

LALIQUE  
GROUP

# AR 2018

Annual Report 2018  
Long version

**Cover** RockStone 40, amber crystal. Arik Levy's work created in collaboration with Lalique (close-up view)

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# 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.

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



# LETTER TO SHAREHOLDERS

## Ladies and Gentlemen

2018 was another year of progress for Lalique Group as we further strengthened the business and expanded our international presence. At the same time, we achieved solid financial performance, in line with the guidance we provided with the announcement of our half-year results in September 2018. An additional important step in 2018 was the listing change in June from the Berne stock exchange BX Swiss, where the Lalique Group shares had been listed since September 2007, to the SIX Swiss Exchange. This move will enable us to further enhance Lalique Group's profile on the capital market.

In the 2018 financial year, Lalique Group achieved further growth, which is attributable in particular to solid performance in the Lalique segment and continued excellent growth in the Ultrasun segment. With the opening of new Lalique boutiques in Asia and Europe and the new subsidiary in Japan, the business has been further expanded according to plan.

## The Glenturret

We recently announced the acquisition of 50% of The Glenturret, Scotland's oldest working single malt distillery. With this step, we have further expanded our portfolio in the international luxury goods market. The acquisition of The Glenturret was completed on 28 March 2019 through a joint venture in which the Group and entrepreneur Hansjörg Wyss, a shareholder of Lalique Group since 2015, each hold 50%. In accordance with IFRS reporting standards, Lalique Group will fully consolidate The Glenturret.

In line with our proven diversification strategy, we see significant potential for further developing the Glenturret business and thus creating value for the Group. The Glenturret and Lalique brands are an excellent fit, and we aim to leverage Lalique's global network, including shops, its online presence, hotels, restaurants and distribution capabilities, to develop the Glenturret brand. In the course of 2019, Lalique Group intends to propose to its shareholders a capital increase in the form of a rights offering for the purpose of refinancing parts of the shareholder loan provided by Silvio Denz for the acquisition of The Glenturret, and to finance other investments and growth initiatives.

## Group results

In 2018, Group operating revenue increased to EUR 136.4 million, up 6%, or 9% in local currencies, compared with the previous year. This includes compensation of EUR 2.4 million awarded to Lalique Group following the legal proceedings initiated by the company in France, as announced previously. Personnel costs rose 7% in 2018 to EUR 32.6 million, and other operating expenses increased 7% to EUR 32.4 million. EBIT amounted to EUR 6.1 million, after reaching EUR 7.5 million in 2017. Net Group profit totalled EUR 5.2 million compared with EUR 6.9 million in the previous year, including a positive tax effect in connection with the company tax reform in France of EUR 1.0 million in 2018 and EUR 1.9 million in 2017.

## Segment results

The Lalique segment showed solid performance in 2018. Lalique's perfumes business reported a double-digit rise in sales compared with the previous year, with particularly strong development in the Middle East, the US, Russia and China. We also saw sales growth in the crystal business. In gastronomy and hospitality, the two hotels/restaurants Villa René Lalique and Château Hochberg reported high occupancy rates, reflecting continued strong interest from guests and the public. The segment's higher overall costs are mainly attributable to the business expansion in Japan, restructuring of the subsidiary in the US and the opening of new boutiques in Tokyo, Shanghai and Bordeaux.

Ultrasun once again recorded a very strong result for the year under review. This segment reported growth in all key markets, in particular also in Switzerland, China and the United Kingdom.

In the other segments, sales of Jaguar Fragrances increased slightly following a strong year in 2017. Parfums Grès reported a decline in sales due to a price correction and the economic uncertainties in Latin America, one of Grès' key regions. The other brands reported a slight decrease in sales in 2018.

Lalique Beauty Services, the perfume filling and logistics operation, developed in line with expectations. With the new filling facility which began operations in the fall of 2018, we have substantially increased productivity and capacity, also for third-party customers.

#### **Dividend**

For the 2018 financial year, the Board of Directors will propose an unchanged dividend of CHF 0.50 per share at the Annual General Meeting on 24 May 2019. The dividend is planned to be paid out of the capital contribution reserve (without deduction of withholding tax).

#### **Outlook**

We are well positioned with our diversified business model, and are therefore convinced that our activities will continue to develop positively. For the financial year 2019 we expect to see sales growth in the low single digit percentage range (in local currencies), as well as a slight increase in the EBIT margin from 4.5% in 2018.

As we expand the business, we will continue to place a strong focus on Asia, and the activities of the new Lalique subsidiary in Japan will be systematically increased. With the acquisition of The Glenturret, we have further expanded our portfolio and now address an even broader clientele in the international luxury goods market. Furthermore, the Group is currently in advanced negotiations to enter into two additional perfume licensing agreements in the luxury segments.

Our goal is to leverage the investments in our business and strong brands to create an even more attractive offering for our clients, and to gradually increase profitability and add value for shareholders. In the medium term, Lalique Group is targeting sales growth in the mid-single digit percentage range (in local currencies) and a gradual increase of the EBIT margin to 9%-11%.

We thank our employees for their contribution and dedication, and our valued shareholders, customers and business partners for their continued trust in Lalique Group.



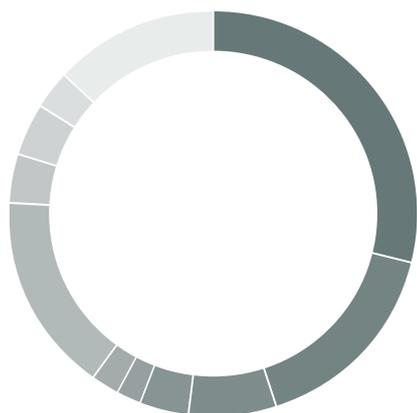
**Silvio Denz**  
Executive Chairman of the Board of Directors



**Roger von der Weid**  
Chief Executive Officer

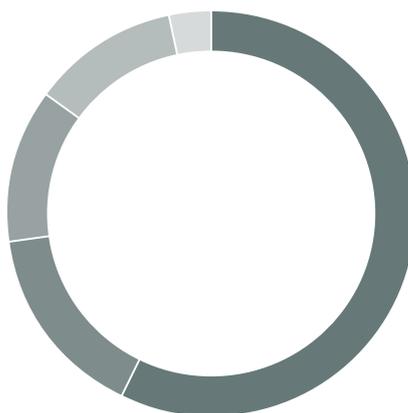
# LALIQUE GROUP AT A GLANCE

**OPERATING REVENUE BY BUSINESS 2018**  
in %



■ 29	Laliq ue Decorative Items
■ 16	Laliq ue Fragrances
■ 7	Laliq ue Interior Design
■ 4	Laliq ue Hospitality
■ 2	Laliq ue Jewellery
■ 2	Laliq ue Art
■ 16	Jaguar Fragrances
■ 4	Parfums Samourai
■ 4	Parfums Grès
■ 3	Bentley Fragrances
■ 13	Ultrasun

**OPERATING SEGMENT 2018**  
in EUR million



■ 81.9	Laliq ue
■ 22.2	Jaguar Fragrances
■ 17.4	Ultrasun
■ 10.2	Others <sup>1</sup>
■ 4.7	Parfums Grès
■ 136.4	Total revenue

## KEY FIGURES

in EUR million 2018 (2017)

**Revenue 136.4** (128.8)

**EBIT 6.1** (7.5)

**Net group profit 5.2** (6.9)

**Equity 124.1** (93.2)

**Net debt 29.7** (33.6)

**Equity ratio 52.1%** (40.6%)

**EBIT margin 4.5%** (5.8%)

## SHARE STATISTICS

2018 (2017)

**Earnings per share EUR 1.09** (1.30)

**Equity per share EUR 20.68** (18.64)

**Share price high CHF 54.50<sup>2</sup>** (49.00)

**Share price low CHF 42.40<sup>2</sup>** (26.50)

## SHARE INFORMATION

**Symbol** LLQ  
**VALOR** 3381329  
**ISIN** CH0033813293

The registered shares of Laliq ue Group are listed on the SIX Swiss Exchange

**Number of employees 720** (653)

**Points of sale: Laliq ue 700**

**Points of sale: Beauty Division 13 500**

<sup>1</sup> Parfums Samourai, Bentley Fragrances, Parfums Alain Delon, Laliq ue Beauty Services, Laliq ue Beauty Distribution, Holding & Elimination

<sup>2</sup> 25.6.-31.12.18 (SIX)

REVENUE BY REGION 2018  
in EUR million

**EUROPE 71.7**

**NORTH AMERICA 20.5**

**ASIA 23.6**

**MIDDLE EAST 18.3**

**SOUTH AMERICA 2.3**



# HIGHLIGHTS 2018

# SAVOIR-FAIRE AND SAVOIR-VIVRE

## **MOVING CELEBRATION OF CRYSTAL AND GOLDEN WINE**

A sumptuous Lalique hotel and restaurant at Château Lafaurie-Peyraguey opened its doors in June 2018 and now operates under the Lalique brand on a licensing basis. This luxury Relais & Châteaux establishment is a haven of peace among the vineyards of Sauternes, in the greatest terroir of Crus Classés. French savoir-faire and savoir-vivre are a subtle and all-pervading presence...







**HIGHLIGHTS 2018**

# **ONE HUNDRED AND TWENTY-SEVEN THOUSAND DOLLARS**

**NIEPOORT IN LALIQUE 1863 CRYSTAL DECANTERS**

The Niepoort in Lalique 1863 decanter achieved a GUINNESS WORLD RECORDS™ title for the most expensive port wine sold at auction, achieving a price of USD 127 000 at Acker Merrall & Condit in Hong Kong.

# HIGHLIGHTS 2018

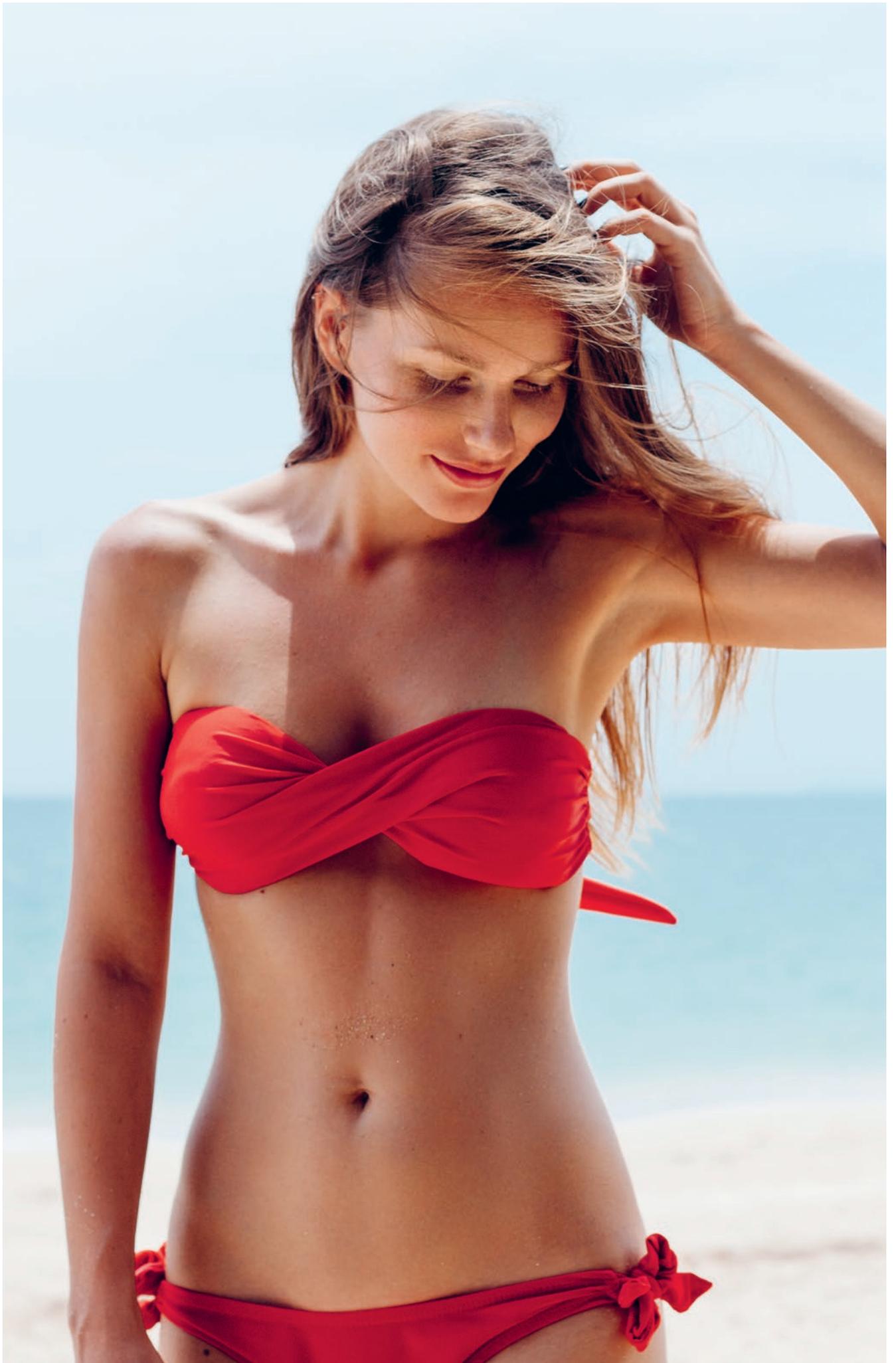
# OUR NEW SUNSHADE

## ULTRASUN: INNOVATIVE PRODUCT DEVELOPMENT

The launch of the all-new Mineral protection line in 2018 established a third pillar for the brand's protection portfolio and created a sound basis for further growth: the integrity of the line, which consists entirely of mineral-based products, is underpinned by certification from the NATRUE organization and the Swiss Allergy Centre, with its "aha! logo".

Along with the Sensitive Skin range, the new Mineral line for Ultrasensitive Skin addresses dermatological needs, while the Normal Skin line with its transparent Sports formulas is targeted at endurance athletes.





## HIGHLIGHTS 2018

# IT SMELLS DIVINE

### JAGUAR STANCE - SHAPE YOUR REALITY

Jaguar Fragrances presented a striking addition to its collection: Jaguar Stance. Designed for a creative, independent man who shapes his own future. The premium brand's new perfume matches a distinctive, pulsating scent with a high-impact, textural bottle design.

"The Jaguar Stance smells divine and I would wear it myself."

(Influencer attending the event)

Be Jaguar. Take a Stance.

@jaguar

#JaguarFragrances

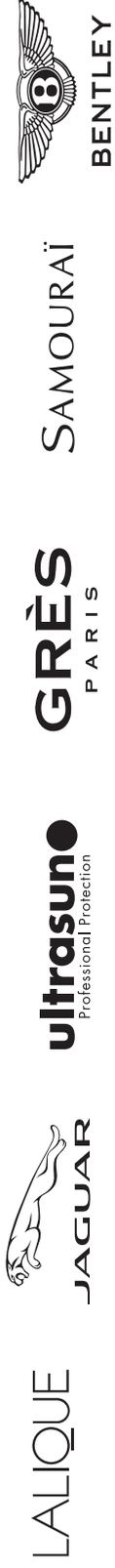
#JaguarStance

#ShapeYourReality



JAR  
NICE  
REALITY





**OUR BUSINESS MODEL AND STRATEGY**

# **A SUCCESSFUL NICHE PLAYER IN LUXURY GOODS**

As a successful niche player in the luxury goods sector, Lalique Group 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, as well as art, gastronomy and hospitality.

## PAST TO PRESENT

Lalique Group is a niche player in the luxury goods industry with an international presence and a global reach. The Group has established itself as a brand builder in the perfume industry, developing tailored brand concepts that focus on specific target markets. The Group consists of two business divisions, the French luxury house of Lalique (luxury crystal products) and the Group's beauty business (cosmetics and perfumes).



Since the end of June 2018, the registered shares of Lalique Group SA (LLQ) have been listed on the SIX Swiss Exchange. Previously, from September 2007, the Group was listed on the Bern stock exchange (BX Berne eXchange).

Founded in 2000, the Company initially focused on perfumes and then expanded to cosmetics with the acquisition of the Ultrasun brand in 2007. A major milestone in 2008 was the acquisition of the house of Lalique, 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. Lalique Group holds 95% of the capital of Lalique SA, while the remaining shares are held by private investors.

In late January 2013, Lalique Group took over a French perfume filling and logistics company. As a result, 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 believes that its lean organization enables quick decision-making, efficient product development processes and, as a result, a short time to market. The insourcing of production activities and logistics services ensures optimum control of this part of the value chain.

In 2018, a sumptuous hotel and restaurant opened its doors at Château Lafaurie-Peyraguey in the Bordeaux region and now operates under the Lalique brand on a licensing basis.

The three Lalique hotels form the most recently added pillar of the Group's activities: Gastronomy and Hospitality. Lalique Group is adhering firmly to its expansion course and remains interested in new brands and licences, especially in the perfume sector.

Lalique Group's portfolio includes the following brands:

- Lalique (brand acquired in 2008)
- Jaguar Fragrances (licence acquired in 2002)
- Parfums Grès (licence acquired in 2001; brand acquired in 2007)
- Parfums Samouraï (licence acquired in 2000; brand acquired in 2007)
- Bentley Fragrances (licence acquired in 2011)
- Parfums Alain Delon (licence acquired in 2000; brand acquired in 2007)
- Ultrasun (brand acquired in 2007)

## INTERNATIONAL PRESENCE AND GLOBAL REACH

The Company's recipe for success is based on its special expertise and the wealth of experience of its employees and key partners in the following areas:

- Realignment and further development of Lalique as a global luxury brand
- Establishment and international consolidation of brands such as Bentley Fragrances
- Brand building, with a particularly strong focus on selected markets, for example the Samouraï line of perfumes in Japan and other Far Eastern countries
- Repositioning of brand images, for example the modernization of the Jaguar Fragrances brand following acquisition of the licence
- Professional management of global brands such as Parfums Grès
- Identification of potential and acquisition of new brands, including for the purpose of exploiting synergies in the perfume and cosmetics segments

# BUSINESS MODEL

## 1. LALIQUE

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

### THE COMPANY HAS THE AIM OF TRANSFORMING LALIQUE FROM A CRYSTAL MANUFACTURER TO A DESIRABLE LIFESTYLE BRAND.

Lalique’s product portfolio comprises fragrances, decorative items such as vases and sculptures as well as pre-manufactured interior design items, for example furniture and lighting. In its Interior Design Studio in Paris, the Group offers tailor-made crystal design for architectural projects. Lalique also creates limited editions of artworks in collaboration with renowned artists and designers.

The Group has developed a specific process for producing elegantly decorated work in crystal. It has specialized in accentuating the transparency and reflections of glass and covers the entire process from original idea to finished product. Lalique has been recognized by the French state and received the label “Entreprise du Patrimoine Vivant” (living heritage company) in 2015.

## Co-branding partnerships at the highest level

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. Lalique’s partners are leaders in their respective industries and include spirit makers such as The Macallan whisky, Patrón tequila, Beluga vodka, Courvoisier cognac, Salvatore Ferragamo, Bugatti, Steinway & Sons and Caran D’Ache. The products are sold through Lalique’s own distribution channels as well as those of its partners.

### 1.1. CRYSTAL DECORATIVE ITEMS

Lalique can rely 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 artists and craftsmen and their know-how.

