	-	-	15 070	15 516	-	-	15 516
Loans from NCI shareholder	-	-	978	978	-	-	-	-
Long-term leasing liabilities	-	10 481	9 782	20 263	-	2 273	-	2 273
Other non-current financial liabilities	-	20 369	2 310	22 679	-	10 967	1 629	12 596
Total	89 880	30 850	13 070	133 800	73 136	13 240	1 629	88 005

¹ 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.

² A short-term loan of 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) was repaid to the main shareholder during the 2019 financial year.

• *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 2019 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 based on the following categories and currencies:

IN EUR THOUSANDS	EUR	CHF	USD	GBP	OTHER	2019 TOTAL	EUR	CHF	USD	GBP	OTHER	2018 TOTAL
Assets												
Cash and cash equivalents	5 972	36 979	2 705	1 974	1 215	48 845	5 293	2 669	4 206	1 825	1 343	15 336
Trade accounts receivable	9 924	2 384	7 158	1 261	343	21 070	9 028	2 542	5 180	535	413	17 698
Other financial receivables	2 018	542	489	563	2 910	6 522	2 973	13	406	206	1 429	5 026
Total	17 914	39 905	10 352	3 798	4 468	76 437	17 294	5 224	9 792	2 566	3 185	38 060
Liabilities												
Bank overdrafts	32 289	14	909	8 411	-	41 623	30 420	6 231	3 412	1 581	141	41 785
Trade accounts payable	8 618	3 942	452	1 409	1 532	15 953	9 816	1 524	850	844	1 145	14 179
Short-term liabilities main shareholder	-	9 196	-	-	-	9 196	-	-	-	-	-	-
Short-term leasing liabilities	2 594	688	847	781	2 742	7 652	1 578	-	-	-	-	1 578
Other current liabilities	9 911	3 850	473	138	447	14 819	9 342	4 752	738	82	602	15 516
Loans from NCI shareholder	-	978	-	-	-	978	-	-	-	-	-	-
Long-term leasing liabilities	3 425	2 366	3 294	3 221	1 965	14 271	2 224	-	-	-	-	2 224
Other non-current financial liabilities	20 601	-	-	259	838	21 698	11 377	-	276	101	842	12 596
Total	77 438	21 034	5 975	14 219	7 524	126 190	64 757	12 507	5 276	2 608	2 730	87 878

As at 31 December 2019, the Group had no currency hedges (forward transactions) to safeguard future cash flows. The same applied as at 31 December 2018.

A change in the CHF/EUR exchange rate of +/- 5% in 2019 would have had an impact on the Group's profit before tax of EUR +/- 944 thousand (2018: EUR +/- 364 thousand) while a change in the USD / EUR exchange rate of +/- 5% in 2019 would have had an impact of EUR +/- 219 thousand (2018: CHF +/- 226 thousand), and a change in the GBP/ EUR exchange rate of +/- 5% in 2019 would have affected figures by EUR +/- 521 thousand (2018: EUR +/- 2 thousand).

• *Interest-rate risk*

The risk of fluctuation of market interest rates as at the end of 2019, 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 2019 had been 1% point higher or lower, the Group's financial result or equity would have been EUR 96 thousand (2018: EUR 279 thousand) lower or higher.

• *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.

IN EUR THOUSANDS	31.12.19	31.12.18 RESTATED
Share capital	1 204	988
Capital reserves	85 378	46 039
Retained earnings/other reserves ¹	85 276	81 036
Total equity before non-controlling interests	171 858	128 063
TOTAL CAPITAL	342 814	236 994
Equity ratio ²	50.13%	54.04%

¹ The Group has restated the comparative period as at 31 December 2018 for the correction of an error in deferred taxes (Note 2)

² Reduction due to adoption of IFRS 16 Leases

In 2019 the capital reserves increased as follows (see also Note 26):

IN EUR THOUSANDS	
CAPITAL RESERVES AS OF 31.12.2018	46 039
Paid in additional capital reserves	42 919
Transaction costs	-923
Dividends paid out of the capital contribution	-2 657
CAPITAL RESERVES AS OF 31.12.2019	85 378

The Group's capital was increased in 2019 based on the approval of the AGM on 24 May 2019.

- *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 2019, 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 based on 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.

- *Fair-value hierarchy*

Lalique 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.

3. SEGMENT REPORTING

Lalique Group has established itself as a brand builder with several brands in its portfolio. As such, financial information reported is allocated based on these brands. “Lalique”, “Ultrasun”, “Jaguar” and “Grès” 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.

The non-brand-related holdings and consolidation are presented in a separate segment 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, Bentley Fragrances and Glenturret) as well as Lalique Group’s two 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.

Segment 2 - Ultrasun

The Ultrasun segment covers the Ultrasun brand.

Segment 3 - Jaguar

The Jaguar segment covers the Jaguar brand.

Segment 4 - Grès

The Grès segment covers the Grès brand.

Segment 5 - Other brands

The Other brands segment covers the Samouraï, Bentley, Alain Delon, Glenturret brands as well as Lalique Beauty Services and Lalique Beauty Distribution.

Segment 6 - 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 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 ¹	ULTRASUN	JAGUAR	GRÈS	OTHER BRANDS ¹	HOLDING AND ELIM. ²	GROUP
Revenue and other operating income							
Revenue from contracts with external customers	78 868	21 709	23 306	5 583	12 606	-277	141 795
Revenue from transactions with other segments	513	-	25	127	6 098	-6 763	-
Other operating income ⁵	911	61	11	2	513	181	1 679
Other operating income with other segments	790	1	1	2	1 330	-2 124	-
Total revenue and other operating income	81 082	21 771	23 343	5 714	20 547	-8 983	143 474
EBIT	-6 898	4 087	3 650	892	722	-1 066	1 387
Financial result							-1 931
Group profit before taxes							- 544
Income tax expenses							1 637
NET GROUP PROFIT							1 093
Assets and liabilities							
Segment assets	192 009	22 646	18 592	11 649	83 055	14 863	342 814
Segment liabilities	160 636	8 082	10 574	4 398	37 716	-70 772	150 634
Other segment information							
Investments							
Property, plant and equipment ³	9 342	36	7	25	7 817	19	17 246
Intangible assets ⁴	139	182	95	-	24 988	160	25 564
Depreciation and amortization							
Property, plant and equipment	11 512	305	252	59	1 785	28	13 941
Intangible assets	181	249	80	18	357	3	888

¹ Operating revenue other brands:

Parfums Samourai	5 593
Bentley Fragrances	3 903
Parfums Alain Delon	55
Lalique Beauty Distribution	1 419
Lalique Beauty Services	7 676
Glenturret	1 901
Total operating revenue other brands	20 547

² 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.

³ 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.

⁴ Intangible assets of other brands include intangible assets of acquired subsidiaries of EUR 22 231 thousand.

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

Segment reporting for the 2018 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	GRÈS	OTHER BRANDS ¹	HOLDING AND ELIM. ²	GROUP
Revenue and other operating income							
Revenue from contracts with external customers	79 386	17 426	22 202	4 678	10 273	- 86	133 879
Revenue from transactions with other segments	454	-	3	87	5 791	-6 335	-
Other operating income ⁴	2 484	4	29	12	12	-	2 541
Other operating income with other segments	737	- 21	- 49	- 11	1 379	-2 035	-
Total revenue and other operating income	83 061	17 409	22 185	4 766	17 455	-8 456	136 420
EBIT	-1 742	2 171	2 954	874	1 595	222	6 074
Financial result							-396
Group profit before taxes							5 678
Income tax expenses							-512
NET GROUP PROFIT							5 166
Assets and liabilities							
Segment assets ⁵	163 594	18 703	16 235	10 789	29 719	-2 046	236 994
Segment liabilities ⁵	119 479	6 976	10 788	3 511	26 893	-60 077	107 570
Other segment information							
Investments							
Property, plant and equipment ³	5 983	176	135	34	3 543	158	10 029
Intangible assets	960	253	17	41	150	112	1 533
Depreciation and amortization							
Property, plant and equipment	5 158	95	143	56	1 244	10	6 706
Intangible assets	236	365	56	8	319	3	987

¹ Operating revenue other brands:

Parfums Samourai	5 150
Bentley Fragrances	3 723
Parfums Alain Delon	139
Lalique Beauty Distribution	1 232
Lalique Beauty Services	7 211
Glenturret	-
Total operating revenue other brands	17 455

² 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.

