

Profil Optik Butikker A/S

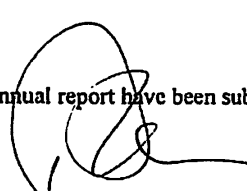
Hovedgaden 451 b, 2640 Hedehusene

Company reg. no. 31 05 87 24

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the *30 May 2018*



Tina Høyer Gaardsholt
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Profil Optik Butikker A/S for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the development in the company's activities and financial matters, of the results for the year and the company's financial position.

The annual report is recommended for approval by the general meeting.

Hedehusene, 30 May 2018

Managing Director

Tina Høyer Gaardsholt

Board of directors

Björn Einar Håkan Lundstedt
Chairman

Martin Daniels

Tina Høyer Gaardsholt

Michael Grimborg

Malcolm Lidbeck

Henrik Bo Göran Persson

Per Erik Hedblom

Independent auditor's report

To the shareholder of Profil Optik Butikker A/S

Opinion

We have audited the annual accounts of Profil Optik Butikker A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

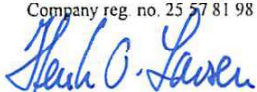
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 30 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 57 81 98



Henrik O. Larsen
State Authorised Public Accountant
mne15839



Joakim Juul Larsen
State Authorised Public Accountant
mne32803

Company data

The company

Profil Optik Butikker A/S
Hovedgaden 451 b
2640 Hedehusene

Company reg. no. 31 05 87 24
Financial year: 1 January - 31 December

Board of directors

Björn Einar Håkan Lundstedt, Chairman
Michael Grimborg
Henrik Bo Göran Persson
Martin Daniels
Malcolm Lidbeck
Per Erik Hedblom
Tina Høyer Gaardsholt

Managing Director

Tina Høyer Gaardsholt

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Parent company

Synsam Nordic A/S

Subsidiary

Profil Optik A/S, Hedehusene

Financial highlights

DKK in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Net turnover	587.595	577.979	634.635	352.937	341.489
Gross profit	258.594	237.122	291.973	181.291	195.482
EBITDA	17.352	-14.204	51.875	55.626	79.007
Operating profit	-73.765	-92.944	-32.389	8.671	27.925
Net financials	-22.707	-24.272	-39.650	-16.510	8.007
Results for the year	-83.717	-99.666	-68.046	-7.764	14.461
Balance sheet:					
Total assets	1.106.324	1.168.259	1.085.885	1.038.850	999.143
Investments in tangible fixed assets represent	47.836	74.991	36.536	29.330	9.818
Equity	85.859	169.576	129.242	208.657	216.420
Employees:					
Average number of full time employees	527	542	520	294	251
Key figures in %:					
Gross margin	44,0	41,0	46,0	51,4	57,2
Profit margin	-12,6	-16,1	-5,1	2,5	8,2
Solvency ratio	7,8	14,5	11,9	20,1	21,7
Return on equity	-65,5	-66,7	-40,3	-3,7	6,9

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The company has at 1 January 2016 been merged with subsidiaries and other group entities. The financial highlights for the period 2014-13 has not been adjusted to reflect the merger, and thus kept unchanged.

Financial highlights

Gross margin

$$\frac{\text{Gross results} \times 100}{\text{Net turnover}}$$

Profit margin (EBIT margin)

$$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity

$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$

EBITDA

**Earnings Before Interest, Taxes, Depreciation and
Amortization**

Management's review

The principal activities

Profil Optik Butikker A/S' objective is to carry out optician and other trade activities in eye examinations, sale of spectacles, contact lenses, sunglasses and other optic accessories.

Currently, Profil Optik Butikker A/S has 117 stores in Denmark as well as a franchise partnership with stores in Denmark, the Faroe Islands and Iceland under the name Profil Optik. Most of the Company's revenue derives from sales to consumers, but the company also sells to the B2B segment, primarily in the form of computer glasses.

In addition, Profil Optik also sells sunglasses and contact lenses through the Company's webshop.

Financial development

The net turnover for the year is DKK 587.595 thousand against DKK 577.979 thousand last year which is an increase of 1.7% compared to 2016. The profit before depreciation, financial items and tax (EBITDA) amounted to DKK 17.352 thousand. The EBITDA level has thus improved by DKK 31.556 thousand from 2016.