Since 1921, the Lalique factory located in Wingen-sur-Moder has passed on the traditional know-how of the glassmaking industry, for which the Alsace region is renowned. Handed down from generation to generation, this expertise forges the identity of each creation. The hand of both artist and craftsman shapes every object, conveying a rich artistic heritage. The Lalique style flows from an artistic gesture that transforms a drawing into crystal. The style is expressed through the manual modelling of shapes and décors as if sculpted, the richness of the figurative details, and the different types of finish which create a characteristic contrast between clear and satin-finished crystal. A particular highlight is the casting of sculptures using the lost-wax casting process. Lalique’s expert glassmakers are among the very few who still master this difficult and artistic technique. Each design—inspired by the female form, fauna or flora—is infused with a strong Art Nouveau or Art Deco influence.

## SIX PILLARS OF LALIQUE



## 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 space in creative combination. First-rate crystal glassmaking expertise, creative dynamism and technical flair all come together at the Lalique Interior Design Studio. Conceived to embrace and enhance all types of interiors and spaces, each design places crystal at the heart of the project.

The Interior Design Studio has completed many bespoke projects throughout the world, ranging from private residences and retail spaces to yachts, aircraft and hospitality.

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

## 1.3 JEWELLERY

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

## THE STRATEGY FOR JEWELLERY CONSISTS IN ACHIEVING A SYNTHESIS BETWEEN TRADITION AND INNOVATION.

Each piece of Lalique Jewellery tells a story grounded in René Lalique's avant-garde vision and legacy. The strategy for jewellery consists in achieving a synthesis between tradition and innovation. Capitalizing on its impressive heritage, iconic motifs, designs and savoir-faire, Lalique jewellery has reinvented itself with a modern twist.

The catalogue has been streamlined with a clearer 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, exclusive collections as well as a "bath & body" collection.

Lalique Parfums stands for contemporary fragrances. The combination of the skills of the perfume and crystal makers gives rise to the most sophisticated scents. Their bottles, whether made from glass or crystal, have fascinated collectors for generations. Solid roots in the world of fragrances have grown through privileged partnerships with famous perfumers. 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 disposal of major contemporary artists, designers with flair, and cultural foundations. Lalique Art offers artists new inspirations and motifs, using the interplay of light, transparency, colour and contours.

In recent years, Lalique Art has created outstanding crystal artworks based on sculptures by Yves Klein (Victoire de Samothrace and Terre Bleue) and Rembrandt Bugatti. Lalique Art has also begun to develop a crystal architecture collection with international architects Zaha Hadid Design and Mario Botta and has collaborated with contemporary artists of world renown such as Damien Hirst, Anish Kapoor, Terry Rodgers, and Arik Levy.

From April to November 2018, the entirety of Lalique Art's collaborations was presented as the temporary exhibition at Musée Lalique in Alsace. This exhibition attracted nearly 17,000 visitors and had a special issue of Beaux Arts magazine devoted to it.

In January 2019, Lalique presented a new collaboration with Arik Levy, featuring the unveiling of his work RockStone 40.

Lalique Art is currently collaborating on several major new projects. Lalique's aspiration in developing these partnerships is to become a leading partner in the art world.

### 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 which holds two Michelin stars. The hotel is located in Wingen-sur-Moder, France, near the glassworks. In July 2017, Lalique SA acquired Château Hochberg, a four-star hotel with a brasserie-style restaurant close to the Lalique Museum.

## RESTAURANT LALIQUE AT CHÂTEAU LAFAURIE-PEYRAGUEY WAS AWARDED A FIRST STAR BY THE GUIDE MICHELIN 2019.

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. In 2019, only six months after its opening, chef Jérôme Schilling was awarded a first star by the Guide Michelin 2019.

### 2. PERFUMES

#### Lalique Beauty: business profile

The current Lalique Beauty brand portfolio consists of the perfume brands Lalique Parfums, Jaguar Fragrances, Bentley Fragrances, Parfums Grès and Parfums Samourai.

Lalique Beauty operates with lean structures and therefore benefits from shorter decision-making processes than many of its competitors.

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. In terms of time to market, this makes the company one of the industry leaders.

From original idea to finished product Lalique Beauty is committed to professional, efficient project management in its product development operations: the teams responsible define the brand strategy and the related product concept, commission external specialists to create the fragrance and the design of the perfume bottle and packaging, and finally decide on the advertising and marketing material before the products are ready for distribution. Components are procured from leading suppliers and manufacturers.

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: filling and logistics company

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 sun care products combining classic sun protection with ingredients against ageing, unwanted pigmentation or for sensitive skin.

Ultrasun is constantly launching innovative, advanced UV and sun-protection products, driven by in-house formula 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 any controversial ingredients.

After Western Europe, international expansion is focussed

## THE ULTRASUN BRAND COMMANDS A LEADERSHIP POSITION IN THE MARKET.

on countries and regions with all-year-round sunshine (e.g. the Middle East) as well as markets with a high awareness of the need for daily UV protection (e.g. Hong Kong, Japan, Taiwan and South Korea).

# STRATEGY

The long-term business strategy includes the following:

## **Control of value chain**

The Group believes that it 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 for increased flexibility to meet market demands. The Company's lean organization enables quick decision-making, efficient product development processes and, hence, 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. Apart from 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, as well as gastronomy/hospitality.

The co-branding programme will also be extended to new partnerships.

## **Lalique Beauty: pursuing growth and expanding 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 brand.

In 2018, Lalique Beauty Services, the production company with headquarters in Ury (France), inaugurated a new warehouse extension, as a result of which storage capacity increased to 12,000 pallets. A new automated filling facility was implemented at the beginning of September 2018, increasing both productivity and capacity, including for third-party customers.

## **Focus on Asia**

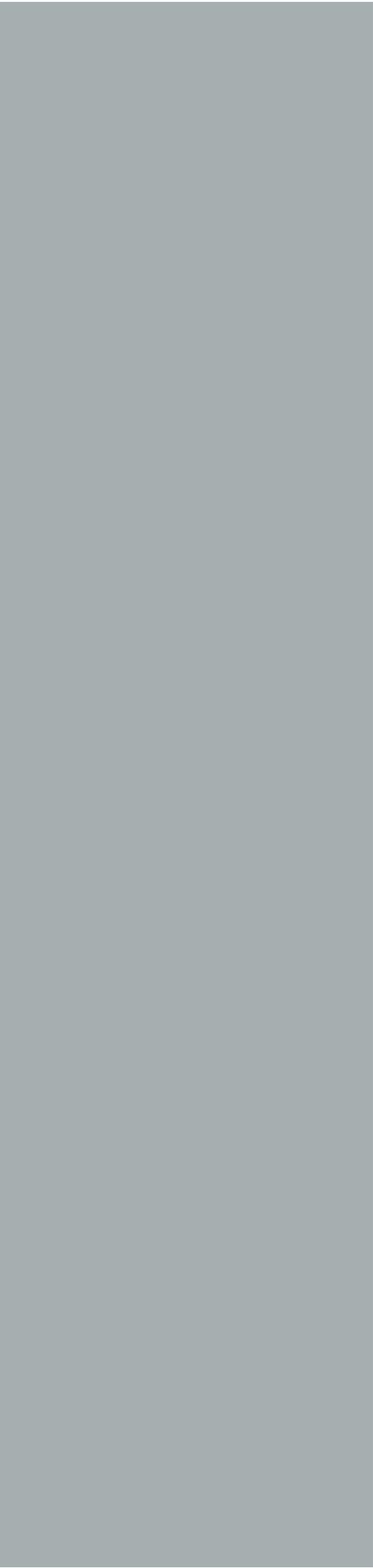
In light of the income and population growth in Asia, the Company is increasing its activities in the region across all its brands, in particular in China, Japan and Southeast Asia. Thus, the Group opened a new Lalique subsidiary in Japan in the reporting year. In January 2018, the Company entered into a new partnership with Singapore Airlines, which includes the exclusive offer of Lalique-branded inflight items in the Suites and First-Class cabins of Singapore Airlines, with the aim of raising brand awareness in the Asian market. An exclusive hotel amenities line by Lalique was launched in 2016 and is available in selected hotels around the globe.

## **LALIQUE GROUP DEVELOPS HIGH-QUALITY PRODUCTS IN A NUMBER OF PRICE CATEGORIES.**

### **Private labelling**

With private labelling, Lalique Group offers its clients the opportunity to create customized perfumes and cosmetics, for instance with their own company logo. Lalique Group develops high-quality products in a number of price categories, ranging from customized perfume and cosmetic creations using standard components to luxury editions which, upon request, can even incorporate crystal. Lalique Group has built up the requisite expertise for such ventures through its many years of engagement with the perfume, cosmetics and crystal industries. Thanks to its broad network of partners, it can also offer solutions perfectly tailored to clients' needs and wishes in terms of design and quality.

- 26** Lalique Decorative Items
- 28** Lalique Interior Design
- 30** Lalique Jewellery
- 32** Lalique Parfums
- 34** Lalique Art
- 36** Lalique Gastronomy/Hospitality
- 38** Lalique Factory
- 40** Jaguar Fragrances
- 42** Parfums Grès
- 44** Parfums Samourai
- 46** Bentley Fragrances
- 48** Lalique Beauty Services
- 50** Ultrasun



# **OUR BRANDS AND ACTIVITIES**

# LALIQUE

## LALIQUE DECORATIVE ITEMS

Brand acquired **2008**

Share of company revenue **29%**

### TIMELESS CREATIONS OF DESIRE

The Group has developed a specific process for producing elegantly decorated works in crystal and covers the entire procedure from original idea to finished product.

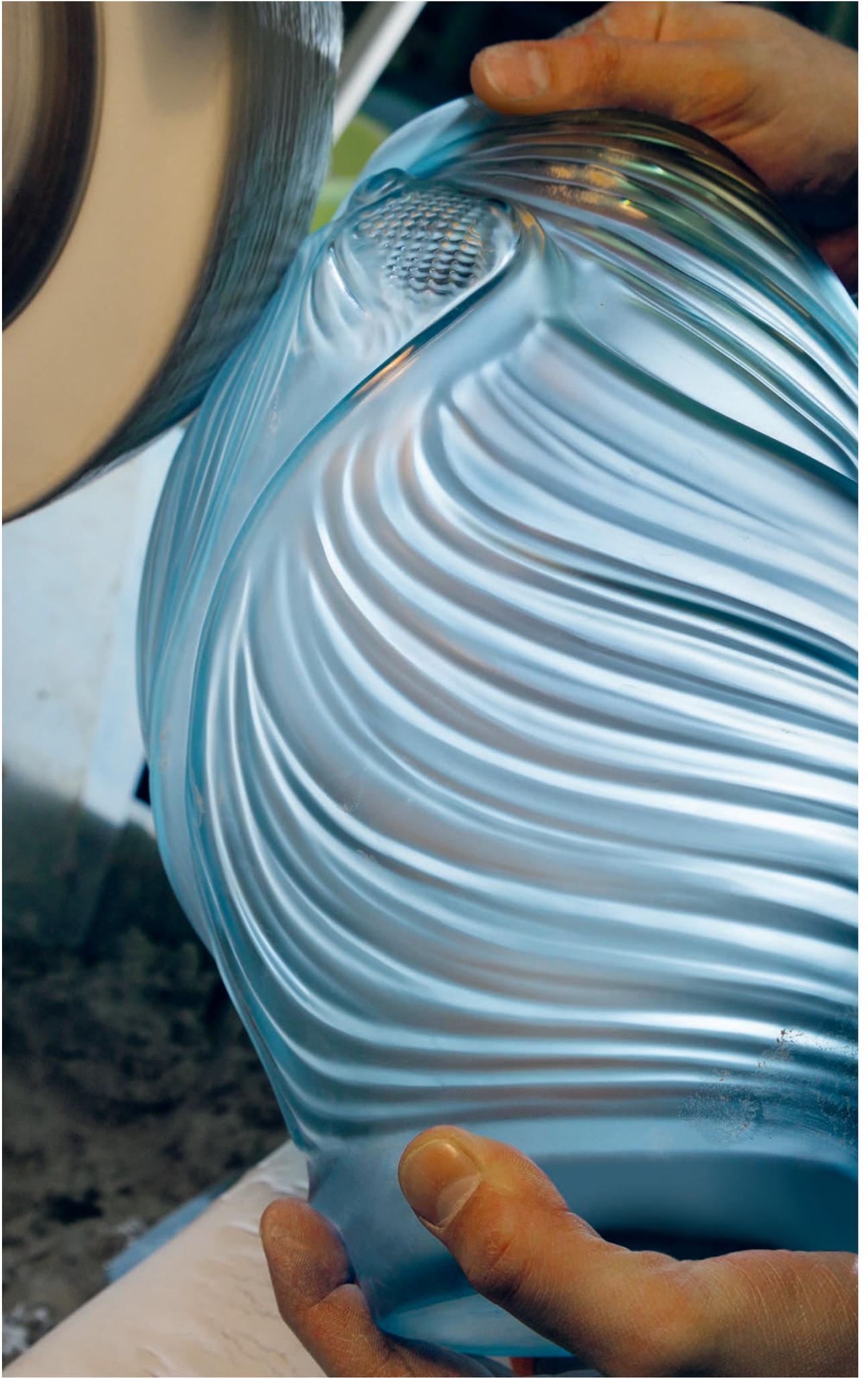
Over the years, Lalique has become a byword for expertise and craftsmanship and a synonym for excellence, the brand masterfully using the contrast between brilliant and satin-finished crystal. It has evolved into a lifestyle, with endless creative possibilities inspired by the work of René Lalique himself. Lalique collections are composed of timeless creations that have become classics and others that will undoubtedly follow suit. It is, perhaps, this timeless modernity which is most characteristic of Lalique.

With the two Hirondelles collections, Spring/Summer and Autumn/Winter, the Group celebrated the 130<sup>th</sup> anniversary of Maison Lalique. Swallows (in French: hirondelles), the symbol of happiness and freedom, were a particular inspiration for René Lalique. He made them the centerpiece of many jewels and decorative objects.

The 2019 collections plunge into an aquatic universe: Lalique captures the graphic power of fighting fish and the powerful and symbolic expressions of ornamental sea creatures like koi and carp.



**Images** (left and right): 1. Carpes Koi vase, Aquatique Collection. 2. Poisson combattant, Aquatique Collection. 3. Polishing demands patience and meticulous care.





**Images** (left and right): 1. Lalique Cloud of Clovers light sculpture; 6th floor of the Mikimoto Ginza flagship store in Tokyo.  
2&3. Lalique and Pierre Yves Rochon Roses pedestal table

# LALIQUE

## LALIQUE INTERIOR DESIGN

Brand acquired **2008**

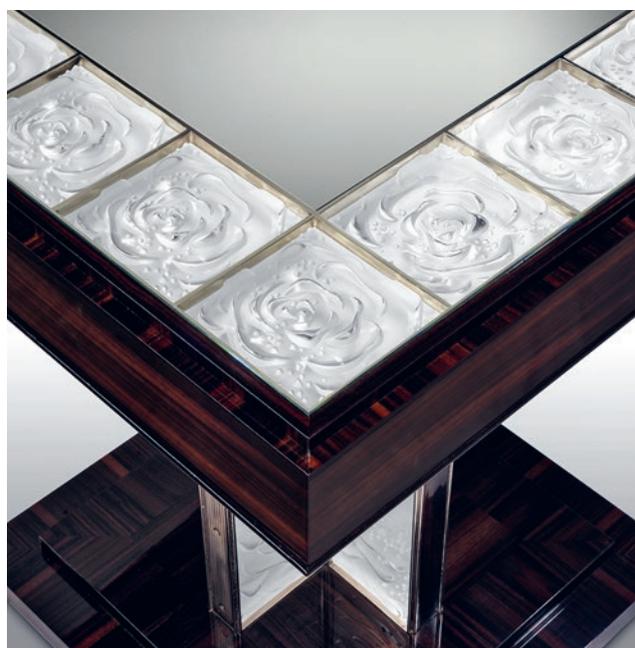
Share of company revenue **7%**

### CRYSTAL AT THE HEART OF EACH PROJECT

Lalique Interior Design is beautifully showcased at the Lalique Hotel & Restaurant at Lafaurie-Peyraguey, which opened in June 2018. The décor was entrusted to Green & Mingarelli Design, authors of the Lalique Maison collection of furniture and accessories. They have taken the raw, natural materials typical of the Sauternes region and paired them with subtly contemporary effects.

The Lalique Interior Design Studio has created many decorative features to highlight each room. The ceiling of the gourmet restaurant is adorned with two spectacular ceiling lights composed of more than a hundred Champs-Elysées crystal leaves in gleaming gold crystal, evoking the surrounding nature and Sémillon vineyards. Satin-finished interior panels adorned with blackbirds and grapes serve as doors and partitions to guard the treasures of the cellars.

Pierre-Yves Rochon, the great French interior decorator and designer, has created his Signature collection for Lalique. Unveiled at the Milan Furniture Fair, the collection is enriched with five exceptional new pieces, each released in various finishes. A beautiful result of the interaction of rare savoir-faire in many forms, each piece is a jewel of interior design, combining aesthetics and functionality. Metal or noble wood enhances the purity and brilliance of the satin-finished crystal.



# LALIQUE

## LALIQUE JEWELLERY

Brand acquired **2008**

Share of company revenue **2%**

### A BRILLIANT KALEIDOSCOPE OF MATERIALS

Celebrating 130 years of craftsmanship and creative excellence, Lalique Jewellery collections continue to showcase a perfect blend of iconic designs and fashionable pieces.

In the Fashion Jewellery collections, crystal metamorphoses into statement pieces and minimalist designs which bear the distinctive, ethereal signature of the brand. Rings, necklaces, earrings, bracelets, brooches and cufflinks reveal an emblematic style crafted with unique know-how.

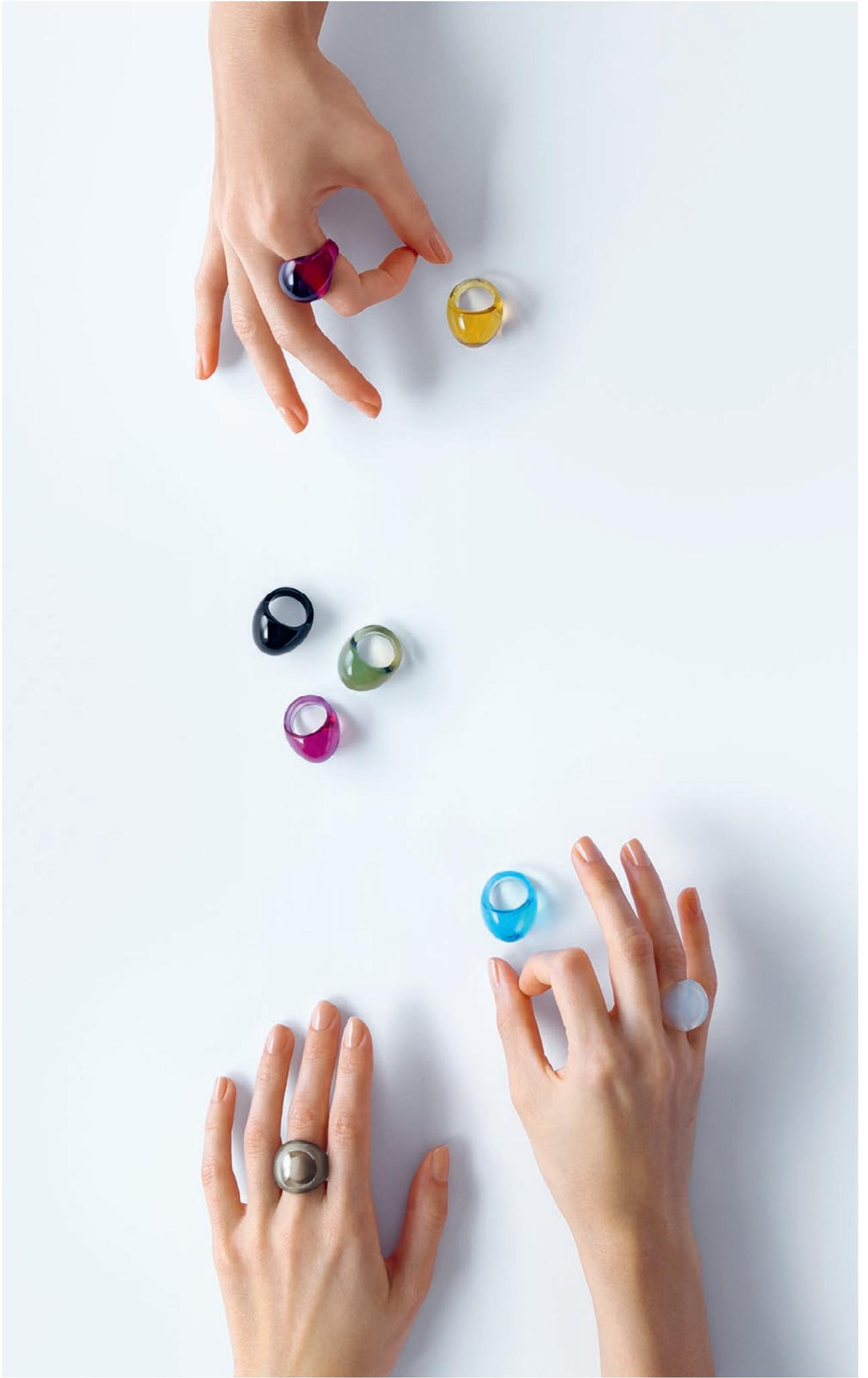
The iconic Cabochon ring—one of Lalique's bestsellers—shows its timeless style in new colours and techniques, introducing a patinated version and a reissue of the original hand-engraved Épis design by René Lalique.