³ The Property, plant and equipment investments of other brands include investments in the perfume production facility in Ury of EUR 3 372 thousand.

⁴ In 2018, as a result of successful outcome of a legal procedure initiated by Lalique SA in France, the Group recognized an additional other operating income of EUR 2.4 million, which is attributable to Lalique segment.

⁵ The Group has restated the comparative period as at 31 December 2018 for the correction of an error in deferred taxes (note 2).

Geographical regions

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

IN EUR THOUSANDS	2019	2018
Revenue from contracts with customers		
UK	25 634	23 072
USA	19 740	19 749
France	16 913	19 182
Hong Kong	11 950	8 338
Germany	8 533	7 646
UAE	8 090	11 864
Japan	7 005	5 720
Poland	4 818	2 730
Switzerland	4 257	4 447
China	4 025	4 307
Singapore	2 785	2 949
Spain	2 070	1 207
Czech Republic	2 061	217
Italy	2 063	1 704
Russia	1 657	3 614
Israel	1 596	1 963
Monaco	1 095	1 107
Taiwan	840	866
Netherlands	678	417
Chile	643	745
Other countries	15 342	12 035
Group	141 795	133 879

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	31.12.19	31.12.18
Non-current assets (excl. deferred tax)		
France	95 209	91 717
Switzerland	36 946	32 278
UK	32 166	98
USA	5 275	1 730
Japan	2 369	891
Hong Kong	2 487	84
China	1 451	603
Germany	309	-
Singapore	193	191
Group	176 405	127 592

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

IN EUR THOUSANDS	2019	2018
Revenue from sale of goods and services	140 624	132 919
Licence income/royalties	1 171	960
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	141 795	133 879

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	2019	2018
Other operating income	1 679	2 541
TOTAL OTHER OPERATING INCOME	1 679	2 541

Other operating income comprises non-recurring income and the result from the disposal of assets. 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 of EUR 300 thousand. Recharges to related parties, for example for accounting services, refunds for private expense or others, are included in an amount of EUR 187 thousand. Other income from disposal of assets in 2019 amounted to EUR 135 thousand. In 2018, as a result of the successful outcome of legal proceedings initiated by Lalique SA in France, the Group recognised an additional other operating income of EUR 2.4 million, which is attributable to the Lalique segment.

6. MATERIAL COSTS, LICENCES AND THIRD-PARTY SERVICES

IN EUR THOUSANDS	2019	2018
Cost of components and finished goods	43 685	40 163
Other directly attributable production costs	10 939	10 767
Licence expenses	2 659	2 446
Commission expenses	1 497	1 484
Other procurement costs	2 923	2 727
TOTAL MATERIAL COSTS, LICENCES AND THIRD PARTY SERVICES	61 703	57 587

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 and Bentley Fragrances. 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	2019	2018
Wages and salaries (incl. bonuses)	24 396	21 427
Social insurance and employee pension/welfare expenses	10 737	10 662
Other personnel costs	388	529
TOTAL PERSONNEL COSTS	35 521	32 618
Number of FTE as at 31 December (unaudited)	732	681

8. OTHER OPERATING EXPENSES

IN EUR THOUSANDS	2019	2018
Administrative expenses	6 467	5 956
Advertising and promotional expenses	9 105	8 380
Rental expenses	4 872	10 922
Vehicles	202	270
Property insurance, levies and charges	1 000	754
Miscellaneous operating expenses	8 388	6 166
TOTAL OTHER OPERATING EXPENSES	30 034	32 448

The item "Miscellaneous operating expenses" includes travel expenses (2019: EUR 3 788 thousand; 2018: EUR 3 144 thousand), expenses for creations (2019: EUR 168 thousand; 2018: EUR 191 thousand) and various other costs.

In 2019, 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 (2018: all operating lease payments under IAS 17).

9. FINANCIAL INCOME AND EXPENSES

IN EUR THOUSANDS	2019	2018
Financial income		
Other financial income	61	26
Total financial income	61	26
Financial expenses		
Interest on loans and short-term financial liabilities ¹	1 067	470
Other financial expenses	820	873
Total financial expenses	1 887	1 343
Income from exchange rate fluctuations	5 845	2 660
Expenses from exchange rate fluctuations	5 950	1 739
Net foreign exchange differences	-105	921
FINANCIAL RESULT	-1 931	-396

¹ Thereof interest expense on lease liabilities amounted to EUR 579 thousand in 2019 (2018: EUR 127 thousand).

10. INCOME TAXES

The main components of income tax expenses are as follows:

IN EUR THOUSANDS	2019	2018 RESTATED
Current year income taxes	1 554	1 513
Income taxes from previous years	9	-108
Current income taxes	1 563	1 405
Deferred tax income/expenses resulting from change in temporary differences ¹	-5 013	-832
Deferred tax income/expenses resulting from change in tax rates	2 081	-830
Deferred tax expenses/income resulting from usage or capitalization respectively of deferred taxes on accumulated losses ¹	-268	769
Deferred tax expenses	-3 200	-893
TOTAL TAX EXPENSES	-1 637	512

¹ The Group has restated the comparative period 2018 for the correction of an error in deferred taxes (Note 2)

The Group has assessed the impact of the Swiss Tax Reform that became effective as of 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	2019	2018
Group profit before taxes	-544	5 678
Expected tax rate	21.0%	21.0%
Expected tax expenses	-114	1 192
Non-deductible expenses	212	264
Fiscal effect of income taxed at different rates	-1 350	-1 324
Effect of change in the tax rate	2 081	-830
Unrecognized losses and temporary differences from the current financial year	2 426	1 615
Offsetting of unrecognized loss carry-forwards from previous financial years	-18	-312
Income taxes from previous years	9	-108
Partial step-up of tax values due to Swiss tax reform	-4 964	-
Other effects	81	15
TOTAL INCOME TAX	-1 637	512

The expected tax rate represents the domestic ordinary income tax rate at the parent's location (Zurich, Switzerland). In 2019, Lalique Group changed the presentation of the income tax reconciliation compared with prior years, when a weighted average tax rate was used to calculate expected taxes. Information for 2018 has been changed accordingly. Since some of the Group companies have been loss-making while other companies have generated profits, using a weighted average tax rate resulted in a low or even negative expected tax rate, with considerable fluctuations from one period to another. The use of the domestic ordinary income tax rate provides a more stable and meaningful starting point for the income tax reconciliation.

11. EARNINGS PER SHARE AND DIVIDENDS

		2019	2018
Average number of shares in circulation	Number	6 572 827	5 709 896
Net Group profit in favour of shareholders of Lalique Group SA	EUR thousands	3 444	6 201
EARNINGS PER SHARE	EUR	0.52	1.09

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 2018, was adjusted retrospectively.

For the 2018 financial year a dividend of CHF 0.50 per share was paid out. With respect to the 2019 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	31.12.19	31.12.18
Cash	142	140
Bank	48 703	15 196
TOTAL CASH AND CASH EQUIVALENTS	48 845	15 336

Interest earned on assets denominated in CHF, EUR, GBP and USD was 0.00%. Interest charged on liabilities in CHF, USD and GBP was 0.65%. Interest charged on liabilities in EUR was between 0.29% and 1.62%.

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
2019						
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
Total	21 070	16 250	4 820	2 827	641	1 352
2018						
Of which EUR	9 450	7 935	1 515	922	72	521
Of which CHF accounts shown in EUR	2 546	2 526	20	7	8	5
Of which USD accounts shown in EUR	5 536	4 777	759	639	17	103
Of which other currencies shown in EUR	727	637	90	52	8	30
Allowance for doubtful debts	-561	-16	-545	-16	-4	-525
Total	17 698	15 859	1 839	1 604	101	134

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
2019						
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
2018						
Expected credit loss rate	0.3%	0.1%	1.6%	1.0%	4.0%	7.0%
Estimated total gross carrying amount at default	17 744	15 875	1 869	1 620	105	144
Expected credit loss	-46	-16	-30	-16	-4	-10

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

IN EUR THOUSANDS	31.12.19	31.12.18
OPENING BALANCE	561	546
Formation (+)	112	133
Usage (-)	-40	-83
Reversed (-)	-4	-50
Currency effect	13	15
CLOSING BALANCE	642	561

14. INVENTORIES

IN EUR THOUSANDS	31.12.19	31.12.18
Components and raw materials	23 685	24 273
Finished goods	58 239	43 079
Advance payments	866	251
TOTAL INVENTORIES	82 790	67 603

Impairments on inventories recognized as expenditure amounted to EUR 1 058 thousand in 2019 (2018: EUR 815 thousand).

15. OTHER RECEIVABLES

IN EUR THOUSANDS	31.12.19	31.12.18
Receivables from VAT claims	3 157	3 330
Accrued income and prepaid expenses	3 183	2 128
Prepaid taxes	35	14
Other receivables	3 304	2 884
TOTAL OTHER RECEIVABLES	9 679	8 356

For the most part, other receivables consist of security deposits for future operating expenses.

16. 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 2019, the Group acquired additional items in the amount of EUR 260 thousand with a cash outflow of EUR 108 thousand in 2019.

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
Acquisition costs 01.01.2018	57 223	25 114	16 375	410	1 443	100 565
Additions	2 427	4 610	1 339	55	1 598	10 029
Reclassification/transfers	-345	634	-	-	-289	-
Disposals	-297	-175	-	-37	-595	-1 104
Exchange differences	457	80	320	15	9	881
Acquisition costs 31.12.2018	59 465	30 263	18 034	443	2 166	110 371
Adjustment on adoption of IFRS 16	47 110	120	-	456	-	47 686
Balance at 01.01.2019 (adjusted)	106 575	30 383	18 034	899	2 166	158 057
Additions ¹	4 026	4 474	1 432	140	2 506	12 578
Additions from acquisition Glenturret	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
Acquisition costs 31.12.2019	114 289	35 113	21 819	984	2 883	175 088
Depreciation, cumulative 01.01.2018	-23 256	-12 960	-12 467	-251	-	-48 934
Additions	-2 810	-2 320	-1 503	- 73	-	-6 706
Reclassification/transfers	434	-434	-	-	-	-
Disposals	293	175	-	37	-	505
Exchange differences	-327	- 60	-279	- 9	-	-675
Depreciation, cumulative 31.12.2018	-25 666	-15 599	-14 249	-296	-	-55 810
Adjustment on adoption of IFRS 16	-26 115	-56	-	-166	-	-26 337
Balance at 01.01.2019 (adjusted)	-51 781	-15 655	-14 249	-462	-	-82 147
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
Depreciation, cumulative 31.12.2019	-61 609	-18 400	-16 594	-570	-	-97 173
NET PROPERTY, PLANT AND EQUIPMENT 31.12.2019	52 680	16 713	5 225	414	2 883	77 915
Thereof carrying amount of RoU assets²	23 322	670	537	268	-	24 797
Net property, plant and equipment 31.12.2018	33 799	14 664	3 785	147	2 166	54 561

¹ The additions of EUR 12 578 thousand (2018: EUR 10 029 thousand) resulted in a cash outflow of EUR -7 764 thousand (2018: EUR 9 243 thousand).

² Refer to Note 24 for further information on RoU assets.

No items of property, plant and equipment served as collateral for obligations.

18. INTANGIBLE ASSETS

IN EUR THOUSANDS	GOODWILL	BRANDS	LICENCE RIGHTS	CREATIONS	SOFTWARE	INTANGIBLE ASSETS
Acquisition costs 01.01.2018	349	59 218	5 330	2 977	5 192	73 066
Additions	-	-	530	778	225	1 533
Disposals	-	-	-	-51	-	-51
Exchange differences	-14	924	188	138	47	1 283
Acquisition costs 31.12.2018	335	60 142	6 048	3 842	5 464	75 831
Additions ¹	-	-	2 151	675	468	3 294
Additions from acquisition of Glenturret	11 233	10 998	-	-	39	22 270
Disposals	-	-	-	-	-51	-51
Exchange differences	368	1 208	240	150	43	2 009
Acquisition costs 31.12.2019	11 936	72 348	8 439	4 667	5 963	103 353
Amortization, cumulative 01.01.2018	-	43	-12	-1 806	-3 997	-5 772
Additions ²	-	-	-1 133	-565	-412	-2 110
Disposals	-	-	-	51	-	51
Exchange differences	-	-18	-29	-95	-26	-168
Amortization, cumulative 31.12.2018	-	25	-1 174	-2 415	-4 435	-7 999
Additions ²	-	-	-1 172	-548	-438	-2 158
Disposals	-	-	-	-	51	51
Exchange differences	-	- 25	-67	-97	-27	-216
Amortization, cumulative 31.12.2019	-	-	-2 413	-3 060	-4 849	-10 322
NET INTANGIBLE ASSETS 31.12.2019	11 936	72 348	6 026	1 607	1 114	93 031
Net intangible assets 31.12.2018	335	60 167	4 874	1 427	1 029	67 832

¹ The additions of EUR 3 294 thousand (2018: EUR 1 533 thousand) resulted in a cash outflow of EUR 823 thousand (2018: EUR 1 390 thousand).

² The amortization of licence rights is recorded in licence expenses.

Brands

Brand values as at 31 December 2019: Parfums Grès CHF 6.574 million (2018: CHF 6.574 million), Parfums Samouraï CHF 1.800 million (2018: CHF 1.800 million), Ultrasun CHF 11.000 million (2018: CHF 11.000 million), Glenturret GBP 9.400 million (2018: n.a.) and Lalique EUR 36.696 million and CHF 7.040 million (total of EUR 42.952 million; 2018: EUR 42.952 million).

The multiperiod-excess-earnings method was used to test the various brand values for impairment. The calculation was based on the assumptions listed below. These include

planning assumptions made over a maximum period of five years, and a residual value. The residual value incorporates a growth rate of 1.5% for Lalique, 1.9% for Ultrasun, 0.1% for Parfums Samouraï, 1.4% for Parfums Grès and 1.7% for Glenturret respectively. In the case of Ultrasun, it has been assumed that the EBITDA margin will develop from 21.3% in 2019 to 16.5% in 2024. With regard to Lalique, it has been assumed that the EBITDA margin will rise from 13.3% in 2019 to 21.6% in 2024. EBITDA margin for Glenturret is expected to grow from -12.6% in 2019 to 29.7% in 2024. These assumptions were determined by management based on its expectations for future market development.

IN %	AVERAGE GROWTH IN SALES ¹		AFTER-TAX DISCOUNT RATE	
	2019	2018	2019	2018
Lalique	4.8	6.4	11.5	11.2
Ultrasun	8.2	7.1	11.5	11.3
Parfums Grès	2.4	2.2	11.0	11.1
Parfums Samouraï	3.0	5.0	9.7	9.4
Glenturret	102.9	n.a.	8.8	n.a.

¹ Calculated over the planning horizon of five years.

Sensitivity

For Lalique, the value in use exceeds its carrying value. The brand would be impaired in the event of a decrease in sales of 0.5% until 2024, or a decrease in EBITDA of 0.8% until 2024, or an increase in WACC of 1.2%.

At Ultrasun, Parfums Grès, Parfums Samouraï and Glenturret the values in use exceed their carrying values as well. 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 2019 and in the previous financial year relate to licence agreements and rights for Jaguar Fragrances and Bentley Fragrances that 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 four years and for Bentley Fragrances three years. Amortization related to the licence agreement for the Brioni brand signed in December 2019 will only be charged in 2020.