Trois Hirondelles perpetuates the most timeless designs, while the more fashionable lines of the 1927/1928 collection have been refreshed with new colours.

Last but not least, the Fine Jewellery Cygnes collection was unveiled as part of the collaboration with the Opéra national de Paris. The limited-edition white gold pendant features enamel, a signature work of René Lalique's original creations. The collaboration has also produced Eurydice, a collection of 18k-gold-plated articles in a more fashionable design.



**Images** (left and right): 1. Cygnes bracelet, Lalique and Paris Opera jewellery collection.  
2. Sleek lines and transparent effects define the Cabochon ring.





**Images** (left and right): 1. Three new fragrances in the Les Compositions Parfumées collection: new scents, new colours, new emotions.  
2. Is it a woman, a goddess, a mermaid? Lalique 2019 Crystal Limited Edition.

# LALIQUE

## LALIQUE FRAGRANCES

Brand acquired **2008**

Share of company revenue **16%**

### BORN OF A CEASELESS QUEST FOR EXCELLENCE

Lalique has been manufacturing perfume bottles since the early 20<sup>th</sup> century and launched its first perfume, Lalique de Lalique, in 1992. Many more lines have been added since then and Lalique Parfums has become a renowned fragrance brand, not least thanks to its highly sought-after crystal editions – the most recent opus is Naïade.

Today, the portfolio includes perfumes, home fragrances, crystal limited editions and exclusive collections, as well as a “bath & body” collection.

The history of the Lalique brand and that of perfume are closely intertwined. René Lalique played a pioneering role in the development of the modern perfume industry by supplying elegant glass flacons to the most renowned brands of his day (François Coty, Molinard, Roger & Gallet etc.).

A brilliant innovator, René Lalique was the first to blend glass and gems in his ground-breaking Art Nouveau jewellery, just as perfumers were revolutionizing their art with amazing new synthetic compounds. The brand keeps René Lalique’s innovative spirit alive with the exclusive collection Les Compositions Parfumées. In 2018, Lalique launched three new scents—three modern olfactory stories: Electric Purple, Pink Paradise and Sweet Amber, which are a fusion of natural and molecular ingredients.

Lalique’s new feminine fragrance to be launched in June 2019 is targeting a younger audience with a powerful new brand image. The fragrance Lalique Soleil is redolent of freedom, emotional expression and youthful aspiration.





**Images** (left and right): 1. RockStone 40, Arik Levy's work created in collaboration with Lalique is futuristic in form and at the same time primitive as well as traditional. 2. Exhibition in 2018: "Prism—when Lalique Crystal meets contemporary art".

# LALIQUE

## LALIQUE ART

Brand acquired **2008**

Share of company revenue **2%**

### WHERE ART AND CRYSTAL MEET

Lalique Art combines the expertise of Lalique with that of major contemporary artists, designers and foundations with the aim of creating unique works of art. The objective is to enter into partnerships to create exclusive and extraordinary pieces. Thanks to Lalique's unrivalled know-how in crystal-glass making, in particular the lost-wax casting technique, Lalique Art is able to offer artists new inspirations and motifs, using the interplay of light, transparency, colour and contours. Thanks to Lalique Art and its partnerships, the brand reaches a new and different target group.

Lalique Art has collaborated with the Yves Klein Archives, the Rembrandt Bugatti family, George Lam, Zaha Hadid Design, Mario Botta, Damien Hirst, Anish Kapoor, Terry Rodgers, and Arik Levy.

In 2018, Lalique Art continued to flourish and to secure its position within the art market. The year also marked an important time for Lalique Art as the full range of its artistic collaborations were presented as the temporary exhibition at Musée Lalique in Wingen-sur-Moder from April 2018 till November 2018. This exhibition attracted nearly 17,000 visitors and was the subject of a special issue published by Beaux Arts Magazine.

In January 2019, Lalique Art presented a new collaboration with Arik Levy, featuring the unveiling of RockStone 40. A futuristic yet primitive form, executed according to a unique savoir-faire, RockStone 40 was conceived by Arik Levy as a "journey to the centre of the earth". These sculptures in pure crystal come in four colours found in nature: amber, blue, green and clear. Each colour version is produced in a limited edition of eight. Nearly the entire series was sold out in less than 48 hours.

Lalique Art continues to work with world-renowned artists and designers, and several new collaborations will be unveiled in the near future.



# LALIQUE

## GASTRONOMY/HOSPITALITY

Established **2015**

Share of company revenue **4%**

### CHÂTEAU LAFAURIE-PEYRAGUEY: A SUBTLE EXERCISE IN STYLE

After Villa René Lalique in 2015 and Château Hochberg in 2016, Maison Lalique added a third hotel and restaurant to its world of prestige hospitality in June 2018. Hotel & restaurant Lalique at Château Lafaurie-Peyraguey, a member of the Relais & Châteaux collection and five-star hotel in the Bordeaux region, is owned by Lalique Group's main shareholder Silvio Denz and operates under the Lalique brand on a licensing basis. In this venture, crystal, gastronomy and hospitality all come together in the service of the arts and the senses. This fabulous setting offers three suites and ten bedrooms. The décor was entrusted to Green & Mingarelli Design agency, which created the Lalique Maison collection of furniture and accessories.

Jérôme Schilling—formerly executive chef at the Villa René Lalique restaurant—has taken charge of the new restaurant at Château Lafaurie-Peyraguey, to which a glazed extension looking out onto the vineyard has been added under the guiding hand of Mario Botta, the internationally renowned Swiss architect. In 2019, only six months after its opening, restaurant Lalique at Château Lafaurie-Peyraguey was awarded a first Michelin star.

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



**Images** (left and right): 1. The Lalique hotel and restaurant at Château Lafaurie-Peyraguey opened its doors in June 2018.  
2. The Lalique restaurant was awarded a star by Guide Michelin 2019.





### LALIQUE CRYSTAL FACTORY

Number of employees **230 (FTE)**

Crafted items produced in different colours and sizes every year **500 000**

Melting point of crystal glass **1400°C**

Complex manufacturing process **up to 40 different steps**

Best Craftsmen in France **7 Lalique artisans belong to this elite**

### UNIQUE PRODUCTION PROCESS

Lalique's manufacturing site is located in Wingen-sur-Moder, France, and was built by the founder of Lalique in 1921 to be used for glassmaking. Since 1945, the factory has exclusively manufactured crystal glass products. The Group has maintained the traditions and heritage of Lalique since its acquisition in 2008, and today this production site affords the Group control over the entire manufacturing process.

### SIGNIFICANT INVESTMENTS

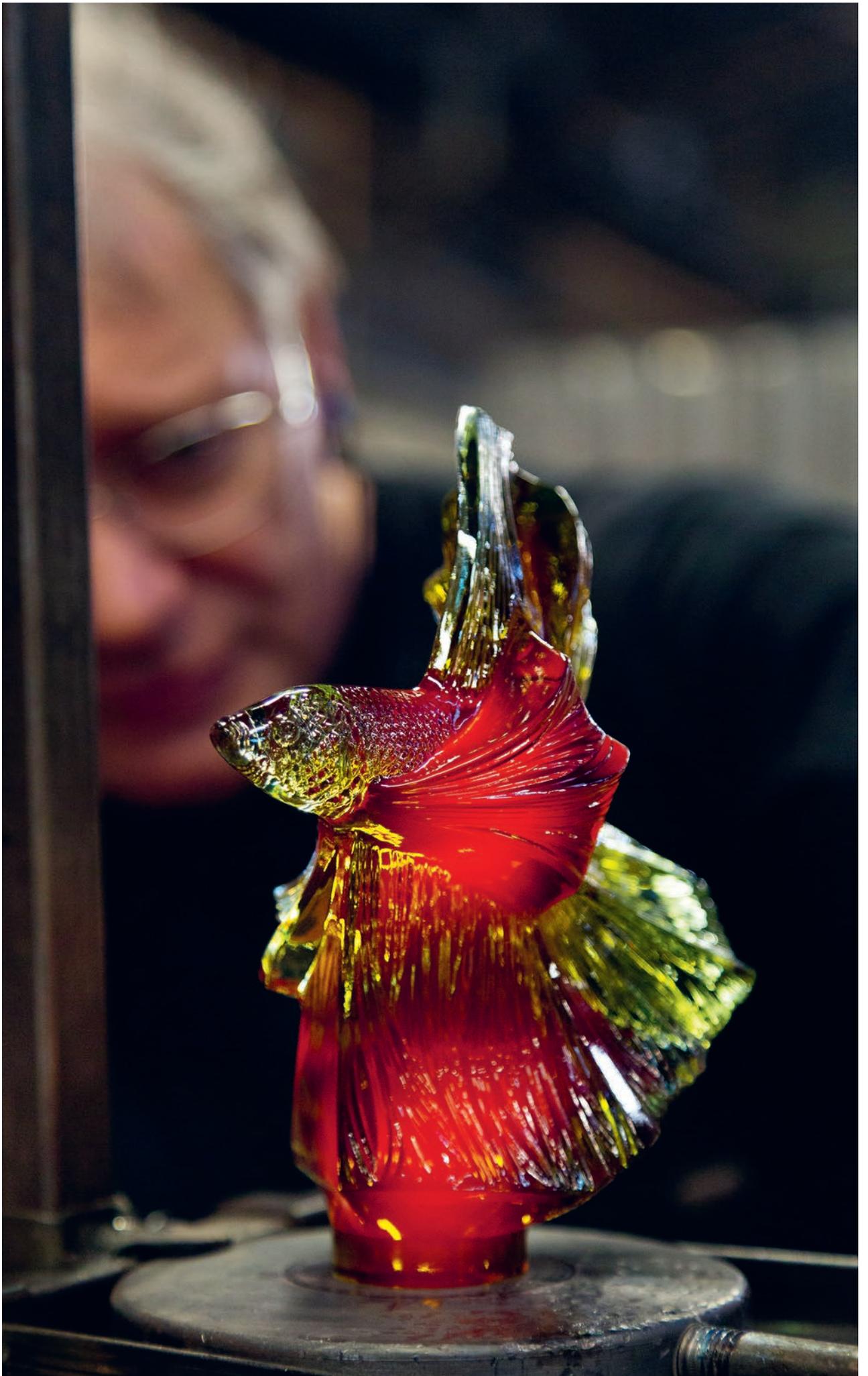
In the last ten years, the Group has invested approximately EUR 20 million in the factory. Investments have included the installation of a new electric furnace, refurbishment of the mould workshop with new equipment, including five-axis milling machines and lathes, as well as workshop modernization, safety and environmental protection. By implementing these major improvements, the factory has reduced its environmental impact to nearly zero.

### REMARKABLE CRAFTSMANSHIP

Lalique can rely 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 artists and craftsmen and their expertise. 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. Lalique has also been recognized by the French state and was awarded the seal of "Entreprise du Patrimoine Vivant" (living heritage company) in 2015.



**Images** Each part of the operation corresponds to a particular craft, a dozen of which are represented at the Lalique glassworks.





**Images** (left and right): 1. Advertising campaign for Jaguar Stance.  
2. The new, striking addition to the collection: Jaguar Stance.



## JAGUAR FRAGRANCES

Licence acquired **2002**

Share of company revenue **16%**

### INNOVATIVE WITH A POWERFULLY IMPULSIVE APPEAL

Jaguar—a name guaranteed to fire the imagination of car enthusiasts—is the epitome of power combined with outstanding design. Jaguar Fragrances, proudly positioned as a prestige brand, symbolizes the Jaguar attributes of style, performance and modernity.

The perfumes draw on the DNA of the Jaguar aesthetic and its iconic heritage. They are a constant source of surprise and inspiration, combining powerful character and proud dynamism.

Each Jaguar Fragrances line elegantly symbolizes a strong personality and reflects a distinctive, modern scent and design philosophy to satisfy a wide range of tastes. All the perfumes were created for successful, self-confident men bold enough to wear a strong, masculine fragrance produced in the classic perfumery tradition.

The first scent under the licence was launched in 2002—Jaguar Classic, a fragrance that has become a timeless masterpiece. However, like the great classics, each of the label's new fragrances also has an enchanting spell of its own to cast, remarkable new and unique notes of vivacious elegance.

In 2018, Jaguar Fragrances presented a striking addition to its collection: Jaguar Stance. Designed for a creative, independent man who shapes his own future. The premium brand's new perfume matches the distinctive, pulsating scent with a high-impact, textural bottle design inspired by the faceted Jaguar Heritage lozenge logo. The powerful masculine woody oriental accords of Jaguar Stance make an exciting, modern statement.



# GRÈS

PARIS

## PARFUMS GRÈS

Brand acquired **2007**

Share of company revenue **4%**

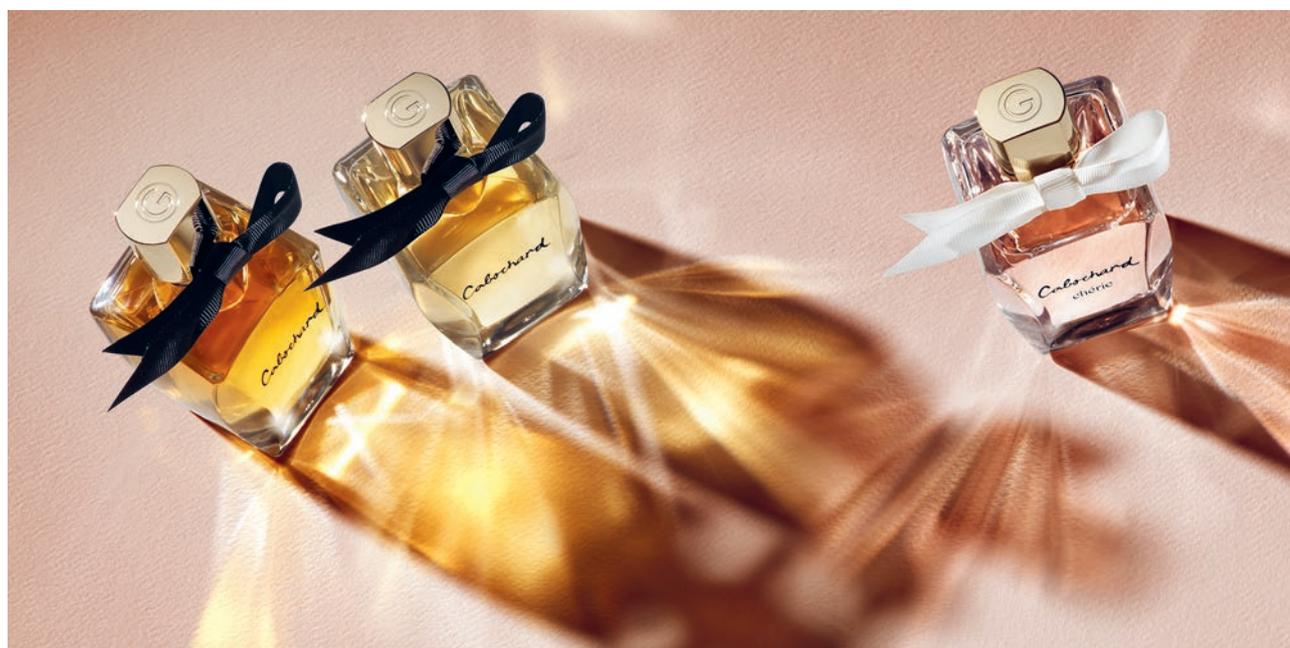
### CABOCHARD, THE ICONIC FRAGRANCE BY GRÈS

Founded by Alix Grès in 1942, the Grès fashion house was an uncompromising leader in haute couture for several decades. The roots of the perfume business go back to the launch of the renowned Cabochard scent which has acquired cult status since its market debut in 1959.

A fragrance with a seductive chypre accord and bold name meaning "stubborn" encapsulated Madame Grès' personality in a bottle and represented all strong women who were "cabochard" themselves.

To celebrate the 60<sup>th</sup> anniversary of Cabochard, the brand is launching a new flanker, Cabochard chérie, featuring a woman of character and determination—full of grace, humour and sensuality. A woman who only does what she wants. Wilful, independent, highly committed and irresistible. This is the starting point of Cabochard's new approach, addressing the next generation of strong modern women.

Cabochard chérie, a radiant and contemporary fragrance with an addictive signature, will be available as of June 2019. Also, the original Cabochard has been repackaged in a new alluring bottle, whilst the scent—that was a worldwide success remains the same.



**Images** (left and right): 1. The new flanker Cabochard chérie and the original scent repackaged in an attractive flacon.  
2. Advertising campaign for Cabochard chérie.



# SAMOURAÏ

## PARFUMS SAMOURAÏ

Brand acquired **2007**

Share of company revenue **4%**

### HOMAGE TO A PROUD TRADITION

Parfums Samouraï is positioned between power and wisdom, energy and spirituality and renders homage to a proud tradition. The fragrances are particularly popular in Japan and ranked among the country's best-selling perfumes due to their focused product development, marketing and brand name.

The name means "servant" or "companion" and evokes the role of the Samurai as Japan's warrior caste in the preindustrial age. Men of outstanding courage and honesty, they were always at pains to perfect their mastery of the martial arts. Younger buyers in particular identify strongly with the heroic legends of their ancestors, which millions of followers still celebrate every year.

The latest launch represents the magical cherry blossom season. The female fragrance Sakura Pink is a sophisticated fusion of floral notes such as precious rose and sensual jasmine. The refined sandalwood creates—combined with soft praline accords—an exquisite background, a wonderful fragrance base that enhances the cherry blossom character.

Launched in the 1990s, the brand is constantly monitored in Japan, leading to new additions to the line and its accessories every year. This ensures the range is always attuned to new trends.



**Images** (left and right): 1. Samurai Driving Rush, product shot.  
2. Samurai Sakura Pink is a sophisticated fusion of floral notes.