Creations

The item "Creations" comprises expenses incurred through the commissioning of external designers to create flacons and packaging, and the associated development costs. The residual amortization period is between zero and three years. In 2019, as in the previous year, there were no impairment losses 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 2019, there were no impairment losses recognized (2018: EUR 0).

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.

19. PENSION SCHEMES

IN EUR THOUSANDS	31.12.19	31.12.18
Defined benefit pension plans	5 521	4 651
Other long-term post-employment benefits	191	204
TOTAL DEFINED BENEFIT OBLIGATION	5 712	4 855

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 2019, 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 hand-made 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	
	31.12.19	31.12.18	31.12.19	31.12.18
Present value of defined benefit pension obligation	-13 955	-11 937	-191	-204
Fair value of the plan assets	8 434	7 286	-	-
(SHORTFALL)/SURPLUS	-5 521	-4 651	-191	-204

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	
	2019	2018	2019	2018
Current service cost	-811	-805	-19	-19
Net interest cost of pension plans	-20	-18	-	-
TOTAL EMPLOYEE BENEFIT EXPENSES RECOGNIZED IN THE INCOME STATEMENT	-831	-823	-19	-19

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	
	2019	2018	2019	2018
Actuarial gain/(loss) from the pension obligation	-468	272	37	-
Change in the plan assets (not incl. interest)	-140	-102	-	-
TOTAL REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME	-608	170	37	-

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	
	2019	2018	2019	2018
Present value of defined benefit pension obligations on 1 January	-11 937	-10 919	-206	-216
Interest expenses	-91	-65	-	-
Current service cost	-811	-805	-19	-19
Employee contributions	-489	-432	- 3	-3
Actuarial gains and losses arising from changes in financial assumptions	-930	193	6	13
Actuarial gains and losses arising from changes in demographic assumptions	462	79	31	-13
Benefits paid	234	129	-	34
Past service costs/cost reductions	-	257	-	-
Administration costs	-8	-5	-	-
Liquidation	-	-	-	-
Currency effect	-385	-369	-	-
PRESENT VALUE OF DEFINED BENEFIT PENSION OBLIGATIONS ON 31 DECEMBER	-13 955	-11 937	-191	-204

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	
	2019	2018	2019	2018
Fair value of the plan assets on 1 January	7 290	6 299	-	-
Interest income from the plan assets	71	47	-	-
Change in the plan assets (not incl. interest)	-137	-98	-	-
Employer contributions	456	405	-	-
Employee contributions	456	405	-	-
Benefits paid	28	-39	-	-
Currency effect	270	267	-	-
FAIR VALUE OF THE PLAN ASSETS ON 31 DECEMBER	8 434	7 286	-	-

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 summarised as follows.

	2019	2018
Basis used for calculation of Swiss plan		
Discount rate	0.32%	0.90%
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 627 thousand (-4.8%)/increase of EUR 676 thousand (+5.2%) in defined benefit pension obligations.
- A 0.25% increase/decrease in the expected rate of salary increase would result in an increase of EUR 98 thousand (+0.7%)/decrease of EUR 95 thousand (-0.7%) in defined benefit pension obligations.
- An increase/decrease in life expectancies of one year would result in an increase of EUR 131 thousand (+1.0%)/decrease of EUR 96 thousand (-0.7%) in defined benefit pension obligations.

The average duration of a defined benefit pension obligation was 19.7 years at the end of the reporting period (2018: 19.1 years).

Forecasted contributions

The forecasted contributions of the company for the 2020 financial year amount to EUR 512 thousand.

	2019	2018
Basis used for calculation of French plans		
Discount rate	0.90%	1.38%
Expected rate of salary increase	1.1%/3.94%	1%/1.17%
Life expectancies	TGH 05/TGF 05	TGH 05/TGF 05

20. OTHER CURRENT LIABILITIES

IN EUR THOUSANDS	31.12.19	31.12.18
Current financial liabilities	3 296	3 156
Accrued salary expenses	2 898	2 788
Accruals for social institutions	1 111	946
Short-term leasing liabilities	7 652	1 578
Current minimal fees for licence rights	1 320	1 029
Short-term liabilities main shareholder	9 196	-
Other current liabilities	6 194	7 597
TOTAL OTHER CURRENT LIABILITIES	31 667	17 094

Current minimal fees for licence rights are owed in respect of the Jaguar Fragrances, Bentley Fragrances and Lalique Barberini Fragrances.

The loan from main shareholder bears an interest rate of 0.75%.

21. OTHER NON-CURRENT LIABILITIES

IN EUR THOUSANDS	31.12.19	31.12.18
Non-current minimal fees for licence rights	4 149	3 265
TOTAL OTHER CURRENT LIABILITIES	4 149	3 265

As at 31 December 2019, other non-current liabilities comprised minimal fees for licence rights owed in respect of Jaguar Fragrances, Bentley Fragrances and Lalique Barberini Fragrances.

22. PROVISIONS

IN EUR THOUSANDS	OTHER PROVISIONS	TOTAL PROVISIONS
As at 01.01.2018	397	397
Formation	150	150
Usage	-341	-341
Currency effect	2	2
As at 31.12.2018	208	208
Formation	142	142
Usage	-58	-58
Release	-137	-137
Currency effect	4	4
As at 31.12.2019	159	159
Of which current	-	-
Of which non-current	159	159

As at 31.12.2019, other provisions included provisions for litigation and restructuring.

23. NON-CURRENT FINANCIAL LIABILITIES

IN EUR THOUSANDS	31.12.19	31.12.18
Loans from the NCI shareholder	978	-
Long-term leasing liabilities	14 271	2 224
Other non-current financial liabilities	21 698	12 596
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	36 947	14 820

The “Other non-current financial liabilities” contain mainly loans out of contractual agreements between subsidiaries and local financing institutions.

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

Changes in financial liabilities from financing cash flows

IN EUR THOUSANDS	31.12.18 AS PUBLISHED	EFFECT OF ADOPTION OF IFRS 16 LEASES	01.01.2019 ADJUSTED	CASH FLOWS	CURRENCY EXCHANGE MOVE- MENTS	NEW LEASES	ACQUIRED THROUGH BUSINESS COMBI- NATIONS	OTHER	31.12.19
Bank overdrafts	41 785	-	41 785	-1 264	1 102	-	-	-	41 623
Short-term leasing liabilities	1 578	7 181	8 759	-8 759	-	-	-	7 652	7 652
Short-term liabilities main shareholder	-	-	-	8 767	429	-	-	-	9 196
Short-term loan of Glenturret Limited	-	-	-	-7 281	-	-	7 281	-	-
Other current financial liabilities	3 156	-	3 156	-3 000	-1	-	-	3 141	3 296
Long-term leasing liabilities	2 224	16 030	18 254	-	429	3 247	-	-7 659	14 271
Non-current liabilities NCI shareholder	-	-	-	835	86	-	-	57	978
Other non-current financial liabilities	12 596	-	12 596	11 251	34	-	-	-2 184	21 697
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	61 339	23 211	84 550	549	2 079	3 247	7 281	1 007	98 713

IN EUR THOUSANDS	01.01.18	CASH FLOWS	CURRENCY EXCHANGE MOVEMENTS	OTHER	31.12.18
Bank overdrafts	45 568	-4 690	907	-	41 785
Short-term leasing liabilities	1 277	-1 038	3	1 336	1 578
Short-term liabilities main shareholder	1 709	-2 061	52	300	-
Other current financial liabilities	2 096	-2 288	-	3 348	3 156
Long-term leasing liabilities	2 899	-	7	- 682	2 224
Non-current liabilities main shareholder	18 794	-	260	-19 054	-
Other non-current financial liabilities	11 987	4 491	27	-3 909	12 596
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	84 330	-5 586	1 256	-18 661	61 339

The “Other” column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings and leasing liabilities to “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