**Images** (left and right): 1 The exclusive scents are a fitting tribute to mark the 100<sup>th</sup> anniversary of Bentley Motors.  
2 L'Alrique for Bentley Black Crystal Edition; limited edition of 12 signed, numbered and certified pieces.



## BENTLEY

### BENTLEY FRAGRANCES

Licence acquired **2011**

Share of company revenue **3%**

### THE ULTIMATE LUXURY

Bentley is the brand that was last added to the Laliqe Beauty portfolio. In 2013, the first fragrance was released after two years of development. It reflects a shared vision of elegance— 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 more than 15 fragrances.

A quest for perfection characterizes the new collection of fragrances Bentley Beyond—The Collection. These exclusive scents are a fitting tribute to mark the 100<sup>th</sup> anniversary of Bentley Motors, which is planning an international series of unforgettable “celebrations of a century”. This collection was born during three enchanting olfactory adventures to Acapulco, Goa and Java. The rich palette gives each fragrance 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.





**Images** (left and right): 1 + 2. The fully automated line of Lalique Beauty Services.  
3. Lalique Beauty Services also specializes in the packaging and preparation of luxury editions.

# LALIQUE

## BEAUTY

### LALIQUE BEAUTY SERVICES

Number of employees **106 (FTE)**

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

Warehouse capacity in pallets **12 000**

Number of production lines **6**

(one fully automated line, two automated lines, three semi-automated lines)

Maceration capacity **90 000 litres**

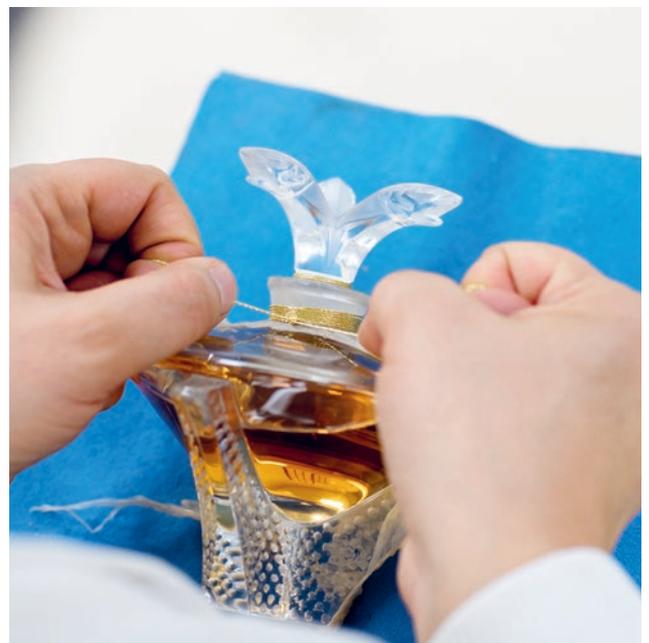
(tanks with a capacity of 100 to 5000 litres)

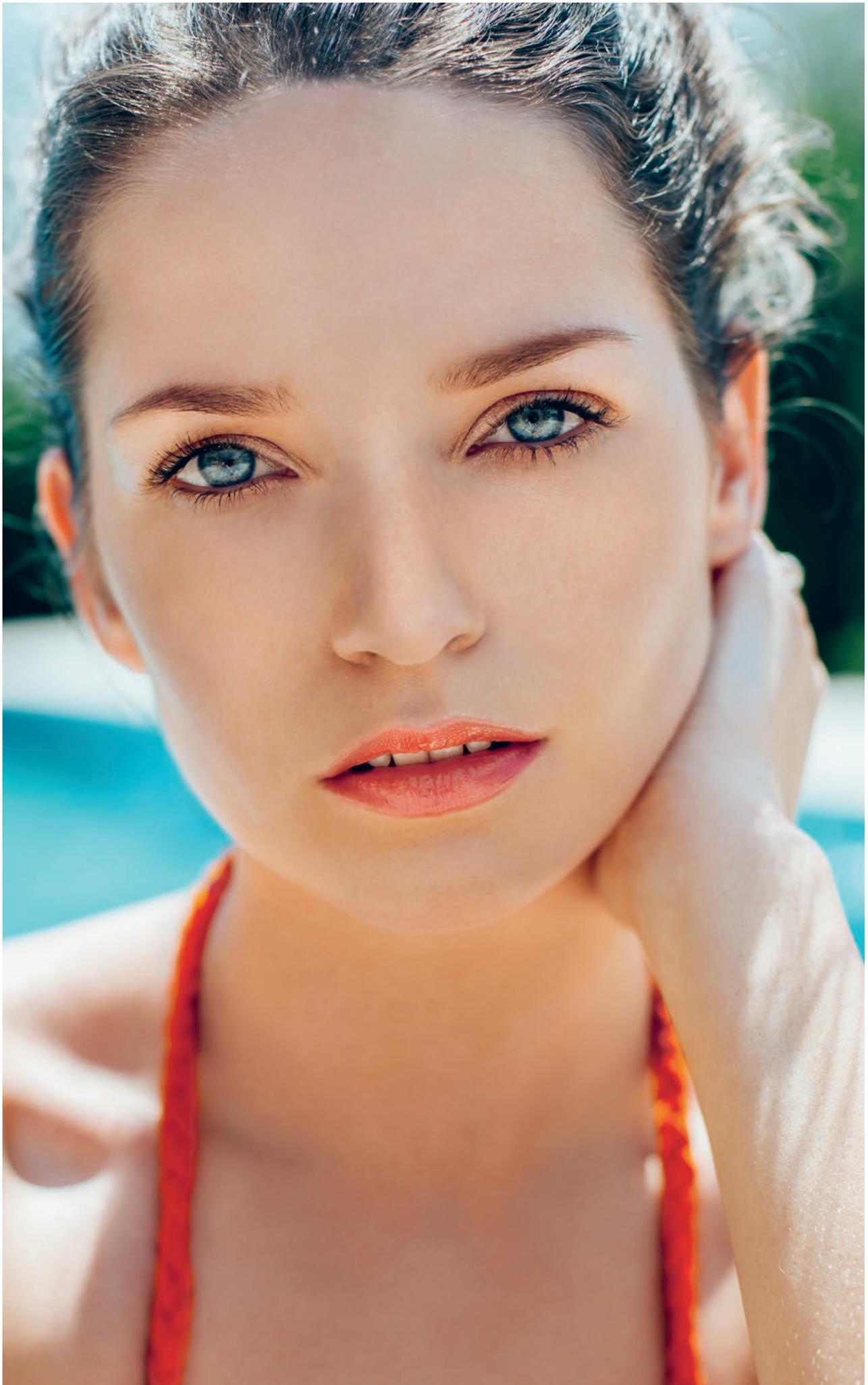
### PERFUME FILLING AND LOGISTICS OPERATION

Lalique Beauty Services, headquartered in Ury, France, is a full-service provider in perfume preparation, bottling 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 facility is certified to ISO 22716 (Cosmetic Good Manufacturing Practices).

The site was taken over by Lalique Group in January 2013. Since the acquisition, the Group has invested approximately EUR 15 million to increase production and logistics capacities, improve security, reduce its environmental impact, and introduce a new Enterprise Resource Planning system. As a result, the Group controls the majority of its perfume value chain, creating a higher degree of independence from third parties and increased flexibility for meeting market demands.

The perfume filling and logistics operation Lalique Beauty Services inaugurated a new warehouse extension, with storage capacity rising to 12 000 pallets. A new automated filling facility was implemented at the beginning of September 2018, increasing both productivity and capacity, including for third-party customers.





**Images** (left and right): 1. Ultrasun advertising campaign.  
2. Ultrasun's Face Fluids: daily moisturising anti-ageing, tinted, brightening and anti-pollution UV protection fluid.

Brand acquired **2007**  
Share of company revenue **13%**

**INNOVATION AND PROFESSIONAL ENDORSEMENT**

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

In recent years, Ultrasun'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 use of controversial ingredients in any product.

The launch of the all-new Mineral protection line in early 2018 established a third pillar for the brand's protection portfolio and rounded up its range: the Sensitive Skin line and the new Mineral line for Ultra Sensitive Skin address dermatological needs, while the Normal Skin line with its transparent Sports formulas is aimed at endurance athletes.

To gain further professional endorsement, dermatologists play a key role in prompting shoppers to visit pharmacies and other POS. Accordingly, a significant presence in dermatological practices in many markets and at exhibitions is a clear target.

For the future, Ultrasun is focusing on further expanding its distribution network in existing and new markets all over the world.



# CORPORATE GOVERNANCE



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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.

The Company is a niche player in the luxury goods industry with an international presence and a global reach. It specializes in the creation, development, production, marketing and global distribution of perfumes, cosmetics, crystal glass, jewellery, high-end furniture and lifestyle accessories as well as art.

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 720 employees as of 31.12.2018. 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, and a crystalware factory in Wingen-sur-Moder, France. 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 2018, a total of 681 shareholders (previous year: 496) 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 2018:

Shareholder	Number of shares	%
Silvio Denz	4 322 400	72.04
Hansjoerg Wyss	218 182	3.64
MAG Seven Ltd	200 000	3.33

## CAPITAL STRUCTURE

### Ordinary share capital

As of 31 December 2018, the share capital amounted to CHF 1 200 000 (31 December 2017: CHF 1 000 000) and consisted of 6 000 000 registered shares with a nominal value of CHF 0.20 each (31 December 2017: 5 000 000 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 2018 there were no treasury shares and no cross-shareholdings with other companies.

The market capitalization of the Company at 31 December 2018 was CHF 300 000 000.

### 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 2018 the Company had no authorized share capital.

### Changes in Capital

In CHF	31.12.2016	31.12.2017	31.12.2018
Ordinary share capital	1 000 000	1 000 000	1 200 000
Conditional share capital	50 000	50 000	50 000
Treasury shares (number)	30 200	13 500	0

At the ordinary Annual General Meeting on 8 June 2018 shareholders voted to increase the ordinary share capital by up to 1 000 000 new shares. These were granted subscription rights, entitling them to subscribe to one new share in Lalique Group for every five shares held at an offer price of CHF 30.00 per offered share. On 21 June 2018 the ordinary share capital of Lalique Group SA was increased by CHF 200 000 through the issue of 1 000 000 new registered shares. The issuance of a total of 1 000 000 new shares with a nominal value of CHF 0.20 each increased the issued share capital of Lalique Group SA to CHF 1 200 000, divided into 6 000 000 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

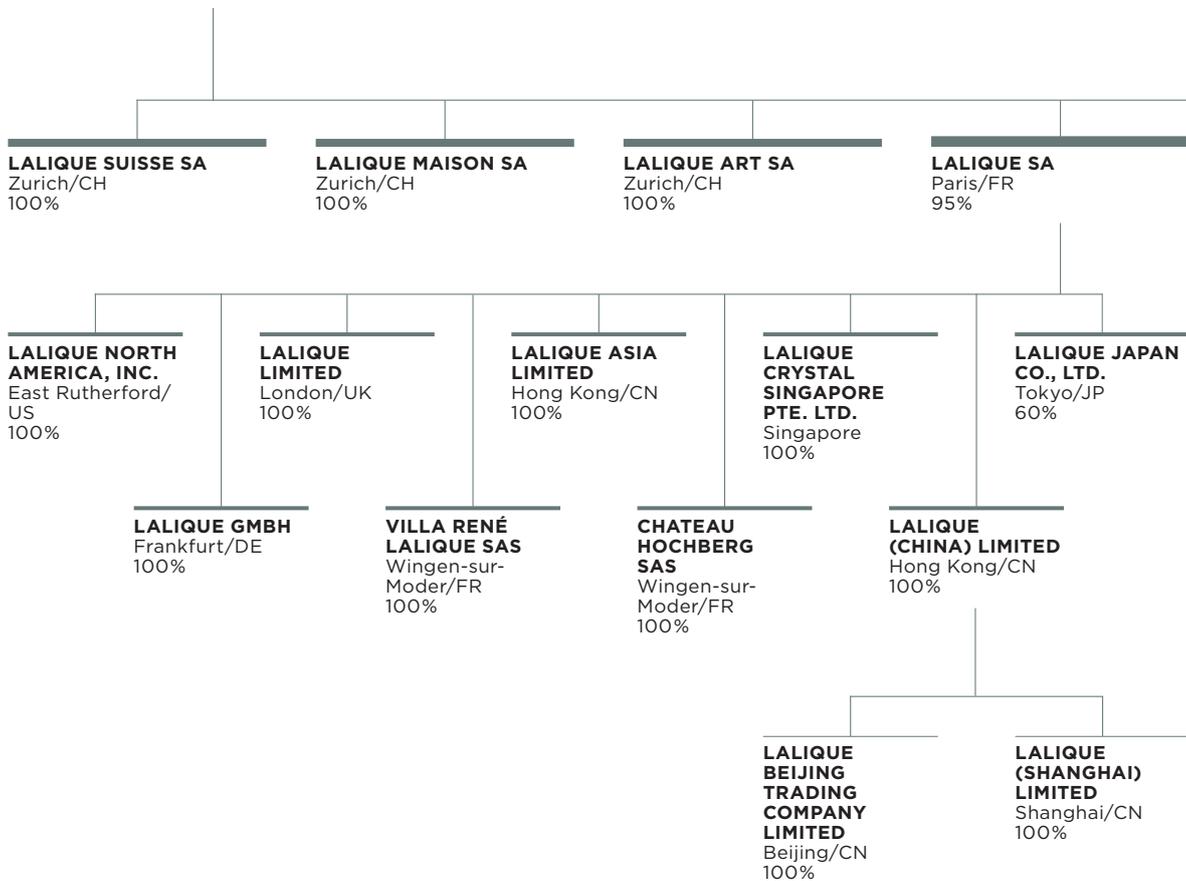
The transferability of the shares of Lalique Group is not subject to any restrictions as a matter of principle. Owners of shares are entered in a share register. The company must be notified of any changes. The persons entered in the share register are deemed to be the shareholders in relation to the 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.

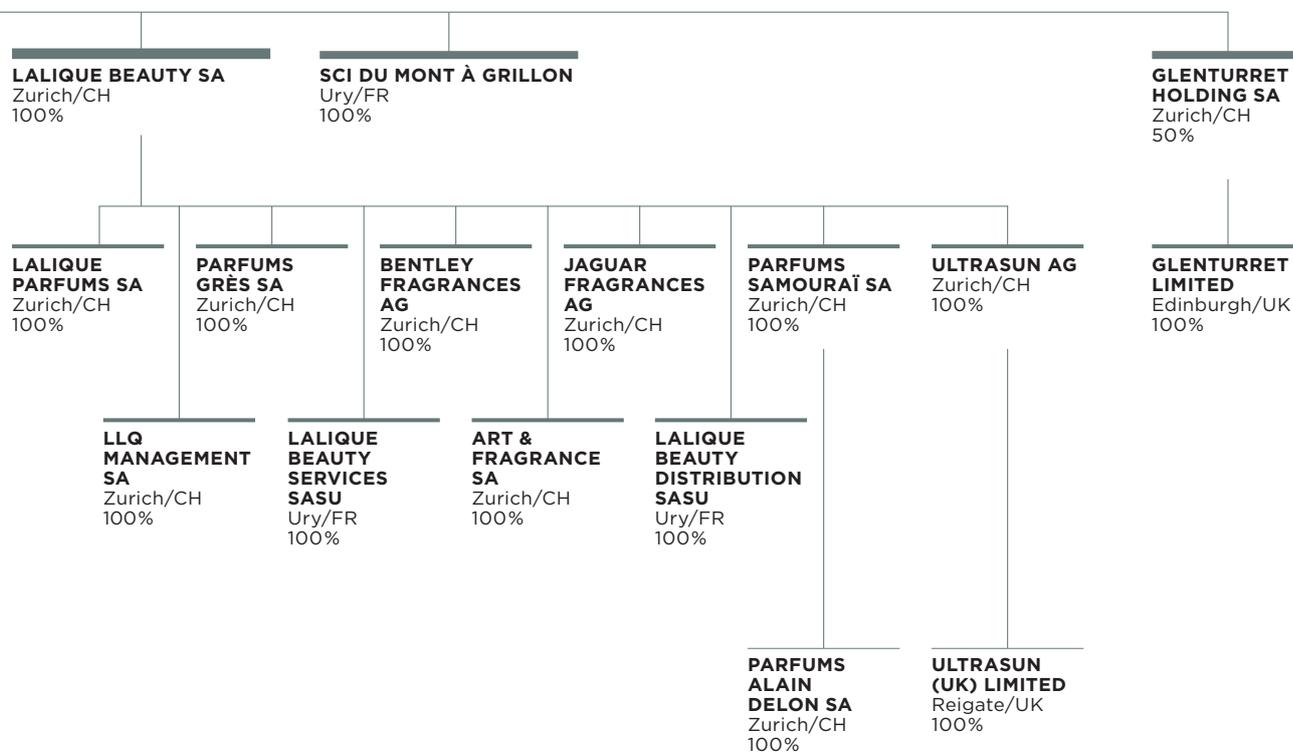
### Convertible bonds and options

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**

Marcel Roesti, Claudio Denz, Roland Weber, Silvio Denz, Roger von der Weid, Jan Kollros (left to right)



# BOARD OF DIRECTORS



## 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 2018. Three members of the Board of Directors are non-executive directors.

The following table summarizes the current constitution of the Board of Directors as at 31 December 2018, as well as their position and year of appointment to the Board:

**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 as well as wine trading companies. He currently holds further board memberships at Lalique Asia Limited in China, Ciron SA, Chocoladefabriken Lindt & Sprüngli AG and Art & Terroir SA in Switzerland, 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, Madura Holding APS in Denmark as well as Lalique Beauty SA, Art & Terroir SA, Ultrasun AG and Ciron SA in Switzerland, among other Group companies.

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

**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. Since 2009 he has been a Managing Partner at adbodmer AG, with responsibility for the operational management of the company. He currently holds other board memberships at The Hess Group AG (since February 2018), Evatec AG/ Evatec Holding AG (since February 2018) and Bédât & Co SA (since March 2009), 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.

### 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 Executive Board and the Lalique Executive Board together are defined as the Executive Board.