Reconciliation of lease liabilities pursuant to IFRS 16

IN EUR THOUSANDS	2019
Liabilities from finance leases as of 31 December 2018 (under IAS 17)	3 802
Adjustment on adoption of IFRS 16	23 211
Liabilities from leases as of 1 January 2019	27 013
New leases	3 247
Disposals of lease liabilities	-7
Lease payments	-9 338
Interest accruals	579
Exchange differences	429
LIABILITIES FROM LEASES AS OF 31 DECEMBER 2019	21 923

Reconciliation of right-of-use assets (RoU) pursuant to IFRS 16

IN EUR THOUSANDS	LAND, BUILDINGS	EQUIPMENT, FURNISHINGS	MACHINERY + EQUIPMENT, IT, HARD- WARE, TOOLS	VEHICLES	TOTAL PROPERTY, PLANT AND EQUIPMENT
Assets from finance leases 31.12.2018	6 096	551	1 094	-	7 741
Adjustment on adoption of IFRS 16	20 995	64	-	290	21 349
Right-of-use assets 01.01.2019	27 091	615	1 094	290	29 090
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
RIGHT-OF-USE ASSETS 31.12.2019	23 322	670	537	268	24 797

Lease in the income statement

IN EUR THOUSANDS	2019
Short-term lease expense ¹	-1 058
Low-value lease expense ²	-19
Variable lease payment expenses ³	-805
Other operating expenses	-1 882
Depreciation charge for RoU	-8 089
Impairment losses on RoU	-
Depreciation and impairment losses on RoU	-8 089
Interest expense on lease liabilities	-579
Financial expenses	-579
LEASES IN THE INCOME STATEMENT	-10 550
Total cash outflows for leases	-9 338

¹ Expenses relating to leases with a lease term of less than a year

² This expense does not include the expense relating to short-term leases of low-value assets

³ This expense is not included in the measurement of lease liabilities

25. DEFERRED TAXES

Deferred taxes balances as of 31 December are as follows:

IN EUR THOUSANDS	31.12.19	31.12.18 RESTATED	01.01.18 RESTATED
Deferred tax assets ¹	-4 025	-409	-1 584
Deferred tax liabilities ¹	12 687	9 559	11 435
NET DEFERRED TAX LIABILITIES	8 662	9 150	9 851

¹ The Group has restated the comparative periods at 31 December and 1 January 2018 for the correction of an error in deferred taxes (Note 2)

Reconciliation of net deferred tax liabilities is as follows:

IN EUR THOUSANDS	31.12.19	2018 RESTATED
Net deferred tax liabilities		
Opening balance 1.1 ¹	9 150	9 852
Adoption of IFRS 16 in opening balance	-65	-
Opening balance 1.1 (adjusted)	9 085	9 852
Formation (+)/release (-) recognized in income statement	-3 200	-893
Formation (+)/release (-) recognized in other comprehensive income	- 104	32
Acquisitions/divestments	2 744	-
Currency translation differences	137	159
CLOSING BALANCE 31.12	8 662	9 150

¹ The Group has restated the comparative periods at 1 January 2018 and 1 January 2019 for the correction of an error in deferred taxes (Note 2)

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	31.12.19	31.12.18 RESTATED	01.01.18 RESTATED
Receivables	338	259	225
Inventories	4 082	3 095	2 889
Property, plant and equipment	1 979	1 540	1 728
Intangible assets and investments	15 682	14 432	15 794
Deferred tax liabilities	22 081	19 326	20 636
Provisions and other payables	-1 506	-1 193	-1 463
Pension fund liabilities	-1 191	-1 063	-1 146
Inventories ¹	-1 142	-1 593	-1 070
Property, plant and equipment	-88	-20	-34
Intangible assets	-2 914	-	-
Deferred tax assets on losses carry forward ¹	-6 578	-6 307	-7 072
Deferred tax assets	-13 419	-10 176	-10 785
NET DEFERRED TAX LIABILITIES	8 662	9 150	9 851

¹ The Group has restated the comparative periods at 31 December and 1 January 2018 for the correction of an error in deferred taxes (Note 2)

The Group has not capitalized deferred taxes for losses carried forward in the amount of EUR 39 656 thousand (2018: EUR 32 022 thousand). These income tax deductible losses carried forward expire as follows:

IN EUR THOUSANDS	31.12.19	31.12.18 RESTATED	01.01.18 RESTATED
Expire next year	120	706	1 616
Expire in 2-4 years ¹	4 756	3 458	2 403
Expire in 5-7 years	2 042	1 895	3 165
Expire after 7 years	13 310	7 761	-
No expiry ¹	19 428	18 202	18 638
TOTAL UNRECOGNIZED LOSSES CARRY FORWARD	39 656	32 022	25 822

¹ The Group has restated the comparative period as at 31 December 2018 for the correction of an error in deferred tax assets (note 2)

Temporary differences for which no deferred tax asset is recognized amount to EUR 17 754 thousand (2018: EUR 10 058 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 675 thousand (2018: EUR 407 thousand). The recognition is supported by the past result development and a promising business plan for the entities concerned.

There are no temporary differences associated with investments in the Group's subsidiaries, for which no deferred tax liability has been recognized in 2019 and 2018.

26. EQUITY

Share capital

In July 2019, Laliq Group SA issued 1,200,000 new shares with a nominal value of EUR 0.18 (CHF 0.20) in connection with the rights issue. Existing shareholders were granted subscription rights entitling them to purchase one new Laliq Group share at a subscription price of EUR 35 (CHF 40) for every five shares held. As of 31 December 2019 the share

capital amounts to EUR 1 204 thousand (CHF 1 440 thousand) (2018: EUR 988 thousand (CHF 1 200 thousand)), consisting of 7,200,000 registered shares (2018: 6,000,000) with a nominal value of EUR 0.17 (CHF 0.20) each (2018: EUR 0.16 (CHF 0.20)).

In addition, there is conditional share capital of EUR 46 thousand (CHF 50 thousand) (2018: EUR 44 thousand (CHF 50 thousand)) for a potential employee incentive plan.

ORDINARY SHARES ISSUED AND FULLY PAID	THOUSANDS	EUR THOUSANDS
At 1 January 2018	5 000	816
issued in June 2018	1 000	172
At 31 December 2018 and 1 January 2019	6 000	988
issued in July 2019	1 200	216
At 31 December 2019	7 200	1 204

TREASURY SHARES	THOUSANDS	EUR THOUSANDS
At 1 January 2018	14	277
issued in June 2018	-14	-277
At 31 December 2018 and 1 January 2019	-	-
issued in July 2019	15	551
At 31 December 2019	15	551

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 2019, the net capital contribution from shareholders amounted to EUR 42 212 thousand (2018: EUR 25 413 thousand, thereof EUR 18 754 thousand were converted shareholder loans), of which EUR 41 996 thousand were allocated to capital reserves (2018: EUR 25 241 thousand) and EUR 216 thousand to share capital (2018: EUR 172 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 Laliq Group as of 31 December 2019 changed compared with 31 December 2018 through the acquisition of the Glenturret business as a subsidiary of Laliq Group SA.

Laliq Group SA and a non-controlling shareholder of Laliq Group SA founded Glenturret Holding SA domiciled in Zurich on 27 March 2019. Each party owns 50% of Glenturret Holding SA, which acquired 100% of Glenturret Ltd, a single malt distillery business in Crieff, Scotland. Laliq Group SA has concluded it has control over the relevant activities of Glenturret Holding SA and its subsidiary Glenturret Ltd due to the Shareholders' Agreement.

The cash consideration for the acquisition of 100% shares of Glenturret Limited was EUR 29.2 million and the net assets acquired of EUR 18.0 million. The transaction has resulted in goodwill of EUR 11.2 million (representing both the Group's and the non-controlling interests' share), attributable to the expected synergies. The goodwill is not expected to be tax deductible.