As of 31 December 2018, 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 "Board of Directors"; for Alexis Rubinstein see "Members of the Executive Board"

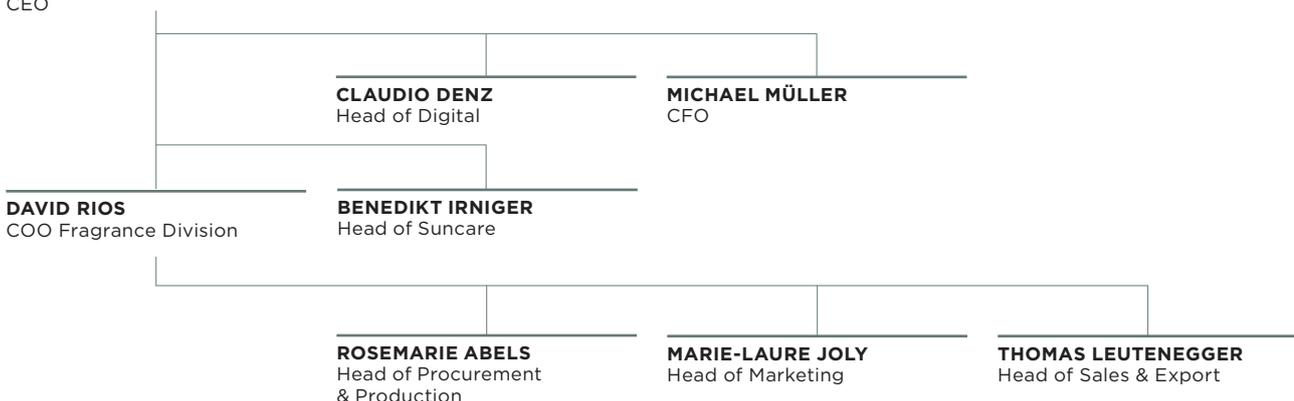
The Beauty Division Executive Board comprises the following eight individuals:

### BEAUTY DIVISION

#### Executive Board

#### ROGER VON DER WEID

CEO



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	1967	Head of Sales & Export
Denz, Claudio	Switzerland/Italy	Switzerland	2011	1988	Head of Digital
Irniger, Benedikt	Switzerland	Switzerland	2013	1972	Head of Suncare

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**, Head of Suncare, 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

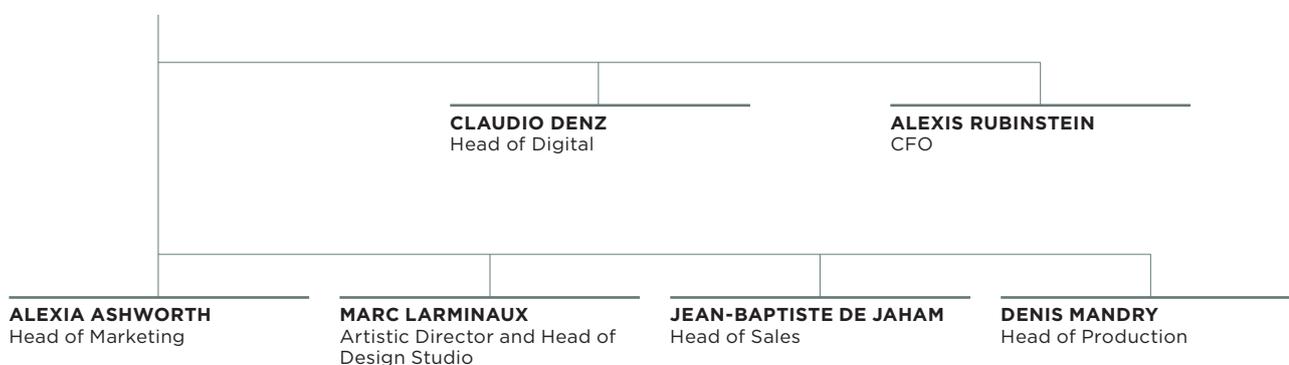
### Executive Board

#### 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.

**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 Laliq 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. Christian Krämer, a Swiss certified accountant is the lead auditor and has held this position since the audit of the 2017 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 2018 were CHF 271 000. This amount includes fees for the audit of Laliq Group SA and its subsidiaries, and of the consolidated financial statements.

### Additional fees

In addition, for the year 2018, Ernst & Young rendered services related to Laliq Group's capital increase, approved by the General Meeting on 8 June 2018, as well as for a capital increase in one of the Company's subsidiaries for a total of CHF 96 000.

### 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

Laliq 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.laliq-group.com](http://www.laliq-group.com). As a company listed on SIX Swiss Exchange, Laliq 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 Laliq Group is the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SHAB/Feuille Officielle Suisse du Commerce, FOSC).

E-mails can be sent to [investor-relations@laliq-group.com](mailto:investor-relations@laliq-group.com) at any time.

### Events calendar

- Publication of 2018 annual results: 17 April 2019
- Annual General Meeting: 24 May 2019



LALIQUE  
GROUP

# AR 2018

Annual Report 2018  
Consolidated Financial Statements

# **CONSOLIDATED FINANCIAL STATEMENTS LALIQUE GROUP**

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- 3** Consolidated statement of comprehensive income
- 4** Consolidated balance sheet
- 5** Consolidated cash flow statement
- 6** Consolidated statement of changes in equity
- 7** Notes to the consolidated financial statements
- 44** Report of the statutory auditor on  
the consolidated financial statements

# CONSOLIDATED INCOME STATEMENT OF LALIQUE GROUP

IN EUR THOUSANDS	REF.	2018	2017
Revenue from contracts with customers	4	133 879	127 381
Other operating income	5	2 541	1 449
<b>Operating revenue</b>		<b>136 420</b>	<b>128 830</b>
Material costs, licences and third party services	6	-57 587	-53 494
<b>Gross result</b>		<b>78 833</b>	<b>75 336</b>
Salaries and wages	7	-32 618	-30 475
Other operating expenses	8	-32 448	-30 235
<b>EBITDA</b>		<b>13 767</b>	<b>14 626</b>
Depreciation and amortization/impairment	17/18	-7 693	-7 161
<b>EBIT</b>		<b>6 074</b>	<b>7 465</b>
Financial income <sup>1</sup>	9	26	47
Financial expenses <sup>1</sup>	9	-1 343	-1 752
Net foreign exchange differences <sup>1</sup>	9	921	755
<b>Group profit before taxes</b>		<b>5 678</b>	<b>6 515</b>
Income taxes	10	-512	363
<b>NET GROUP PROFIT</b>		<b>5 166</b>	<b>6 878</b>
of which attributable to:			
Non-controlling interests		-1 035	-129
Owners of the parent company		6 201	7 007
Earnings per share basic/diluted (in EUR)	11	1.09	1.30

<sup>1</sup> In the current year, certain amounts within the consolidated income statement have been reclassified to present foreign exchange differences on a net basis, separately from financial income and financial expenses. The comparative period has been reclassified accordingly. As a result, financial income has decreased by EUR 4 960 thousand, financial expenses have decreased by EUR 4 205 thousand and net foreign exchange differences have increased by EUR 755 thousand.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN EUR THOUSANDS	REF.	2018	2017
<b>NET GROUP PROFIT</b>		<b>5 166</b>	<b>6 878</b>
Foreign currency translation reserve		597	-4 994
<b>Items that can be reclassified subsequently to the income statement, net of tax</b>		<b>597</b>	<b>-4 994</b>
Remeasurements of pension plans	19	170	-60
Tax on remeasurements of pension plans		-32	15
<b>Items that cannot be reclassified subsequently to the income statement, net of tax</b>		<b>138</b>	<b>-45</b>
<b>Other comprehensive income, net of tax</b>		<b>735</b>	<b>-5 039</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME</b>		<b>5 901</b>	<b>1 839</b>
of which attributable to:			
Non-controlling interests		-1 119	-113
Owners of the parent company		7 020	1 952

# CONSOLIDATED BALANCE SHEET

## LALIQUE GROUP

### ASSETS

IN EUR THOUSANDS	REF.	31.12.18	31.12.17
Cash and cash equivalents	12	15 336	16 252
Trade accounts receivable	13	17 698	15 723
Inventories	14	67 603	63 533
Other receivables	15	8 356	7 084
<b>Total current assets</b>		<b>108 993</b>	<b>102 592</b>
Property, plant and equipment	17	54 561	51 631
Intangible assets	18	67 832	67 294
Other non-current assets	16	5 199	5 114
Deferred tax assets	25	1 328	3 189
<b>Total non-current assets</b>		<b>128 920</b>	<b>127 228</b>
<b>TOTAL ASSETS</b>		<b>237 913</b>	<b>229 820</b>

### LIABILITIES AND EQUITY

IN EUR THOUSANDS	REF.	31.12.18	31.12.17
Bank overdrafts	12	41 785	45 568
Trade accounts payable		14 179	10 838
Income tax liabilities		1 805	1 416
Other current liabilities	20	17 094	16 069
<b>Total current liabilities</b>		<b>74 863</b>	<b>73 891</b>
Other non-current liabilities	21	3 265	4 291
Provisions	22	208	397
Non-current financial liabilities	23	14 820	33 679
Defined benefit obligation	19	4 855	4 836
Deferred tax liabilities	25	14 684	17 246
<b>Total non-current liabilities</b>		<b>37 832</b>	<b>60 449</b>
<b>Total liabilities</b>		<b>112 695</b>	<b>134 340</b>
Share capital	26	988	816
Capital reserves	26	46 039	20 798
Retained earnings/other reserves	26	77 040	71 596
<b>Total equity before non-controlling interests</b>		<b>124 067</b>	<b>93 210</b>
Non-controlling interests		1 151	2 270
<b>Total equity</b>		<b>125 218</b>	<b>95 480</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>237 913</b>	<b>229 820</b>

# CONSOLIDATED CASH FLOW STATEMENT

IN EUR THOUSANDS	REF.	2018	2017
Group profit before taxes		5 678	6 515
Depreciation and amortization/impairment	17/18	8 816	7 161
Change in defined benefit obligation		-81	92
Change in provisions	22	-191	29
Financial income <sup>1</sup>	9	-26	-47
Financial expenses <sup>1</sup>	9	1 343	1 752
Net foreign exchange differences <sup>1</sup>	9	-921	-755
Other non-cash income/expenditure		-176	-124
<b>Cash flow from operations before change in net current assets</b>		<b>14 442</b>	<b>14 623</b>
Decrease (+)/increase (-) in trade accounts receivable		-1 447	1 293
Decrease (+)/increase (-) in inventories		-2 507	-6 983
Decrease (+)/increase (-) in other receivables		-992	229
Increase (+)/decrease (-) in trade accounts payable		3 136	-2 658
Increase (+)/decrease (-) in other current liabilities		-1 791	59
Interest paid		-754	-1 129
Tax paid		-922	-1 301
Interest received		3	4
<b>Cash flow from operating activities</b>		<b>9 168</b>	<b>4 137</b>
Investments in subsidiaries net of cash and cash equivalents		-	-7 453
Investments in property, plant and equipment	17	-9 243	-8 800
Sale of property, plant and equipment	17	599	1 631
Investments in intangible assets	18	-1 390	-985
<b>Cash flow from investing activities</b>		<b>-10 034</b>	<b>-15 607</b>
Capital contribution from shareholders	26	6 659	3 669
Reduction in shareholder loans		-2 061	-1 800
Purchase of treasury shares		-	-63
Sale of treasury shares		589	611
Repayments/outflows current financial liabilities		-3 326	-808
Proceeds/inflows other non-current liabilities		4 491	2 626
Dividend payment		-2 165	-618
<b>Cash flow from financing activities</b>		<b>4 187</b>	<b>3 617</b>
Exchange differences on cash and cash equivalents		-454	114
<b>DECREASE/INCREASE IN NET CASH AND CASH EQUIVALENTS</b>		<b>2 867</b>	<b>-7 739</b>
Balance of net cash and cash equivalents as at 01.01.	12	-29 316	-21 577
Balance of net cash and cash equivalents as at 31.12.	12	-26 449	-29 316

<sup>1</sup> In the current year, certain amounts within the consolidated income statement have been reclassified to present foreign exchange differences on a net basis, separately from financial income and financial expenses. The corresponding line items in the cash flow statement, including comparative period, have been reclassified accordingly.

# 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 BEFORE MINORITY INTEREST	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
<b>BALANCE AS AT 01.01.17</b>	<b>816</b>	<b>17 129</b>	<b>- 553</b>	<b>1 096</b>	<b>70 836</b>	<b>89 324</b>	<b>1 742</b>	<b>91 066</b>
Consolidated comprehensive income	-	-	-	-4 994	6 946	1 952	-113	1 839
Dividend payout	-	-	-	-	-618	-618	-	-618
Capital contribution from shareholders	-	3 669	-	-	-	3 669	-	3 669
Change in consolidation structure	-	-	-	-	-364	-364	641	277
Acquisition of Château Hochberg/transaction under common control	-	-	-	-	-1 301	-1 301	-	-1 301
Purchase of treasury shares	-	-	-63	-	-	-63	-	-63
Sale of treasury shares	-	-	339	-	272	611	-	611
<b>BALANCE AS AT 31.12.17</b>	<b>816</b>	<b>20 798</b>	<b>-277</b>	<b>-3 898</b>	<b>75 771</b>	<b>93 210</b>	<b>2 270</b>	<b>95 480</b>
<b>BALANCE AS AT 01.01.18</b>	<b>816</b>	<b>20 798</b>	<b>-277</b>	<b>-3 898</b>	<b>75 771</b>	<b>93 210</b>	<b>2 270</b>	<b>95 480</b>
Consolidated 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
<b>BALANCE AS AT 31.12.18</b>	<b>988</b>	<b>46 039</b>	<b>-</b>	<b>-3 217</b>	<b>80 257</b>	<b>124 067</b>	<b>1 151</b>	<b>125 218</b>

Further details on equity movements can be found in Note 26.

# 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 2018 were approved by the Board of Directors on 16 April 2019 and recommended for approval by the General Meeting of Shareholders on 24 May 2019.

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 active in the development, marketing and global distribution of perfumes, cosmetics, crystal and jewellery. It markets the following brands: Lalique (crystals, perfumes, jewellery, art, gastronomy and hospitality and interior design), Parfums Grès, Parfums Samouraï, Jaguar Fragrances, Bentley Fragrances, Parfums Alain Delon (all perfumes) and Ultrasun (sunscreen).

Components in the perfume and cosmetics segments are manufactured by external partners under contract. Production and logistics activities in the perfume segment are insourced, whereas in the cosmetics segment, the same services are carried out by external partners. Marketing and distribution activities are for the most part carried out through independent distribution partners.

The Group has its own factory in France responsible for manufacturing parts of the products for the Lalique brand (crystal in particular). Marketing and distribution activities in this segment are carried out by the Group's own national and international subsidiaries or points of sale, as well as via independent distribution partners.

## 2. ACCOUNTING POLICIES

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

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

### New accounting policies

The IASB has published the following new standards, interpretations and amendments to existing standards and interpretations that are effective for the 2018 financial statements and applicable for the Group:

STANDARD/ INTERPRETATION	DESIGNATION	EFFECTIVE DATE
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

The above revised IFRS standards did not have a significant impact on the accounting policies or the presentation of Lalique Group's assets, liabilities, financial position and earnings.

• *IFRS 9*

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 replaces the previous IAS 39 categories of FVTPL, held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group has applied IFRS 9 by using the retrospective method but has chosen not to restate comparative information. Accordingly, the information presented for 2017 has not been restated—i.e. it is presented, as previously reported, under IAS 39.

Until 31 December 2017 the Group did not have any financial assets other than those classified as loans and receivables category under IAS 39. All these financial assets are classified as measured at amortized cost on transition to IFRS 9.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

With respect to accounting for impairment losses for financial assets IFRS 9 introduced a forward-looking expected credit loss (ECL) approach replacing IAS 39's incurred loss approach.

Based on the Group's assessment, no significant change in the allowance was identified on transition to IFRS 9.

• *IFRS 15*

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. This standard introduces a five-step model to account for revenue arising from contracts with customers. Revenue is recognized at the time the control over the goods or services is transferred to the customer. The amount of revenue reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 using the modified retrospective method (without practical expedients), with the date of initial application as of 1 January 2018. Accordingly, the information presented for 2017 has not been restated—i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The transition to IFRS 15 had no significant impact on the Group.

**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; the anticipated effects disclosed below therefore represent a first assessment of applicable new or revised IFRS interpretations:

STANDARD/INTERPRETATION	DESIGNATION	EFFECTIVE DATE	PLANNED APPLICATION BY LALIQUE GROUP
IFRS 16	Leases	1 January 2019	2019 business year
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	2019 business year
	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	2020 business year

The amendments considered relevant by Lalique Group are explained in the following:

• *IFRS 16*

The Group is required to adopt IFRS 16 Leases as of 1 January 2019. The Group has assessed the impact of initial application of IFRS 16 on its consolidated financial statements, as described below. The actual impact of adopting the standard on 1 January 2019 may differ.

IFRS 16 introduces 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. There are recognition exemptions for short-term leases and leases of low-value items, which the Group is planning to use. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 replaces 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.

*i. Leases in which the Group is a lessee*

The Group will recognize new assets and liabilities for its operating leases e.g. of boutiques and office buildings (see Note 8). The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use 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 will no longer recognize provisions for operating leases that it assesses to be onerous after their commencement date. Instead, the

Group will include the payments due under the lease in its lease liability, and determine and recognize any impairment of right-of-use assets applying IAS 36 Impairment of Assets.

Based on the information currently available, the Group estimates that it will recognize additional lease liabilities of EUR 22,485 thousand and a corresponding ROU asset value of EUR 21,349 thousand at 1 January 2019. Replacement of IAS 17 straight-line operating lease expenses with IFRS 16 depreciation charge and interest expenses means that expenses become more “front-loaded”. Thus, a negative impact on the “Group profit before tax” is expected in the short-term.

*ii. Leases in which the Group is a lessor*

The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, the Group expects that it will reclassify one prior operating sub-lease as a finance lease, resulting in recognition of a finance lease receivable of EUR 247 thousand as at 1 January 2019.

No significant impact is expected for other leases in which the Group is a lessor.

*iii. Transition*

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

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply 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 not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

• *IFRIC 23*

No or no significant impact on the consolidated financial statements is anticipated.

**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 control of 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 control of 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 interests 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 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 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 "Other 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:

	2018	2017
<b>CHF</b>		
Year-end rate (balance sheet)	0.8886	0.8543
Average rate for the year (income statement)	0.8661	0.9000
<b>USD</b>		
Year-end rate (balance sheet)	0.8738	0.8379
Average rate for the year (income statement)	0.8472	0.8860
<b>GBP</b>		
Year-end rate (balance sheet)	1.1097	1.1259
Average rate for the year (income statement)	1.1303	1.1409
<b>HKD</b>		
Year-end rate (balance sheet)	0.1116	0.1072
Average rate for the year (income statement)	0.1081	0.1137
<b>SGD</b>		
Year-end rate (balance sheet)	0.6391	0.6261
Average rate for the year (income statement)	0.6278	0.6414
<b>CNY</b>		
Year-end rate (balance sheet)	0.1271	0.1281
Average rate for the year (income statement)	0.1282	0.1311

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

### Significant 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.

**Accounting and valuation principles**

**Revenue recognition under IAS 18 (until 31 December 2017)**  
Revenues are recognized whenever it is likely that the financial benefit from a transaction will go to the Group and the amounts in question can be measured reliably. Revenues are measured at the fair value of the consideration received. Sales tax is not taken into account, while on-invoice discounts and rebates are recorded simultaneously as revenue reductions. Revenue from contracts with customers is recognized when control of the goods and products is transferred to the buyer.

**Revenue recognition under IFRS 15 (from 1 January 2018)**  
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-

Land	No depreciation
Buildings	40 years
Equipment and furnishings	25% of the carrying amount
Machinery, equipment and hardware	Machinery and equipment 30–40% of the carrying amount/hardware over five years using the straight-line method
Tools	Over three years using the straight-line method
Vehicles	40% of the carrying amount

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.

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 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. Straight-line or diminishing balance depreciation is based on the estimated useful life of each asset. The individual categories of property, plant and equipment are depreciated as follows:

**Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception-date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

Fixed assets held under finance leases are depreciated either over their useful economic lives or the term of the lease agreement, whichever is the shorter. Outstanding leasing liabilities from finance leases are recognized under current and non-current financial liabilities.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Creations	Using the straight-line method over three years
Software	Using the straight-line method over 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.

*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.

*Intangible assets*

• *Intangible assets with finite useful lives*

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

*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. 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.

For the purpose of the consolidated cash flow statement, net cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### 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 finance 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 finance costs 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 Laliq 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 nonroutine 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, Laliq 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 Laliq 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.