FAIR VALUE RECOGNIZED ON ACQUISITION	IN GBP THOUSANDS	IN EUR THOUSANDS
Cash and cash equivalents	202	236
Inventories	10 368	12 131
Other current assets	20	23
Machinery and equipment	1 008	1 179
Real estate	2 500	2 925
Brand	9 400	10 998
Other fixed and intangible assets	515	603
Total assets	24 013	28 095
Other current liabilities	-55	-64
Short-term loan	-6 223	-7 281
Deferred tax liabilities	-2 345	-2 744
Total liabilities	-8 623	-10 089
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	15 390	18 006
Goodwill arising on acquisition	9 601	11 233
PURCHASE CONSIDERATION TRANSFERRED	24 991	29 239

Considering the cash acquired with the subsidiary, the net cash outflow for the share acquisition was EUR 29.0 million.

CASH FLOW ON ACQUISITION	IN GBP THOUSANDS	IN EUR THOUSANDS
Net cash acquired with the subsidiary	202	236
Cash paid for share acquisition	-24 991	-29 239
NET CASH FLOW FOR SHARE ACQUISITION	-24 789	-29 003

After the acquisition, the short-term loan of EUR 7.3 million owed by the acquiree to the seller was repaid.

CASH FLOW FROM FINANCING ACTIVITIES	IN GBP THOUSANDS	IN EUR THOUSANDS
Repayment of short-term loan of Glenturret Limited	-6 223	-7 281
CASH FLOW FROM FINANCING ACTIVITIES	-6 223	-7 281

The Glenturret acquisition was financed by loans of Lalique Group SA and the non-controlling shareholder that were equally and mostly converted into equity of Glenturret Holding SA. The transaction has therefore resulted in a net increase of non-controlling interests of EUR 20.8 million, net of transaction costs of EUR 0.2 million.

The subconsolidated Glenturret business, consisting of Glenturret Holding SA and Glenturret Limited, was allocated to the "Other brands" segment. The Glenturret business has contributed revenue of EUR 1 901 thousand and has recorded a loss of EUR 1 390 thousand since the acquisition date.

Transaction costs attributable to the business combination of EUR 1.0 million have been expensed and included in "Other operating expenses".

Lalique Group comprised the following companies at 31.12.2019:

COMPANY, HEADQUARTERS, COUNTRY	CURRENCY (THOUSANDS)	SHARE CAPITAL		PARTICIPATING INTEREST	
		2019	2018	2019	2018
Lalique Group SA, Zurich, Switzerland	CHF	1 440	1 200	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 Samourai SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Alain Delon SA, Zurich, Switzerland ¹	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 ^{1, 2}	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%
SCI du Mont à Grillon, Ury, France	EUR	1	1	100%	100%
Lalique Maison SA, Zurich, Switzerland ¹	CHF	100	100	100%	100%
Lalique Art SA, Zurich, Switzerland ¹	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	8 000	95%	95%
Lalique (China) Limited, Hong Kong, China	HKD	16 000	1 000	95%	95%
Lalique (Shanghai) Limited, Shanghai, China	CNY	6 660	6 660	95%	95%
Lalique Beijing Trading Company Limited, Beijing, China	CNY	13 908	13 908	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	60	95%	95%
Château Hochberg SAS, Wingen-sur-Moder, France	EUR	10	10	95%	95%
Lalique Japan Co. Ltd, Tokyo, Japan	JPY	160 000	80 005	57%	57%
Glenturret Holding SA, Zurich, Switzerland	CHF	4 800	-	50%	0%
Glenturret Limited, Edinburgh, Scotland	GBP	-	-	50%	0%

¹ of which paid-in share capital: CHF 50,000 each

² formerly Art & Fragrances SA, Zurich, Switzerland

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

IN % OR EUR THOUSANDS	LALIQUE SA ¹ 2019	GLENTURRET HOLDING SA ² 2019	LALIQUE SA ¹ 2018
Structural type of subsidiary	consolidated subgroup	consolidated subgroup	consolidated subgroup
Principal place of business of the subsidiary	Paris, France	Edinburgh, Scotland	Paris, France
Proportion of ownership interests and voting rights held by non-controlling interests	5%	50%	5%
Net Group profit attributable to non-controlling interests	-1 656	-695	-1 035
Accumulated balances of non-controlling interest	-378	20 700	1 407
Summarized statement of financial position			
Current assets	51 874	20 505	49 006
Non-current assets	101 802	29 079	82 558
Current liabilities	37 502	3 223	47 046
Non-current liabilities	91 654	4 959	49 774
Equity	24 520	41 402	34 744
Summarized statement of profit or loss			
Revenue and other operating income	64 604	1 901	64 105
Net profit or loss	-8 804	-1 390	-4 510
Total comprehensive income	-10 934	- 801	-6 183

¹ The Group holds a 95% interest in Lalique SA. Lalique SA holds a 60% interest in Lalique Japan and a 100% interest in a number of other subsidiaries, resulting in 57% and 95% interests held by the Group, respectively. The amounts presented in the column "Lalique SA" are for the entire subgroup, rather than the individual entity within the subgroup.

² 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 intercompany 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	2019	2018
Total emoluments and salaries (incl. bonuses and interest) paid to members of the Board of Directors and Executive Board	3 248	3 084
Total pension fund contributions paid to members of the Board of Directors and Executive Board	307	292

The compensation elements indicated relate to the last financial year.

Affiliates and shareholders

IN EUR THOUSANDS	31.12.19	31.12.18	TYPE OF TRANSACTION
Affiliates under common control	60	-	Château Lafaurie-Peyraguey, wine and hospitality services
	30	2	Denz Weine, purchase of wine
	17	21	Vignobles Silvio Denz, purchase of wine
Principal shareholder	9 196	-	Loan Silvio Denz
	4	27	Expenses Silvio Denz
Members of the Board of Directors of Lalique Group SA	9	19	Mont-Blanc resourcing, consulting
Receivable:			
Affiliates under common control	108	19	Château Lafaurie-Peyraguey, purchase of Lalique products
	18	26	Denz Weine, services
	5	17	Wermuth Auktionen, services
Principal shareholder	16	6	Silvio Denz, purchase of Lalique products

IN EUR THOUSANDS	2019	2018	TYPE OF TRANSACTION
Proceeds from:			
Affiliates under common control	182	1 006	Château Lafaurie-Peyraguey, sale of Lalique products
	18	24	Denz Weine, products and services
	11	11	Art & Terroir SA, reimbursements
	5	16	Wermuth Auktionen, services
	1	-	Ciron SA
	103	-	Reimbursement private expenses
Principal shareholder	33	72	Proceeds from sale of Lalique products
Expenditure of:			
Affiliates under common control	193	11	Château Lafaurie-Peyraguey, purchase of wine and hospitality services
	107	-	Art & Terroir SA, transaction costs and reimbursements
	91	45	Vignobles Silvio Denz, purchase of wine
	48	44	Denz Weine, purchase of wine
	8	-	Wermuth Auktionen, purchase of wine
	5	-	Clos d'Agon
	1	-	Noir Gastronomie AG
Principal shareholder	82	84	Interest on loan
	118	92	Expenses Silvio Denz
Members of the Board of Directors of Lalique Group SA	109	101	Mont-Blanc resourcing, consulting
	434	420	Ermitage Estate Limited, rent
	90	-	Adbodmer SA, transaction fees Project Clyde

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

29. CONTINGENT LIABILITIES

As at 31 December 2019, there were no unrecognized contingent liabilities (2018: 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. The pledged value amounts to the property assets valued of 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 2019 up to the date the financial statements were issued. The following events occurred subsequent to 31 December 2019:

Increase of participation in Lalique Japan Co. Ltd

In January 2020 the Group and the NCI shareholder at Lalique Japan Co. Ltd, Tokyo, Japan, agreed to change the capital structure of the company. The participating interest of Lalique Group has increased from 57% to 90% at no consideration.

Repayment of shareholder loan

In January 2020 Lalique Group repaid the balance of a shareholder loan granted in 2019 by Silvio Denz, Executive Chairman of the Group, and which had been used to finance the acquisition of The Glenturret in 2019 (Note 27).