Financial assets and liabilities can be allocated based on the following maturities:

IN EUR THOUSANDS	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2018 TOTAL	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2017 TOTAL
<b>Assets</b>								
Cash and cash equivalents	15 336	-	-	15 336	16 252	-	-	16 252
Trade accounts receivable	17 698	-	-	17 698	15 723	-	-	15 723
Other receivables	5 026	-	-	5 026	3 418	-	-	3 418
<b>Total</b>	<b>38 060</b>	<b>-</b>	<b>-</b>	<b>38 060</b>	<b>35 393</b>	<b>-</b>	<b>-</b>	<b>35 393</b>
<b>Liabilities</b>								
Bank overdrafts <sup>1</sup>	41 785	-	-	41 785	45 568	-	-	45 568
Trade accounts payable	14 179	-	-	14 179	10 838	-	-	10 838
Other current liabilities	17 094	-	-	17 094	16 069	-	-	16 069
Loans from the principal shareholder <sup>2</sup>	-	-	-	-	1 871	2 287	17 229	21 387
Other non-current liabilities	-	13 191	1 629	14 820	-	17 536	1 887	19 423
<b>Total</b>	<b>73 058</b>	<b>13 191</b>	<b>1 629</b>	<b>87 878</b>	<b>74 346</b>	<b>19 823</b>	<b>19 116</b>	<b>113 285</b>

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

<sup>2</sup> Two loans from shareholders amounting to EUR 3.417 million (CHF 4.0 million) and EUR 17.086 million (CHF 20.0 million) respectively existed at the end of 2017. Of these shareholder loans EUR 2.061 million (CHF 2.4 million) was repaid to the main shareholder and EUR 18.754 million (CHF 21.6 million) was converted into equity as part of the capital increase in June 2018.

• *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 2018 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	2018 TOTAL	EUR	CHF	USD	GBP	OTHER	2017 TOTAL
<b>Assets</b>												
Cash and cash equivalents	5 293	2 669	4 206	1 825	1 343	<b>15 336</b>	3 314	8 002	1 445	1 127	2 364	<b>16 252</b>
Trade accounts receivable	9 028	2 542	5 180	535	413	<b>17 698</b>	8 448	1 483	4 788	748	256	<b>15 723</b>
Other receivables	2 973	13	406	206	1 429	<b>5 026</b>	1 019	424	738	418	819	<b>3 418</b>
<b>Total</b>	<b>17 294</b>	<b>5 224</b>	<b>9 792</b>	<b>2 566</b>	<b>3 185</b>	<b>38 060</b>	<b>12 781</b>	<b>9 909</b>	<b>6 971</b>	<b>2 293</b>	<b>3 439</b>	<b>35 393</b>
<b>Liabilities</b>												
Bank overdrafts	30 420	6 231	3 412	1 581	141	<b>41 785</b>	36 478	7 355	1 513	16	206	<b>45 568</b>
Trade accounts payable	9 816	1 524	850	844	1 145	<b>14 179</b>	7 704	969	727	619	819	<b>10 838</b>
Other current liabilities	10 920	4 752	738	82	602	<b>17 094</b>	9 012	5 611	915	226	305	<b>16 069</b>
Loans from the principal shareholder	-	-	-	-	-	-	-	20 503	-	-	-	<b>20 503</b>
Other non-current liabilities	13 601	-	276	101	842	<b>14 820</b>	18 705	-	305	66	347	<b>19 423</b>
<b>Total</b>	<b>64 757</b>	<b>12 507</b>	<b>5 276</b>	<b>2 608</b>	<b>2 730</b>	<b>87 878</b>	<b>71 899</b>	<b>34 438</b>	<b>3 460</b>	<b>927</b>	<b>1 677</b>	<b>112 401</b>

As at 31 December 2018, the Group had no currency hedges (forward transactions) to safeguard future cash flows. The same applied as at 31 December 2017.

A change in the CHF/EUR exchange rate of +/- 5% in 2018 would have had an impact on the Group's profit before tax of EUR +/- 364 thousand (2017: EUR +/- 1,227 thousand) while a change in the USD/EUR exchange rate of +/- 5% in 2018 would have had an impact of EUR +/- 226 thousand (2017: CHF +/- 176 thousand), and a change in the GBP/EUR exchange rate of +/- 5% in 2018 would have affected figures by EUR +/- 2 thousand (2017: EUR +/- 68 thousand).

• *Interest-rate risk*

The risk of fluctuation of market interest rates as at the end of 2018, which Lalique Group is subject to, largely resulted from cash and cash equivalents and bank liabilities. Lalique 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 2018 had been 1 percentage point higher or lower, the Group's financial result or equity would have been EUR 279 thousand (2017: EUR 254 thousand) lower or higher.

• *Capital management*

The overriding aim of capital management in Lalique 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	31.12.18	31.12.17
Share capital	988	816
Capital reserves	46 039	20 798
Retained earnings/other reserves	77 040	71 596
<b>Total equity before non-controlling interests</b>	<b>124 067</b>	<b>93 210</b>
<b>TOTAL CAPITAL</b>	<b>237 913</b>	<b>229 820</b>
Equity ratio	52.15%	40.56%

In 2018 the capital reserves increased as follows (see also Note 26):

IN EUR THOUSANDS	
<b>CAPITAL RESERVES AS OF 31.12.2017</b>	<b>20 798</b>
Paid in additional capital reserves	25 959
Transaction costs	-718
<b>CAPITAL RESERVES AS OF 31.12.2018</b>	<b>46 039</b>

The Group's capital was increased in 2018 based on the approval of the AGM on 8 June 2018.

- *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 2018, 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.
- 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 on 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 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 Samourai, Bentley, Lalique Beauty Services, Lalique Beauty Distribution and Alain Delon brands.

#### **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 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 <sup>1</sup>	HOLDING AND ELIM. <sup>2</sup>	GROUP
<b>Operating revenue</b>							
Revenue from sales to external customers	81 870	17 430	22 231	4 690	10 285	-86	136 420
Revenue from transactions with other segments	1 191	-21	-46	76	7 170	-8 370	-
<b>Total operating revenue</b>	<b>83 061</b>	<b>17 409</b>	<b>22 185</b>	<b>4 766</b>	<b>17 455</b>	<b>-8 456</b>	<b>136 420</b>
<b>EBIT</b>	<b>-1 742</b>	<b>2 171</b>	<b>2 954</b>	<b>874</b>	<b>1 595</b>	<b>222</b>	<b>6 074</b>
Financial result							-396
Group profit before taxes							5 678
Income tax expenses							-512
<b>NET GROUP PROFIT</b>							<b>5 166</b>
<b>Assets and liabilities</b>							
Segment assets	164 513	18 703	16 235	10 789	29 719	-2 046	237 913
Segment liabilities	124 604	6 976	10 788	3 511	26 893	-60 077	112 695
<b>Other segment information</b>							
<b>Investments</b>							
Property, plant and equipment <sup>3</sup>	5 983	176	135	34	3 543	158	10 029
Intangible assets	960	253	17	41	150	112	1 533
<b>Depreciation and amortization</b>							
Property, plant and equipment	5 158	95	143	56	1 244	10	6 706
Intangible assets	236	365	56	8	319	3	987

<sup>1</sup> 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
<b>Total operating revenue other brands</b>	<b>17 455</b>

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

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

**Segment reporting for the 2017 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 <sup>1</sup>	HOLDING AND ELIM. <sup>2</sup>	GROUP
<b>Operating revenue</b>							
Revenue from sales to external customers	76 870	13 026	21 766	5 857	11 419	-108	128 830
Revenue from transactions with other segments	791	-17	-30	54	6 822	-7 620	-
<b>Total operating revenue</b>	<b>77 661</b>	<b>13 009</b>	<b>21 736</b>	<b>5 911</b>	<b>18 241</b>	<b>-7 728</b>	<b>128 830</b>
<b>EBIT</b>	<b>-497</b>	<b>799</b>	<b>4 191</b>	<b>1 116</b>	<b>2 210</b>	<b>-354</b>	<b>7 465</b>
Financial result							-950
Group profit before taxes							6 515
Income tax expenses							363
<b>NET GROUP PROFIT</b>							<b>6 878</b>
<b>Assets and liabilities</b>							
Segment assets	157 582	15 387	14 889	9 964	26 146	5 852	229 820
Segment liabilities	113 733	4 867	9 422	2 906	25 373	-21 961	134 340
<b>Other segment information</b>							
<b>Investments</b>							
Property, plant and equipment <sup>3</sup>	13 041	14	-	-	5 124	355	18 534
Intangible assets	295	377	4 494	45	1 344	132	6 687
<b>Depreciation and amortization</b>							
Property, plant and equipment	5 129	58	128	65	971	13	6 364
Intangible assets	203	209	52	9	321	3	797

<sup>1</sup> Operating revenue other brands

Parfums Samourai	6 193
Bentley Fragrances	3 880
Parfums Alain Delon	127
Lalique Beauty Distribution	941
Lalique Beauty Services	7 100
Total operating revenue other brands	18 241

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

<sup>3</sup> The Property, plant and equipment investments of other brands include investments in the perfume production facility in Ury of EUR 5 050 thousand

**Geographical regions**

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

IN EUR THOUSANDS	2018	2017
<b>Revenue from sales to external customers</b>		
UK	23 244	23 215
France	21 471	18 487
USA	19 749	22 709
UAE	11 864	10 916
Hong Kong	8 338	7 917
Germany	7 646	7 342
Japan	5 732	7 165
Switzerland	4 512	3 731
China	4 307	2 846
Russia	3 614	3 024
Singapore	2 952	3 491
Poland	2 730	1 371
Israel	1 963	2 466
Other countries	18 298	14 150
<b>Group</b>	<b>136 420</b>	<b>128 830</b>

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

IN EUR THOUSANDS	31.12.18	31.12.17
<b>Non-current assets (excl. deferred tax)</b>		
France	91 717	88 686
Switzerland	32 278	32 394
USA	1 730	2 019
Japan	891	-
China	603	410
UK	98	181
Singapore	191	244
Hong Kong	84	105
<b>Group</b>	<b>127 592</b>	<b>124 039</b>

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

IN EUR THOUSANDS	2018	2017
Revenue from sale of goods and services	132 919	127 381
Licence income/royalties	960	-
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>133 879</b>	<b>127 381</b>

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

Lalique Group applies the modified retrospective approach for IFRS 15. The effect of initially applying IFRS 15 to the Group's revenue from contracts with customers is described in Note 2.

**5. OTHER OPERATING INCOME**

IN EUR THOUSANDS	2018	2017
Other operating income	2 541	564
Licence income/royalties	-	885
<b>TOTAL OTHER OPERATING INCOME</b>	<b>2 541</b>	<b>1 449</b>

Other operating income mainly comprises one-off effects and the result from the disposal of assets. In 2018, other operating income derived mainly from the successful outcome of a legal case.

According to IFRS 15, licence income and royalties are part of revenue and therefore reallocated from "Total other operating income" to "Total revenue from contracts with customers" for the current period. Lalique Group applies the modified retrospective approach for IFRS 15.

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

IN EUR THOUSANDS	2018	2017
Cost of components and finished goods	40 163	37 084
Other directly attributable production costs	10 767	10 366
Licence expenses	2 446	2 399
Commission expenses	1 484	1 232
Other procurement costs	2 727	2 413
<b>TOTAL MATERIAL COSTS, LICENCES AND THIRD PARTY SERVICES</b>	<b>57 587</b>	<b>53 494</b>

Other directly apportionable production costs mainly comprise wages and salaries of the production staff at the factory in Wingen-sur-Moder. Licence expenses arise mainly in connection with Jaguar Fragrances 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	2018	2017
Wages and salaries (incl. bonuses)	21 427	20 597
Social insurance and employee pension/welfare expenses	10 662	9 539
Other personnel costs	529	339
<b>TOTAL PERSONNEL COSTS</b>	<b>32 618</b>	<b>30 475</b>
Number of staff as at 31 December (in positions)	720	653

As at 31 December 2018, the Group had 681 full-time employees (FTE).

**8. OTHER OPERATING EXPENSES**

IN EUR THOUSANDS	2018	2017
Administrative expenses	5 956	4 802
Advertising and promotional expenses	8 380	7 377
Rental expenses	10 922	10 351
Vehicles	270	196
Property insurance, levies and charges	754	694
Miscellaneous operating expenses	6 166	6 815
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>32 448</b>	<b>30 235</b>

The item "Miscellaneous operating expenses" includes travel expenses (2018: EUR 3.144 million; 2017: EUR 2.816 million), expenses for creations (2018: EUR 191 thousand; 2017: EUR 223 thousand) and various other costs.

**Operating lease**

The maturity profile of future minimum rentals payable under non-cancellable operating leases is as follows:

IN EUR THOUSANDS	31.12.18	31.12.17
Maturing within 1 year	7 201	5 982
Maturing between 1 and 5 years	11 937	10 202
Maturing in more than 5 years	4 519	2 447
<b>TOTAL</b>	<b>23 657</b>	<b>18 631</b>

Expenses for operating leases recognized in the 2018 income statement amount to EUR 9.921 million (2017: EUR 9.465 million).

**9. FINANCIAL INCOME AND EXPENSES**

IN EUR THOUSANDS	2018	2017
<b>Financial income</b>		
Other financial income <sup>1</sup>	26	47
<b>Total financial income</b>	<b>26</b>	<b>47</b>
<b>Financial expenses</b>		
Interest on loans and short-term financial liabilities <sup>2</sup>	470	827
Other financial expenses <sup>1</sup>	873	925
<b>Total financial expenses</b>	<b>1 343</b>	<b>1 752</b>
<b>Net foreign exchange differences</b>	<b>921</b>	<b>755</b>
<b>FINANCIAL RESULT</b>	<b>-396</b>	<b>-950</b>

The corresponding items originate from the following categories of financial instrument:  
<sup>1</sup> Receivables, cash and cash equivalents (incl. bank overdrafts)  
<sup>2</sup> Financial liabilities carried at amortized cost

**10. INCOME TAXES**

The main components of income tax expenses are as follows:

IN EUR THOUSANDS	2018	2017
Current year income taxes	1 513	1 316
Income taxes from previous years	-108	12
<b>Current income taxes</b>	<b>1 405</b>	<b>1 328</b>
Deferred tax income/expenses resulting from change in temporary differences	-146	323
Deferred tax expenses resulting from change in tax rates	-830	-1 983
Deferred tax expenses/income resulting from usage or capitalization respectively of deferred taxes on accumulated losses	83	-30
<b>Deferred tax expenses</b>	<b>-893</b>	<b>-1 690</b>
<b>TOTAL TAX EXPENSES</b>	<b>512</b>	<b>-363</b>

The following breakdown shows a reconciliation of the expected and actual tax expenses calculated at the tax rates applicable to the Group.

IN EUR THOUSANDS	2018	2017
Group profit before taxes	5 678	6 515
Expected tax rate	1.9%	-8.6%
<b>Expected tax expenses</b>	<b>107</b>	<b>-560</b>
Non-deductible expenses	264	231
Fiscal effect of income taxed at different rates	-239	-1 086
Effect of change in the tax rate	-830	-1 983
Unrecognized losses from the current financial year	1 615	3 051
Offsetting of unrecognized loss carry-forwards from previous financial years	-312	-43
Income taxes from previous years	-108	12
Other effects	15	13
<b>TOTAL INCOME TAX</b>	<b>512</b>	<b>-363</b>

The expected tax rate approximates the weighted average tax rate of the countries where the Group companies operate. As higher losses occurred in the countries with higher income tax rates and the earnings were generated mainly in countries with lower income tax rates the expected tax rate was low and even negative in 2017.

## 11. EARNINGS PER SHARE AND DIVIDENDS

		2018	2017
Average number of shares in circulation	Number	5 705 161	5 382 834
Net Group profit in favour of shareholders of Lalique Group SA	EUR thousands	6 201	7 007
<b>EARNINGS PER SHARE</b>	<b>EUR</b>	<b>1.09</b>	<b>1.30</b>

In June 2018, Lalique Group SA issued 1,000,000 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 2017, was adjusted retrospectively.

For the 2017 financial year a dividend of CHF 0.50 per share was paid out. With respect to the 2018 financial year, the Board of Directors proposes a withholding-tax-free distribution of CHF 0.50 per registered share.

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

IN EUR THOUSANDS	31.12.18	31.12.17
Cash	140	103
Bank	15 196	16 149
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>15 336</b>	<b>16 252</b>
<b>BANK OVERDRAFTS</b>	<b>-41 785</b>	<b>-45 568</b>
<b>BALANCE OF NET CASH AND CASH EQUIVALENTS</b>	<b>-26 449</b>	<b>-29 316</b>

Interest earned on assets denominated in CHF, EUR, GBP and USD was between 0.00% and 0.03%. Interest charged on liabilities in CHF, USD and GBP was 0.65%. Interest charged on liabilities in EUR was between 0.35% and 1.62% and in HKD between 3.00% and 3.13%.

**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 DUE WITHIN 60 DAYS	OF WHICH OVERDUE 61-90 DAYS	OF WHICH OVERDUE MORE THAN 91 DAYS
<b>2018</b>						
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
<b>Total</b>	<b>17 698</b>	<b>15 859</b>	<b>1 839</b>	<b>1 604</b>	<b>101</b>	<b>134</b>
<b>2017</b>						
Of which EUR	8 664	7 164	1 500	1 039	23	438
Of which CHF accounts shown in EUR	1 482	1 246	236	294	3	-61
Of which USD accounts shown in EUR	5 111	4 654	457	283	25	149
Of which other currencies shown in EUR	1 012	360	652	453	23	176
Allowance for doubtful debts	-546	-	-546	-	-	-546
<b>Total</b>	<b>15 723</b>	<b>13 424</b>	<b>2 299</b>	<b>2 069</b>	<b>74</b>	<b>156</b>

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

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

IN EUR THOUSANDS	TOTAL OUT- STANDING ITEMS	NOT DUE	DUE	OF WHICH OVERDUE WITHIN 60 DAYS	OF WHICH OVERDUE 61-90 DAYS	OF WHICH OVERDUE MORE THAN 91 DAYS
<b>2018</b>						
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 movement in the allowance for expected credit losses of trade receivables and contract assets during the year developed as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39.

IN EUR THOUSANDS	31.12.18	31.12.17
Balance at 1 January under IAS 39	546	415
	<b>546</b>	<b>415</b>
Formation (+)	133	173
Usage (-)	-83	-1
Reversed (-)	-50	-
Currency effect	15	-41
<b>CLOSING BALANCE</b>	<b>561</b>	<b>546</b>

**14. INVENTORIES**

IN EUR THOUSANDS	31.12.18	31.12.17
Components and raw materials	24 273	24 139
Advertising materials	2 634	2 724
Finished goods	40 445	36 296
Advance payments	251	374
<b>TOTAL INVENTORIES</b>	<b>67 603</b>	<b>63 533</b>

Impairments on inventories recognized as expenditure amounted to EUR 815 thousand in 2018 (2017: EUR 955 thousand).

**15. OTHER RECEIVABLES**

IN EUR THOUSANDS	31.12.18	31.12.17
Receivables from VAT claims	3 330	3 666
Accrued income and prepaid expenses	2 128	1 950
Prepaid taxes	14	11
Other receivables	2 884	1 457
<b>TOTAL OTHER RECEIVABLES</b>	<b>8 356</b>	<b>7 084</b>

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 of the Lalique brand produced by company founder René Lalique and bought by Lalique Group.

## 17. PROPERTY, PLANT AND EQUIPMENT

IN EUR THOUSANDS	LAND, BUILDINGS	EQUIPMENT, FURNISHINGS	MACHINERY + EQUIPMENT, IT, HARDWARE, TOOLS	VEHICLES	PLANT UNDER CONSTRUC- TION	TOTAL PROPERTY, PLANT AND EQUIPMENT
<b>Acquisition costs 01.01.2017</b>	<b>47 028</b>	<b>21 180</b>	<b>18 352</b>	<b>305</b>	<b>2 152</b>	<b>89 017</b>
Additions	4 818	2 644	1 549	136	1 105	10 252
Additions from acquisitions under common control	6 372	1 910	-	-	-	8 282
Reclassification/transfers	1 028	130	-	-	-1 158	-
Disposals	-742	-408	-2 818	-	-622	-4 590
Exchange differences	-1 281	-342	-708	-31	-34	-2 396
<b>Acquisition costs 31.12.2017</b>	<b>57 223</b>	<b>25 114</b>	<b>16 375</b>	<b>410</b>	<b>1 443</b>	<b>100 565</b>
Additions <sup>1</sup>	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
<b>Acquisition costs 31.12.2018</b>	<b>59 465</b>	<b>30 263</b>	<b>18 034</b>	<b>443</b>	<b>2 166</b>	<b>110 371</b>
<b>Depreciation, cumulative 01.01.2017</b>	<b>-21 235</b>	<b>-11 710</b>	<b>-13 234</b>	<b>-242</b>	<b>-</b>	<b>-46 421</b>
Additions	-3 021	-1 746	-1 572	-29	-	-6 368
Additions from acquisitions under common control	-180	-175	-	-	-	-355
Disposals	260	400	1 756	-	-	2 416
Exchange differences	920	271	583	20	-	1 794
<b>Depreciation, cumulative 31.12.2017</b>	<b>-23 256</b>	<b>-12 960</b>	<b>-12 467</b>	<b>-251</b>	<b>-</b>	<b>-48 934</b>
Additions <sup>2</sup>	-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
<b>Depreciation, cumulative 31.12.2018</b>	<b>-25 666</b>	<b>-15 599</b>	<b>-14 249</b>	<b>- 296</b>	<b>-</b>	<b>-55 810</b>
<b>NET PROPERTY, PLANT AND EQUIPMENT 31.12.2018</b>	<b>33 799</b>	<b>14 664</b>	<b>3 785</b>	<b>147</b>	<b>2 166</b>	<b>54 561</b>
Net property, plant and equipment 31.12.2017	33 967	12 154	3 908	159	1 443	51 631

<sup>1</sup> The additions of EUR 10 029 thousand (2017: EUR 10 252 thousand) resulted in a cash outflow of EUR 9 243 thousand (2017: EUR 8 800 thousand).

<sup>2</sup> The total depreciation in 2018 of EUR 6 706 thousand (2017: EUR 6 368 thousand) did not include any impairment costs.

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

## 18. INTANGIBLE ASSETS

IN EUR THOUSANDS	GOODWILL	BRANDS	LICENCE RIGHTS	CREATIONS	SOFTWARE	TOTAL INTANGIBLE ASSETS
<b>Acquisition costs 01.01.2017</b>	<b>359</b>	<b>61 348</b>	<b>3 187</b>	<b>2 627</b>	<b>5 054</b>	<b>72 575</b>
Additions	-	-	5 562	836	255	6 653
Additions from acquisitions under common control	-	-	34	-	-	34
Disposals	-	-	-3 058	-232	-	-3 290
Exchange differences	-10	-2 130	-395	-254	-117	-2 906
<b>Acquisition costs 31.12.2017</b>	<b>349</b>	<b>59 218</b>	<b>5 330</b>	<b>2 977</b>	<b>5 192</b>	<b>73 066</b>
Additions <sup>1</sup>	-	-	530	778	225	1 533
Disposals	-	-	-	-51	-	-51
Exchange differences	-14	924	188	138	47	1 283
<b>Acquisition costs 31.12.2018</b>	<b>335</b>	<b>60 142</b>	<b>6 048</b>	<b>3 842</b>	<b>5 464</b>	<b>75 831</b>
<b>Amortization, cumulative 01.01.2017</b>	<b>-</b>	<b>-</b>	<b>-2 539</b>	<b>-1 787</b>	<b>-3 701</b>	<b>-8 027</b>
Additions <sup>2</sup>	-	-	-615	-412	-381	-1 408
Disposals	-	-	3 058	232	-	3 290
Additions from acquisitions under common control	-	-	-6	-	-	-6
Exchange differences	-	43	90	161	85	379
<b>Amortization, cumulative 31.12.2017</b>	<b>-</b>	<b>43</b>	<b>-12</b>	<b>-1 806</b>	<b>-3 997</b>	<b>-5 772</b>
Additions <sup>2</sup>	-	-	-1 133	-565	-412	-2 110
Disposals	-	-	-	51	-	51
Exchange differences	-	- 18	-29	-95	-26	-168
<b>Amortization, cumulative 31.12.2018</b>	<b>-</b>	<b>25</b>	<b>-1 174</b>	<b>-2 415</b>	<b>-4 435</b>	<b>-7 999</b>
<b>NET INTANGIBLE ASSETS 31.12.2018</b>	<b>335</b>	<b>60 167</b>	<b>4 874</b>	<b>1 427</b>	<b>1 029</b>	<b>67 832</b>
Net intangible assets 31.12.2017	349	59 261	5 318	1 171	1 195	67 294

<sup>1</sup> The additions of EUR 1 533 thousand (2017: EUR 6 653 thousand) resulted in a cash outflow of EUR 1 390 thousand (2017: EUR 985 thousand).

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

## Brands

Brand values as at 31 December 2018: Parfums Grès CHF 6.574 million (2017: CHF 6.574 million), Parfums Samourai CHF 1.800 million (2017: CHF 1.800 million), Ultrasun CHF 11.000 million (2017: CHF 11.000 million), Lalique EUR 36.696 million and CHF 7.040 million (total of EUR 42.952 million; 2017: EUR 42.710 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 1.7% for Lalique, 1.8% for Ultrasun, 0.2% for Parfums Samourai, and 1.5% for Parfums Grès respectively. In the case of Ultrasun, it has been assumed that the EBITDA margin will rise from 15.1% in 2018 to 16.5% in 2023. With regard to Lalique, it has been assumed that the EBITDA margin will rise from 4.3% in 2018 to 20.4% in 2023. In the EBITDA margin projections for 2023, the implementation of IFRS 16 is fully considered. The EBITDA margin for the Lalique brand, adjusted by the expected IFRS 16 effect in 2018, is 11.7% hence the projected improvement of the EBITDA margin would be 8.7% points by 2023. These assumptions were determined by management based on its expectations for future market development.

IN %	AVERAGE GROWTH IN SALES <sup>1</sup>		AFTER-TAX DISCOUNT RATE	
	2018	2017	2018	2017
Lalique	6.4	6.1	11.2	9.8
Ultrasun	7.1	2.3	11.3	9.8
Parfums Grès	2.2	1.1	11.1	11.9
Parfums Samourai	5.0	2.1	9.4	9.7

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

## Sensitivity

At Lalique, the brand carrying value would only be impaired in the event of a negative change in sales growth of 2.5% points or a negative change in the EBITDA margin of 1.4% points or an increase in the discount rate by 2.2% points. The brand carrying value of Lalique would be reduced by EUR 2.074 million upon a negative change of sales growth of 0.4% points and reduced by EUR 2.565 million upon a negative change in the EBITDA margin of 0.3% points. A change in the discount rate of 0.2% points would reduce the calculated brand value by EUR 1.341 million.

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

## Licence rights

Amortization charges in 2018 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.

## 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 2018, 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 2018, there were no impairment losses recognized (2017: 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	31.12.18	31.12.17
Defined benefit pension plans	4 651	4 620
Other long-term post-employment benefits	204	216
<b>TOTAL DEFINED BENEFIT OBLIGATION</b>	<b>4 855</b>	<b>4 836</b>

**Defined benefit pension plans**

There is a defined benefit pension plan in Switzerland. The plan is designed to ensure that current and future contributions are sufficient to cover future obligations. As defined in the fund regulations, the employer and the employees make matching annual contributions. Contributions are based on an age-related sliding scale which defines the relevant percentage of an employee's insured salary. In accordance with Swiss law, the pension fund guarantees its insured members vested benefits which are confirmed each year. Upon retirement, insured members are entitled to draw their benefits as a single lump-sum payment, an annuity, or a combination of both. For the purpose of providing an occupational pension scheme, Lalique Group has joined a collective foundation in which the assets are invested on a joint basis with other scheme participants (with the same investment profile). This collective foundation is fully insured. Thus, as at 31 December 2018, 100% of the plan assets were invested in a collective insurance policy held with Basler Leben AG. 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.

With effect from 1 January 2019, the pension insurance solution will be changed from the previous full insurance policy with Basler Versicherung AG or its collective foundations to the semi-autonomous Futura Pension Foundation. The pension plans are not changed.

The different conversion rates applicable at the Futura Pension Foundation result in past service cost reduction of EUR 257 thousand (CHF 297 thousand). This amount is recognized as an expense reduction in the income statement of 2018.

**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	
	31.12.18	31.12.17	31.12.18	31.12.17
Present value of defined benefit pension obligation	-11 937	-10 919	-204	-216
Fair value of the plan assets	7 286	6 299	-	-
<b>(SHORTFALL)/SURPLUS</b>	<b>-4 651</b>	<b>-4 620</b>	<b>-204</b>	<b>-216</b>

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

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2018	2017	2018	2017
Current service cost	-805	-807	-19	-18
Net interest cost of pension plans	-18	-16	-	-
<b>TOTAL EMPLOYEE BENEFIT EXPENSES RECOGNIZED IN THE INCOME STATEMENT</b>	<b>-823</b>	<b>-823</b>	<b>-19</b>	<b>-18</b>

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

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2018	2017	2018	2017
Actuarial gain / (loss) from the pension obligation	272	- 5	-0	29
Change in the plan assets (not incl. interest)	-102	-84	-	-
<b>TOTAL REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME</b>	<b>170</b>	<b>- 89</b>	<b>- 0</b>	<b>29</b>

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

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2018	2017	2018	2017
Present value of defined benefit pension obligations on 1 January	-10 919	-11 021	-216	-224
Interest expenses	-65	-61	-	-
Current service cost	-805	-807	-19	-18
Employee contributions	-432	-419	-3	-3
Actuarial gains and losses arising from changes in financial assumptions	193	-	13	23
Actuarial gains and losses arising from changes in demographic assumptions	79	-5	-13	6
Benefits paid	129	389	34	-
Past service costs/cost reductions	257	-	-	-
Administration costs	-5	-5	-	-
Liquidation	-	434	-	-
Currency effect	-369	576	-	-
<b>PRESENT VALUE OF DEFINED BENEFIT PENSION OBLIGATIONS ON 31 DECEMBER</b>	<b>-11 937</b>	<b>-10 919</b>	<b>-204</b>	<b>-216</b>

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

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	2018	2017	2018	2017
Fair value of the plan assets on 1 January	6 299	6 494	-	-
Interest income from the plan assets	47	45	-	-
Change in the plan assets (not incl. interest)	-98	-88	-	-
Employer contributions	405	394	-	-
Employee contributions	405	394	-	-
Benefits paid	-39	-373	-	-
Currency effect	267	-567	-	-
<b>FAIR VALUE OF THE PLAN ASSETS ON 31 DECEMBER</b>	<b>7 286</b>	<b>6 299</b>	<b>-</b>	<b>-</b>

#### Sensitivity of key actuarial assumptions

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

	2018	2017
<b>Bases used for calculation of Swiss plan</b>		
Discount rate	0.90%	0.70%
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 457 thousand (-5.0%)/increase of EUR 492 thousand (+5.0%) in defined benefit pension obligations.
- A 0.25% increase/decrease in the expected rate of salary increase would result in an increase of EUR 74 thousand (+0.8%)/decrease of EUR 72 thousand (-0.7%) in defined benefit pension obligations.
- An increase/decrease in life expectancies of one year would result in an increase of EUR 66 thousand (+0.7%)/decrease of EUR 61 thousand (-0.6%) in defined benefit pension obligations.

The average duration of a defined benefit pension obligation was 19.1 years at the end of the reporting period (2017: 20.1 years).

#### Forecasted contributions

The forecasted contributions of the company for the 2019 financial year amount to EUR 419 thousand.

	2018	2017
<b>Bases used for calculation of French plans</b>		
Discount rate	1.38%	1.38%
Expected rate of salary increase	1%/1.17%	1%/1.17%
Life expectancies	TGH 05/TGF 05	TGH 05/TGF 05

**20. OTHER CURRENT LIABILITIES**

IN EUR THOUSANDS	31.12.18	31.12.17
Current financial liabilities	3 156	2 096
Accrued salary expenses	2 788	2 642
Short-term leasing liabilities	1 578	1 429
Current minimal fees for licence rights	1 029	965
Other current liabilities	8 543	8 937
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>17 094</b>	<b>16 069</b>

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

**21. OTHER NON-CURRENT LIABILITIES**

IN EUR THOUSANDS	31.12.18	31.12.17
Non-current minimal fees for licence rights	3 265	4 291
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>3 265</b>	<b>4 291</b>

As at 31 December 2018, other non-current liabilities comprised minimal fees for licence rights owed in respect of the Jaguar Fragrances and Bentley Fragrances brands.

**22. PROVISIONS**

IN EUR THOUSANDS	OTHER PROVISIONS	TOTAL PROVISIONS
<b>As at 01.01.2017</b>	<b>368</b>	<b>368</b>
Formation	247	247
Usage	-218	-218
Currency effect	-	-
<b>As at 31.12.2017</b>	<b>397</b>	<b>397</b>
Formation	150	150
Usage	-341	-341
Currency effect	2	2
<b>As at 31.12.2018</b>	<b>208</b>	<b>208</b>
Of which current	-	-
Of which non-current	208	208

As at 31.12.2018, other provisions included provisions for litigation and restructuring.

**23. NON-CURRENT FINANCIAL LIABILITIES**

IN EUR THOUSANDS	31.12.18	31.12.17
Loans from the principal shareholder	-	18 794
Long-term leasing liabilities	2 224	3 194
Other non-current financial liabilities	12 596	11 691
<b>TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>14 820</b>	<b>33 679</b>

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

The principal shareholder loans were converted to equity or paid back as part of the capital increase process in June 2018. Until June 2018, the loans from the principal shareholder bear interest at a rate of 0.75% (2017: 0.75%).

## Changes in financial liabilities from financing activities

IN EUR THOUSANDS	01.01.18	CASHFLOWS	CURRENCY EXCHANGE MOVEMENTS	NEW LEASES	OTHER	31.12.18
Current financial liabilities (excluding items listed below)	2 096	-2 288	-	-	3 348	3 156
Short-term liabilities from finance lease	1 277	-1 038	3	-	1 336	1 578
Short-term liabilities main shareholder	1 709	-2 061	52	-	300	-
Non-current financial liabilities (excluding items listed below)	11 987	4 491	27	-	-3 909	12 596
Long-term liabilities from finance lease	2 899	-	7	-	-682	2 224
Non-current liabilities main shareholder	18 794	-	260	-	-19 054	-
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>38 762</b>	<b>-896</b>	<b>349</b>	<b>-</b>	<b>-18 661</b>	<b>19 554</b>

IN EUR THOUSANDS	01.01.17	CASHFLOWS	CURRENCY EXCHANGE MOVEMENTS	NEW LEASES	OTHER	31.12.17
Current financial liabilities (excluding items listed below)	1 748	- 808	-	-	1 156	2 096
Short-term liabilities from finance lease	1 310	-1 373	-35	560	815	1 277
Short-term liabilities main shareholder	1 867	-1 800	-158	-	1 800	1 709
Non-current financial liabilities (excluding items listed below)	7 972	3 672	-315	-	658	11 987
Long-term liabilities from finance lease	3 717	-	-3	-	-815	2 899
Non-current liabilities main shareholder	22 399	-	-1 805	-	-1 800	18 794
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>39 013</b>	<b>-309</b>	<b>-2 316</b>	<b>560</b>	<b>1 814</b>	<b>38 762</b>

The “Other” column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings and finance leases to “current” due to the passage of time. In addition, the “Other” column shows the non-cash movements with respect to the conversion of the shareholder loan into equity. The Group classifies interest paid as cash flows from operating activities.

## 24. FINANCIAL LEASING

The maturity structure of all future minimum finance leasing payments and the corresponding interest expense are shown below:

IN EUR THOUSANDS	2018	2017
Maturity within 1 year	1 656	1 478
Maturity between 1 and 5 years	2 273	3 303
Maturity over 5 years	-	-
<b>TOTAL</b>	<b>3 929</b>	<b>4 781</b>
Interest portion	-127	-158
<b>TOTAL FINANCIAL LEASING</b>	<b>3 802</b>	<b>4 623</b>

The capitalized net book value of property, plant and equipment and intangible assets financed by financial leases is as follows:

IN EUR THOUSANDS	2018	2017
Net book value of buildings	5 244	6 393
Net book value of machinery	2 245	2 563
Net book value of software	252	369
<b>TOTAL NET BOOK VALUE FINANCIAL LEASING</b>	<b>7 741</b>	<b>9 325</b>

## 25. DEFERRED TAXES

Deferred taxes balances as of 31 December are as follows:

IN EUR THOUSANDS	2018	2017
Deferred tax assets	-1 328	-3 189
Deferred tax liabilities	14 684	17 246
<b>NET DEFERRED TAX LIABILITIES</b>	<b>13 356</b>	<b>14 058</b>

Reconciliation of net deferred tax liabilities is as follows:

IN EUR THOUSANDS	2018	2017
<b>Net deferred tax liabilities</b>		
Opening balance 1.1	14 058	16 050
Formation (+)/release (-) recognized in income statement	-893	-1 690
Formation (+)/release (-) recognized in other comprehensive income	32	-15
Currency translation differences	159	-287
<b>CLOSING BALANCE 31.12.</b>	<b>13 356</b>	<b>14 058</b>

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

IN EUR THOUSANDS	2018	2017
Receivables	259	225
Inventories	3 095	2 889
Property, plant and equipment	1 540	1 728
Intangible assets	14 432	15 794
<b>Deferred tax liabilities</b>	<b>19 326</b>	<b>20 636</b>
Payables	-1 193	-1 463
Pension fund liabilities	-1 063	-1 146
Inventories	-2 512	-2 675
Property, plant and equipment	-20	-34
Offsetting of unrecognized loss carry-forwards from previous financial years	-1 182	-1 261
<b>Deferred tax assets</b>	<b>-5 970</b>	<b>-6 579</b>
<b>NET DEFERRED TAX LIABILITIES</b>	<b>13 356</b>	<b>14 058</b>

The Group has not capitalized deferred taxes for losses carried forward in the amount of EUR 52.269 million (2017: EUR 48.112 million). These income tax deductible losses carried forward expire as follows:

IN EUR THOUSANDS	2018	2017
Expire next year	706	1 616
Expire in 2-4 years	3 946	3 187
Expire in 5-7 years	1 895	3 165
Expire after 7 years	7 761	-
No expiry	37 961	40 144
<b>TOTAL UNRECOGNIZED CAPITALIZED DEFERRED TAX ASSETS FROM LOSSES CARRY-FORWARD</b>	<b>52 269</b>	<b>48 112</b>

The net deferred tax assets from entities that suffered a loss in either the current or preceding period amount to EUR 138 thousand (2017: EUR 114 thousand). The recognition is supported by a promising five years plan for the single entity concerned.