Spread of coronavirus (Covid-19)

At the beginning of 2020 the novel coronavirus (Covid-19) was first discovered in China and started spreading internationally, triggering an economic downturn. Prior to the lockdown measures imposed by the authorities in Switzerland, France, and other countries around the globe in March 2020, Lalique Group's business was less affected than initially expected when the crisis began. However, the company expects its business operations to be adversely affected over the remainder of the year 2020, in particular due to the closure of points of sale in connection with worldwide lockdowns and interruptions in production activities and supply chains. Due to the unpredictability of the situation and its future developments, it is not possible to provide more specific information on the course of business in 2020 at this point in time or estimate its financial impact on the Group. The extent of the impact on the Group's business activities will depend on the further propagation of the virus and the time needed to get the pandemic under control, which will in turn determine the duration of the business-damaging lockdowns. During this period, one of the Group's top priorities consists in cutting costs and preserving cash to compensate as far as possible for lost sales.



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To the General Meeting of
Lalique Group SA, Zurich

Zurich, 16 April 2020

Statutory auditor's 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 2019 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 53) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 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 IESBA Code of Ethics for Professional Accountants, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of brands

Risk	<p>As of 31 December 2019, the brand values of Laliq Group amounted to EUR 72.4 million. The separate capitalized brands relate to Laliq (divided into perfumes, crystal and jewellery), Ultrasun, Parfums Samourai, Parfums Grès and Glenturret.</p> <p>The segments of the group are Laliq, Ultrasun, Jaguar, Grès and other brands (Parfums Samourai, Bentley Fragrances, Alain Delon, Laliq Beauty Services, Laliq Beauty Distribution and Glenturret). The annual impairment testing process is complex, contains items based on judgments and includes assumptions that are affected by expected future market conditions. There is a risk that the future cash flows may not meet the Group's expectation or outcomes may differ from the estimated values.</p>
Our audit response	<p>We reviewed management's assessment related to impairment indicators for the value of the brands.</p> <p>We involved our internal valuation specialists for the review of the valuation model and the discount rate used.</p> <p>Additionally, we analyzed the impairment test process, the management forecasts regarding expected revenues and further input data with the responsible person as well as reviewed its reasonability compared to previous year. We also assessed the disclosure according to IAS 36 in the consolidated financial statements.</p> <p>Our audit procedures did not lead to any reservations concerning the valuation of brands.</p>

Accounting for business combination

Risk	<p>During the financial year ended 2019, the Group acquired 50% shareholding in Glenturret for EUR 29.2 million, and recognised goodwill of EUR 11.2 million. This acquisition was accounted for using the acquisition method where the Group performed a purchase price allocation ("PPA") exercise as disclosed in Note 27 to the financial statements.</p> <p>We have determined this to be a key audit matter based on the quantitative materiality of the acquisition, the significant estimates made on the PPA and the assumption made by Management to have control over Glenturret. The significant management's judgment and estimates involved in the provisional PPA exercise mainly relate to the determination of the fair value of the acquired assets, particularly brand, inventory and property, plant and equipment.</p>
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Our audit response

As part of our audit procedures on the accounting for the acquisition, we read the purchase agreement to obtain an understanding of the transactions and the key terms. In order to assess management's identification and fair value measurement of the acquired assets and liabilities (including intangibles). We tested this identification and measurement based on our discussion with management and our understanding of the business of the acquired company. In addition, we involved our internal specialists in assisting us in reviewing the management's valuation methodologies and assessing the key assumptions and inputs used in measuring the fair value of the net identifiable assets. An important element of our audit was management's assumption to have control over Glenturret, we tested this assumption based on our discussion with management and our review of the key terms of the purchase agreement. We also assessed the adequacy of the related disclosures regarding the control assumption and PPA in Note 2 and Note 27 respectively to the 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 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://www.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 para. 1 item 3 CO and the 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.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Olga Semenova
ACCA

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 663b^{bis} 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 24 May 2019, shareholders elected or confirmed respectively 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 of 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 throughout 2019. All members of the Board of Directors were re-elected for another term at the General Meeting of Shareholders on 24 May 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 2019.

The members of the Board of Directors receive a fixed payment for their work. 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 sum.

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

Members of the Board of Directors receive compensation for personal expenditure and expenses. The reimbursement of expenditure and payment of expenses does not count 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 conclude insurances. 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 2019

The directors received fixed compensation of CHF 25 000 for their service on the Board of Directors. The amount of compensation awarded to the Executive Chairman of the Board of Directors is higher, given his additional duties and responsibilities.

Total actual remuneration for members of the Board of Directors for the 2019 and 2018 financial year was as follows:

IN CHF THOUSANDS		GROSS COMPENSATION	POST EMPLOYMENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COMPENSATION
2019					
Denz, Silvio	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
Total Board of Directors		1 246	77	76	1 399
2018					
Denz, Silvio	Chairman of the Board of Directors	301	26	19	346
Weber, Roland	Vice-Chairman of the Board of Directors	25	-	2	27
von der Weid, Roger	Delegate of the Board of Directors & CEO	602	43	37	682
Denz, Claudio	Member of the Board of Directors & HD	207	8	14	229
Kollros, Jan	Member of the Board of Directors	25	-	-	25
Roesti, Marc	Member of the Board of Directors	25	-	-	25
Total Board of Directors		1 185	77	72	1 334

COMPENSATION AWARDED TO THE EXECUTIVE BOARD

Composition of remuneration for 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 must not exceed 100% of the fixed sum.

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 sum can be paid in partly or fully in shares.

Members of the Executive Board receive compensation for personal expenditure and expenses. The reimbursement of expenditure and the payment of expenses do not count 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 take out insurance policies. Any such compensation advances or insurance policies are similarly not considered as remuneration.

Approval of remuneration for the Executive Board

The General Meeting of Shareholders approves the maximum amount of fixed remuneration of 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 the variable remuneration for the Board of Directors 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 2019

Total actual remuneration for members of the Executive Board for the financial year 2019 and 2018 was as follows:

IN CHF THOUSANDS	GROSS COMPENSATION	POST EMPLOYMENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COMPENSATION
2019				
Members of the Executive Board (11 members)	2 367	266	439	3 072
Total Executive Board	2 367	266	439	3 072
2018				
Members of the Executive Board (11 members)	2 376	260	436	3 072
Total Executive Board	2 376	260	436	3 072

The Group CEO, Roger von der Weid, received the highest total compensation in 2019 (see table "Actual compensation of the Board of Directors for 2019").

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

SHARES HELD BY MEMBERS OF MANAGEMENT BODIES

As at 31 December 2019, the members of the Board of Directors and the Executive Board held the following number of shares:

NAME	FUNCTION	31.12.19	31.12.18
Denz, Silvio	Chairman of the Board of Directors	4 197 000	4 322 400
Weber, Roland	Vice-Chairman of the Board of Directors	8 000	7 000
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 600	3 000
Denz, Claudio	Member of the Board of Directors & CD	214 560	178 800
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	2 100	1 800
Rubinstein, Alexis	Group CFO	120	100
Müller, Michael	CFO, Lalique Beauty	120	-
Rios Lopes, David	COO, Perfumes	600	600
Abels, Rosemarie	Head Procurement & Production, Perfumes	120	100
Joly, Marie-Laure	Head of Marketing, Perfumes	300	250
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	-	-
Total		4 426 670	4 514 200
Total Lalique Group shares		7 200 000	6 000 000

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 2019 financial year, neither towards present (or former) members of the Board of Directors or of the Executive Board, nor towards persons closely connected with these members.



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To the General Meeting of
 Lalique Group SA, Zurich

Zurich, 16 April 2020

Report of the statutory auditor on the remuneration report

We have audited the remuneration report (pages 58 to 63) of Lalique Group SA for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance).