## 26. EQUITY

### Share capital

In June 2018, Lalique Group SA issued new shares in connection with the rights issue. As of 31 December 2018 the share capital amounts to EUR 988 thousand (CHF 1.2 million) (2017: EUR 816 thousand (CHF 1.0 million)), consisting of 6,000,000 registered shares (2017: 5,000,000) with a nominal value of EUR 0.18 (CHF 0.20) each (2017: EUR 0.17 (CHF 0.20)). In addition, there is conditional share capital of EUR 44 thousand (CHF 50 thousand) (2017: EUR 43 thousand (CHF 50 thousand)) for a potential employee incentive plan.

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 and 2018.

The capital increase in 2018 (see also section "Capital management") included the conversion of a loan from the main shareholder of EUR 18.8 million (CHF 21.6 million) and paid in capital of minority shareholders amounting to EUR 7.4 million (CHF 8.5 million). After transaction costs of EUR 0.7 million (CHF 0.8 million), the net cash contribution of shareholders amounted to EUR 6.7 million (CHF 7.7 million).

### 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

Lalique Group comprised the following companies at 31.12.2018:

COMPANY, HEADQUARTERS, COUNTRY	CURRENCY (THOUSANDS)	SHARE CAPITAL		PARTICIPATING INTEREST	
		2018	2017	2018	2017
Lalique Group SA, Zurich, Switzerland	CHF	1 200	1 000	Holding	Holding
Lalique Beauty SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
LLQ Management SA, Zurich, Switzerland	CHF	500	500	100%	100%
Lalique Parfums SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
Parfums Grès SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Samouraï SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Alain Delon SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Jaguar Fragrances AG, Zurich, Switzerland	CHF	250	250	100%	100%
Bentley Fragrances AG, Zurich, Switzerland	CHF	250	250	100%	100%
Art & Fragrance SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Lalique Beauty Distribution SASU, Ury, France	EUR	252	100	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	1 503	100%	100%
SCI du Mont à Grillon, Ury, France	EUR	1	1	100%	100%
Lalique Maison SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Lalique Art SA, Zurich, Switzerland <sup>1</sup>	CHF	100	100	100%	100%
Lalique Suisse SA, Zurich, Switzerland	CHF	100	100	100%	100%
Lalique SA, Paris, France	EUR	34 400	34 400	95%	95%
Lalique North America, Inc., East Rutherford, NJ, USA	USD	2 300	2 300	100%	100%
Lalique Limited, London, UK	GBP	2 050	2 050	100%	100%
Lalique Asia Limited, Hong Kong, China	HKD	8 000	8 000	100%	100%
Lalique (China) Limited, Hong Kong, China	HKD	1 000	1 000	100%	100%
Lalique (Shanghai) Limited, Shanghai, China	CNY	6 660	6 115	100%	100%
Lalique Beijing Trading Company Limited, Beijing, China	CNY	13 908	-	100%	0%
Lalique Crystal Singapore PTE. Ltd., Singapore	SGD	300	300	100%	100%
Lalique GmbH, Frankfurt, Germany	EUR	870	870	100%	100%
Villa René Lalique SAS, Wingen-sur-Moder, France	EUR	60	60	100%	100%
Château Hochberg SAS, Wingen-sur-Moder, France	EUR	10	10	100%	100%
Lalique Japan Co. Ltd., Tokyo, Japan	JPY	80 005	80 005	60%	60%

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

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

IN EUR THOUSANDS	2018	2017
Total emoluments and salaries (incl. bonuses and interest) paid to members of the Board of Directors and Executive Board	3 084	2 566
Total pension fund contributions paid to members of the Board of Directors and Executive Board	292	254

The compensation elements indicated relate to the last financial year.

**Affiliates and shareholders**

IN EUR THOUSANDS	31.12.18	31.12.17	TYPE OF TRANSACTION
<b>Liabilities</b>			
Members of the Board of Directors of Lalique Group SA	19	14	Mont-Blanc resourcing, consulting
Principal shareholder	27	-	Expenses Silvio Denz
Affiliates under common control	21	17	Vignobles Silvio Denz
	2	12	Denz Weine
<b>Receivable:</b>			
Affiliates under common control	-	11	Art & Terroir SA, rent
	19	-	Château Lafaurie-Peyraguey, crystal objects
	26	-	Denz Weine, accounting 2018
	17	-	Wermuth Auktionen, accounting 2018
Principal shareholder	6	58	Silvio Denz
<b>Loans:</b>			
Principal shareholder	-	20 503	Loan

IN EUR THOUSANDS	2018	2017	TYPE OF TRANSACTION
Proceeds from:			
Affiliates under common control	11	12	Art & Terroir SA, rent, insurance
	1 006	-	Château Lafaurie-Peyraguey, crystal objects
	24	-	Denz Weine, accounting 2018
	16	-	Wermuth Auktionen, accounting 2018
Principal shareholder	72	65	Proceeds from sale of Lalique objects
Expenditure of:			
Principal shareholder	84	185	Interest on loans
	92	-	Expenses Silvio Denz
Affiliates under common control	-	8	Wermuth Auktionen, purchase of wine
	45	26	Vignobles Silvio Denz, purchase of wine
	-	5	Villa Madura, purchase of wine
	44	79	Denz Weine, purchase of wine
	11	-	Château Lafaurie-Peyraguey, purchase of wine
Members of the Board of Directors of Lalique Group SA	101	115	Mont-Blanc Resourcing, consulting
	420	416	Ermitage Estate Ltd, rent
	-	135	Claudio Denz, purchase of car
	-	1	Art & Terroir SA, purchase of Château Hochberg

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

### **29. CONTINGENT LIABILITIES**

As at 31 December 2018, there were no unrecognized contingent liabilities (2017: EUR 0).

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

There are no assets pledged or assigned to secure our own commitments.

### **31. SUBSEQUENT EVENTS**

Lalique Group has evaluated events from 31 December 2018 up to the date the financial statements were issued. The following transaction occurred subsequent to 31 December 2018:

The Lalique Group acquired a 50% stake of The Glenturret Scotch whisky distillery with a purchase price of GBP 15.5 million on 28 March 2019. The Group will control the The Glenturret by contractual agreement and therefore fully consolidate the entity.



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To the General Meeting of  
Lalique Group SA, Zurich

Zurich, 16 April 2019

## 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 2018 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 3 to 43) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 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

<b>Risk</b>	<p>As of 31 December 2018, the brand values of Laliq Group amounted to EUR 60.2 million. The separate capitalized brands relate to Laliq (divided into perfumes, crystal and jewellery), Ultrasun, Parfums Samurai and Parfums Grès.</p> <p>The segments of the group are Laliq, Ultrasun, Jaguar, Grès and other brands (Parfums Samurai, Bentley Fragrances, Laliq Beauty Services).</p> <p>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>
<b>Our audit response</b>	<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>



#### 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, the compensation report and our auditor's reports thereon.

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

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



### Responsibility of the Board of Directors for the consolidated financial statements

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

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



### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://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



Christian Krämer  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Olga Semenova  
(Qualified  
Signature)

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 663bbis and 663c of the Swiss Code of Obligations, the Ordinance against Excessive Compensation in Listed Corporations (VegüV/ORAb) and the company's Articles of Incorporation. The currently applicable articles were approved at the General Meeting of Shareholders on 8 June 2018.

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

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

## Remuneration Committee

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

At the General Meeting of Shareholders of 8 June 2018, 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 2018. All members of the Board of Directors were re-elected for another term at the General Meeting of Shareholders on 8 June 2018. 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 2018.

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 2018

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 2018 financial year was as follows:

IN CHF THOUSANDS		GROSS COM- PENSATION	POST EMPLOY- MENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COM- PENSATION
<b>2018</b>					
Denz, Silvio	Executive 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
<b>Total Board of Directors</b>		<b>1 185</b>	<b>77</b>	<b>72</b>	<b>1 334</b>
<b>2017</b>					
Denz, Silvio	Executive Chairman of the Board of Directors	65	5	3	73
Weber, Roland	Vice-Chairman of the Board of Directors	25	-	2	27
von der Weid, Roger	Delegate of the Board of Directors & CEO	601	42	40	683
Denz, Claudio	Member of the Board of Directors & HD	200	8	14	222
Kollros, Jan	Member of the Board of Directors	13	-	-	13
Roesti, Marc	Member of the Board of Directors	25	-	1	26
<b>Total Board of Directors</b>		<b>929</b>	<b>55</b>	<b>60</b>	<b>1 044</b>

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

# 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 2018

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

IN CHF THOUSANDS	GROSS COMPENSATION	POST EMPLOYMENT BENEFITS	OTHER SOCIAL COSTS	TOTAL COMPENSATION
2018				
Members of the Executive Board (11 members <sup>1</sup> )	2 376	260	436	3 072
<b>Total Executive Board</b>	<b>2 376</b>	<b>260</b>	<b>436</b>	<b>3 072</b>
2017				
Members of the Executive Board (9 members <sup>1</sup> )	1 922	227	367	2 516
<b>Total Executive Board</b>	<b>1 922</b>	<b>227</b>	<b>367</b>	<b>2 516</b>

<sup>1</sup> Excl. Silvio Denz, CEO Lalique SA and Executive Chairman of the BoD, Roger von der Weid, Group CEO and Delegate of the BoD, and Claudio Denz, Head Digital and Member of the BoD

The constitution of the Executive Board was reviewed and adjusted during the reporting period. The Board comprises senior leaders from all businesses. The Group CEO, Roger von der Weid, received the highest total compensation in 2018 (see table "Actual compensation of the Board of Directors for 2018").

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

## SHARES HELD BY MEMBERS OF MANAGEMENT BODIES

As at 31 December 2018, the members of the Board of Directors and the Executive Board held the following number of shares:

NAME	FUNCTION	31.12.18	31.12.17
Denz, Silvio	Executive Chairman of the Board of Directors	4 322 400	3 602 000
Weber, Roland	Vice-Chairman of the Board of Directors	7 000	3 500
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 000	3 000
Denz, Claudio	Member of the Board of Directors & Head of Digital	178 800	149 000
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	1 800	1 500
Rubinstein, Alexis	Group CFO	100	-
Müller, Michael	CFO, Lalique Beauty	-	n/a
Rios Lopes, David	COO, Fragrance Division	600	500
Abels, Rosemarie	Head Procurement & Production, Perfumes	100	100
Joly, Marie-Laure	Head of Marketing, Perfumes	250	100
Leutenegger, Thomas	Head of Sales and Export, Perfumes	150	n/a
Irniger, Benedikt	Head of Suncare	-	-
Mandry, Denis	Head of Production, Crystal	-	-
Larminaux, Marc	Artistic Director and Head of Design Studio, Crystal	-	-
de Jaham, Jean Baptiste	Head of Sales, Crystal	-	-
Ashworth, Alexia	Head of Marketing, Crystal	-	n/a
<b>Total</b>		<b>4 514 200</b>	<b>3 759 700</b>
Total Lalique Group shares		6 000 000	5 000 000

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 2018 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 2019

## Report of the statutory auditor on the remuneration report

We have audited the remuneration report (pages 49 to 53) of Lalique Group SA for the year ended 31 December 2018. 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 2018 of Lalique Group SA complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd



Christian Krämer  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Olga Semenova  
(Qualified  
Signature)

ACCA



# LALIQUE GROUP SA, ZURICH FINANCIAL STATEMENTS

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# INCOME STATEMENT

IN CHF THOUSANDS	2018	2017
Income from participating interests	18 700	-
Personnel expenses	-426	-356
Other operating expenses	-484	-269
Depreciation on property, plant and equipment	-22	-17
<b>Earnings before interest, taxes, depreciation and amortization</b>	<b>17 768</b>	<b>642</b>
Total financial income	3 633	3 052
Total financial expenses	-1 726	-2 673
Extraordinary expenses	-605	-
Extraordinary income	119	-
<b>Profit for the year before taxes</b>	<b>19 189</b>	<b>-263</b>
Direct taxes	-139	-58
<b>PROFIT FOR THE YEAR</b>	<b>19 050</b>	<b>-321</b>

# BALANCE SHEET

IN CHF THOUSANDS	31.12.18	31.12.17
<b>Current assets</b>		
Cash and cash equivalents	1	133
Other short-term receivables from third party	-	3
Other short-term receivables from related party	179	180
<b>Total current assets</b>	<b>180</b>	<b>316</b>
<b>Non-current assets</b>		
Investments	103 150	103 150
Loans to shareholdings	90 388	77 725
<b>Total non-current assets</b>	<b>193 538</b>	<b>180 875</b>
<b>TOTAL ASSETS</b>	<b>193 718</b>	<b>181 191</b>
<b>Short-term liabilities</b>		
Interest-bearing short-term bank liabilities	24 431	29 745
Trade account payables	36	-
Other current liabilities due to third party	141	100
Interest-bearing short-term loan due to bodies	-	2 000
<b>Total short-term liabilities</b>	<b>24 608</b>	<b>31 845</b>
<b>Long-term liabilities</b>		
Long-term liabilities due to group companies	-	5 176
Interest bearing loans due to bodies	-	22 000
<b>Total long-term liabilities</b>	<b>-</b>	<b>27 176</b>
<b>Total liabilities</b>	<b>24 608</b>	<b>59 021</b>
<b>Equity</b>		
Share capital	1 200	1 000
Legal capital reserves	64 315	34 402
Capital contribution reserves	44 493	14 580
Other legal capital reserves	19 822	19 822
Legal retained earnings	1 255	1 255
Voluntary retained earnings	102 340	85 790
Earnings brought forward	83 290	86 111
Profit/loss for the year	19 050	-321
Treasury shares	-	-277
<b>Total equity</b>	<b>169 110</b>	<b>122 170</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>193 718</b>	<b>181 191</b>

# 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*

With the exception of Silvio Denz's 72.04% shareholding (2017: 72.04%), as at the end of the financial year and the previous year-end, no shareholder exceeded 5% of the participation or voting rights.

### *Equity*

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

IN CHF THOUSANDS	31.12.18	31.12.17
<b>Contingent liabilities</b>		
As at 31 December 2018, there were unrecognized contingent liabilities (joint guarantees) of EUR 7,334 million (31.12.2017: EUR 11,697 million) arising from short- and long-term loans and guaranteed rental income in connection with Lalique SA and Villa René Lalique SAS.	8 254	13 693
<b>Guarantees</b>		
Joint and several liability for VAT debt resulting from the consolidated accounting of VAT (group taxation)	-	-
<b>Authorized and conditional capital</b>		
Authorized capital	-	-
Conditional capital	50	50
<b>Directly held investments</b>		
<b>Lalique Beauty SA (former Art &amp; Fragrance SA)</b>		
Holding of participating interests		
Share capital in CHF thousands	1 000	1 000
Ownership and voting right	100%	100%
<b>Lalique SA, Paris</b>		
Production and sale / distribution of crystal, jewellery, perfume and cosmetic products		
Share capital in EUR thousands	34 400	34 400
Ownership and voting right	95%	95%
<b>Lalique Suisse SA, Zurich</b>		
Wholesale and retail trade in consumer products and luxury items, in particular of the Lalique brand		
Share capital in CHF thousands	100	100
Ownership and voting right	100%	100%
<b>Lalique Maison SA, Zurich</b>		
Creation and sale/distribution of furniture and interior-design accessories		
Share capital in CHF thousands <sup>1</sup>	100	100
Ownership and voting right	100%	100%
<b>Lalique Art SA, Zurich</b>		
Creation, development and trading of objects of art and decorative elements		
Share capital in CHF thousands <sup>1</sup>	100	100
Ownership and voting right	100%	100%
<b>SCI du Mont à Grillon, Ury</b>		
Management and rental of real estate		
Share capital in EUR thousands	1	1
Ownership and voting right	100%	100%

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

**Treasury shares**

	NUMBER OF TRANSACTIONS	ANNUAL LOW SHARE PRICE IN CHF	ANNUAL HIGH SHARE PRICE IN CHF	AVERAGE PRICE PER SHARE IN CHF	NUMBERS
<b>Treasury shares</b>					
<b>Balance as of 1.1.2017</b>					<b>30 200</b>
Purchases	19	27,01	43,95	31,43	2 241
Sales	24	26,54	40	35,83	-18 941
<b>Balance as of 31.12.2017</b>					<b>13 500</b>
Purchases					
Sales	10	45,00	49,00	47,47	-13 500
<b>Balance as of 31.12.2018</b>					<b>-</b>

As of balance sheet date, the acquisition cost of the treasury shares amounted to CHF 0 (31.12.2017: CHF 277 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	31.12.18	31.12.17
Denz, Silvio	Executive Chairman of the Board of Directors	4 322 400	3 602 000
Weber, Roland	Vice-chairman of the Board of Directors	7 000	3 500
von der Weid, Roger	Delegate of the Board of Directors & CEO	3 000	3 000
Denz, Claudio	Member of the Board of Directors & HD	178 800	149 000
Kollros, Jan	Member of the Board of Directors	-	-
Roesti, Marc	Member of the Board of Directors	1 800	1 500
Rubinstein, Alexis	Group CFO	100	-
Müller, Michael	CFO, Lalique Beauty	-	n/a
Rios Lopes, David	COO, Perfumes	600	500
Abels, Rosemarie	Head Procurement & Production, Perfumes	100	100
Joly, Marie-Laure	Head of Marketing, Perfumes	250	100
Leutenegger, Thomas	Head of Sales, Perfumes	150	n/a
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	-	n/a
<b>Total</b>		<b>4 514 200</b>	<b>3 759 700</b>
Total Lalique Group shares		6 000 000	5 000 000

# PROPOSAL FOR THE ALLOCATION OF RETAINED EARNINGS AS OF 31 DECEMBER 2018

The Board of Directors proposes that the Annual General Meeting of Shareholders (AGM) on 24 May 2019 approve the following appropriation of available earnings:

IN CHF THOUSANDS	31.12.18	31.12.17
Carried forward from previous year	83 290	86 111
Profit/loss for the year	19 050	-321
<b>Total earnings available for appropriation</b>	<b>102 340</b>	<b>85 790</b>
Dividend payment (2018: -; 2017: CHF 0.50 per dividend-bearing share)	-	-2 500
<b>BALANCE TO BE CARRIED FORWARD</b>	<b>102 340</b>	<b>83 290</b>

The Board of Directors proposes that the AGM on 24 May 2019 approve an ordinary dividend distribution of CHF 0.50 in cash per share of CHF 0.20 par value payable out of the capital contribution reserve without deduction of withholding tax. Provided that the proposed dividend distribution out of the capital contribution reserve is approved, the payment of CHF 0.50 per share will be made on 31 May 2019 to holders of shares on the record date 29 May 2019. The shares will be traded ex-dividend as of 28 May 2019 and, accordingly, the last day on which the shares may be traded with entitlement to receive the dividend will be 17 May 2019. The total dividend payment will amount to CHF 3,000,000. All shares are entitled to dividends.

IN CHF THOUSANDS	31.12.18	31.12.17
Capital contribution reserves before proposed distribution:	44 493	14 580
Proposed distribution of capital contribution reserves: (2018: CHF 0.50 per dividend-bearing share; 2017: -)	-3 000	-
<b>BALANCE TO BE CARRIED FORWARD</b>	<b>41 493</b>	<b>14 580</b>



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To the General Meeting of  
Lalique Group SA, Zurich

Zurich, 16 April 2019

## 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 56 to 62), for the year ended 31 December 2018.



### 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 2018 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

<b>Risk</b>	Lalique Group SA is the parent company of the Lalique Group and holds the shares of its subsidiaries. Shareholdings amounted to CHF 103.2 million as of 31 December 2018 and represented 53% of the balance sheet. Due to potential impairment needs, we defined this topic as a key audit matter.
<b>Our audit response</b>	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



Christian Krämer  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Olga Semenova  
(Qualified  
Signature)

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# 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.

## Disclaimer

Lalique Group publishes its Annual Report in English and a Financial Report in German.