Board of Directors' responsibility

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. 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 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.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2019 of Lalique Group SA complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg
 Licensed audit expert
 (Auditor in charge)

Olga Semenova
 ACCA

LALIQUE GROUP SA, ZURICH FINANCIAL STATEMENTS

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INCOME STATEMENT

IN CHF THOUSANDS	2019	2018
Income from participating interests	6 800	18 700
Personnel expenses	-458	-426
Other operating expenses	-782	-484
Depreciation on property, plant and equipment	-17	-22
Earnings before interest, taxes, depreciation and amortization	5 543	17 768
Total financial income	4 204	3 633
Total financial expenses	-4 045	-1 726
Extraordinary expenses	-854	-605
Extraordinary income	-	119
Profit for the year before taxes	4 848	19 189
Direct taxes	-	-139
PROFIT FOR THE YEAR	4 848	19 050

BALANCE SHEET

IN CHF THOUSANDS	31.12.19	31.12.18
Current assets		
Cash and cash equivalents	27 477	1
Other short-term receivables from third party	24	-
Other short-term receivables from related party	216	179
Total current assets	27 717	180
Non-current assets		
Investments	126 700	103 150
Loans to shareholdings	113 013	90 388
Total non-current assets	239 713	193 538
TOTAL ASSETS	267 430	193 718
Short-term liabilities		
Interest-bearing short-term bank liabilities	38 207	24 431
Trade account payables	181	36
Other current liabilities due to third party	225	141
Total short-term liabilities	38 613	24 608
Long-term liabilities		
Long-term liabilities due to group companies	472	-
Interest-bearing loans due to bodies	10 000	-
Total long-term liabilities	10 472	-
Total liabilities	49 085	24 608
Equity		
Share capital	1 440	1 200
Legal capital reserves	108 475	64 315
Capital contribution reserves	88 653	44 493
Other legal capital reserves	19 822	19 822
Legal retained earnings	1 255	1 255
Voluntary retained earnings	107 788	102 340
Earnings brought forward	102 940	83 290
Profit/loss for the year	4 848	19 050
Treasury shares	-613	-
Total equity	218 345	169 110
TOTAL LIABILITIES AND EQUITY	267 430	193 718

NOTES TO THE FINANCIAL STATEMENTS

Applied valuation principles in the financial statements

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957–963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Treasury shares

Treasury shares are valued at acquisition cost at 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 a recognized standard for financial accounting (IFRS). In these financial statements, therefore, it has omitted the additional information with respect to the interest-bearing liabilities as well as a cash flow statement.

Information about balance sheet and income statement items

Full-time positions

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

Significant shareholders

To the knowledge of the company, the following were the only shareholders holding more than 5% of the share capital of Lalique Group SA as at 31 December 2019:

SIGNIFICANT SHAREHOLDERS	NUMBER OF SHARES 31 DECEMBER 2019		NUMBER OF SHARES 31 DECEMBER 2018	
		%		%
Silvio Denz	4 197 000	58.29%	4 322 400	72.04%
Dharampal Satyapal Limited	884 000	12.28%	–	0.00%
Hansjörg Wyss	453 918	6.30%	218 182	3.64%
Total Lalique Group shares	7200 000	100.00%	6000 000	100.00%

Equity

The capital contribution reserve is the subject of ongoing negotiations with the federal tax administration.

IN CHF THOUSANDS	31.12.19	31.12.18
Contingent liabilities		
As at 31 December 2019, there were unrecognized contingent liabilities (joint guarantees) of EUR 9,198 million (31.12.2018: EUR 7,334 million) arising from short- and long-term loans and guaranteed rental income in connection with Lalique SA and Villa René Lalique SAS.	10 002	8 254
Guarantees		
Joint and several liability for VAT debt resulting from the consolidated accounting of VAT (group taxation)	920	1 210
Directly held investments		
Lalique Beauty SA (former Art & Fragrance SA)		
Holding of participating interests		
Share capital in CHF thousands	1 000	1 000
Ownership and voting right	100%	100%
Lalique SA, Paris		
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%
Lalique Suisse SA, Zurich		
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%
Lalique Maison SA, Zurich		
Creation and sale/distribution of furniture and interior-design accessories		
Share capital in CHF thousands ¹	100	100
Ownership and voting right	100%	100%
Lalique Art SA, Zurich		
Creation, development and trading of works art and decorative elements		
Share capital in CHF thousands ¹	100	100
Ownership and voting right	100%	100%
SCI du Mont à Grillon, Ury		
Management and rental of real estate		
Share capital in EUR thousands	1	1
Ownership and voting right	100%	100%
Glenturret Holding SA, Zurich		
Production and sale/distribution of fine spirits		
Share capital in CHF thousands	4 800	-
Ownership and voting right	50%	0%

¹ 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	NUMBERS
Treasury shares					
Balance as of 1.1.2018					13 500
Sales	10	45.00	49.00	35.83	-13 500
Balance as of 31.12.2018					-
Purchases	48	36.40	51.50	40.88	15 000
Balance as of 31.12.2019					15 000

As of balance sheet date, the acquisition cost of the treasury shares amounted to CHF 613 thousand (31.12.2018: CHF 0 thousand). 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	31.12.19	31.12.18
Denz, Silvio	Executive Chairman of the Board of Directors	4 197 000	4 322 400
Weber, Roland	Vice-Chairman of the Board of Directors	8 000	7 000
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 600	3 000
Denz, Claudio	Member of the Board of Directors & HD	214 560	178 800
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	2 100	1 800
Rubinstein, Alexis	Group CFO	120	100
Müller, Michael	CFO, Lalique Beauty	120	-
Rios Lopes, David	COO, Perfumes	600	600
Abels, Rosemarie	Head Procurement & Production, Perfumes	120	100
Joly, Marie-Laure	Head of Marketing, Perfumes	300	250
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	-	-
Total		4 426 670	4 514 200
Total Lalique Group shares		7 200 000	6 000 000

PROPOSAL FOR THE ALLOCATION OF RETAINED EARNINGS AS OF 31 DECEMBER 2019

The Board of Directors proposes that the Annual General Meeting of Shareholders (AGM) on 8 May 2020 approves the following appropriation of available earnings:

IN CHF THOUSANDS	31.12.19	31.12.18
Incremental external transaction costs from previous year ¹	600	-
Carried forward from previous year	102 940	83 290
Profit/loss for the year	4 848	19 050
	108 388	102 340
Total earnings available for appropriation	108 388	102 340
BALANCE TO BE CARRIED FORWARD	108 388	102 340

¹ CHF 0.6 million extraordinary expenses of 2018 were accounted through income statement in 2018, due to non-acceptance by the ESTV these costs were reconsidered in 2019 as incremental external transaction costs directly attributable to the capital increase of 2018 and consequently presented as a deduction from capital contribution reserves.

The Board of Directors proposes that the AGM on 8 May 2020 to not issue a dividend in this year.

IN CHF THOUSANDS	31.12.19	31.12.18
Incremental external transaction costs from previous year ¹	-600	-
Capital contribution reserves from previous years	40 893	14 580
Capital increase	47 760	29 913
Capital contribution reserves before proposed distribution	88 653	44 493
"Proposed distribution of capital contribution reserves (2019: CHF 0.00 per dividend-bearing share; 2018: CHF 0.50 per dividend-bearing share)"	-	-3 000
BALANCE TO BE CARRIED FORWARD	88 653	41 493

¹ CHF 0.6 million extraordinary expenses of 2018 were accounted through income statement in 2018, due to non-acceptance by the ESTV these costs were reconsidered in 2019 as incremental external transaction costs directly attributable to the capital increase of 2018 and consequently presented as a deduction from capital contribution reserves.



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To the General Meeting of
Lalique Group SA, Zurich

Zurich, 16 April 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Lalique Group SA, which comprise the balance sheet, income statement and notes (pages 66 to 72), for the year ended 31 December 2019.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Separate valuation of participations

Risk	Lalique Group SA is the parent company of the Lalique Group and holds the shares of its subsidiaries. Shareholdings amounted to CHF 126.7 million as of 31 December 2019 and represented 47% of the balance sheet. Due to potential impairment needs, we defined this topic as a key audit matter.
Our audit response	We reviewed the valuation method used for the individual valuation of the participations and verified the clerical accuracy of the amounts. We assessed the used input parameters and reviewed the disclosure according to the Swiss accounting law in the financial statements. Our audit procedures did not lead to any reservations concerning the valuation of participations.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Olga Semenova
ACCA

PUBLICATION DETAILS

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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.

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