The development in sales and revenue during the financial year has turned out according to expectations. After a period of negative development in sales and revenue, Profil Optik Butikker has seen a positive change and reached a positive performance on EBITDA level.

At the balance sheet date, the Company's assets amounted to DKK 1.106.234 thousand, and the equity amounted to DKK 85.859 thousand.

Management has prepared an impairment test of the carrying amount of goodwill that shows no need for impairment. The test is based on expected improvements of the Company's future revenues and earnings, and the measurement of goodwill is therefore associated with uncertainties.

Non-financial circumstances

During the financial year, Profil Optik has seen growth compared to 2016 and is thus progressing. The growth is attributable to organic growth through its own stores.

The growth has been realised in a market characterised by a strong focus on price and accompanying major marketing activities. Despite this, the Company has succeeded in creating growth through a strong focus on attractive solutions for the customers' when purchasing glasses, such as an attractive and fashionable range, value for money and a professional and customer-oriented service in the stores.

In the spring of 2017, Profil Optik Butikker A/S continued the modernisation of the stores, which was developed and launched during the 2016 financial year. Profil Optik's stores now feature a fully updated and appealing store layout that highlights the range of spectacles and sunglasses, enabling customers to virtually test Profil Optik's entire range through the Style Lab.

Management's review

In 2017, Profil Optik has, in collaboration with strategically selected suppliers, added new brands to the range of spectacle frames, making Profil Optik Butikker A/S Denmark's leading provider of eye fashion.

Additionally, Profil Optik Butikker A/S has developed a range of sports glasses to accommodate the many customers who demand spectacles that can be used while exercising, whether on elite level or just for general fitness. The range was in 2017 introduced in selected stores and will be featured in all stores in 2018.

In 2017, Profil Optik further developed its collaboration with Retinalyze with whom Profil Optik have sole representation in Denmark. The collaboration provides Profil Optik with the best basis for screening the customers' eyes towards the two most common eye diseases. The collaboration gives Profil Optik a unique market position in eye health but cannot stand alone, which is why Profil Optik always refers to a doctor for a proper diagnosis.

During the financial year, a detailed review of the Company's cost structure was carried out, and a significant efficiency improvement of operations by a cost reduction was implemented.

Overall, the improved efficiency has resulted in a reduction of the Company's costs by DKK 16,1 million, and the Company's EBITDA has improved by a total of DKK 31,6 million, which is a clear indication that the planned turnaround has been successful.

Intellectual capital resources

Performing eye testing and measurement and adjustment of glasses requires an education as an optician. Profil Optik's opticians regularly update their education through i.a. participation in trade fairs throughout the year.

In addition, a number of training activities are conducted through direct training or training through the Company's intranet on specific relevant subjects, such as product-specific courses or training in customer service. Personal sales efforts are considered to be of great importance.

Profil Optik sees great value in the Company being able to secure its managerial and organisational development through internal recruitment. This ensures that the Company's core values are well known and that the knowledge stays inside the Company which also strengthens each individual manager in Profil Optik. During the financial year, 17 students completed their education in Profil Optik

A few organisational adjustments have been made during the financial year, resulting in Tina Høyer Gaardsholt being appointed the new CEO of the Company per 1 April 2017.

Management's review

Operating risks

The current competitive market with a strong focus on price from capital chains as well as individual owned shops and opticians is considered an operating risk for 2018. The intense competition may lead to a reduction in the Company's operating profit.

However, it is the assessment that Profil Optik's strategic position has been significantly strengthened by:

- investments in the layout of the stores in 2016 and 2017
- continued improvement of the range in frames and spectacle lenses developed in cooperation with a number of suppliers
- professionally skilled staff in the stores and back office

These conditions are expected to address the consequences of the current market situation.

Financial risks

Through its operations, Profil Optik Butikker A/S is exposed to various types of financial risks. Financial risks include fluctuation in earnings and cash flow due to, for example, changes in exchange rates and interest rates, as well as customers' ability to pay.

Known financial risks are managed within the finance policy, which consists of guidelines and rules describing the risk mandate for the financial operations.

Corporate social responsibility

Corporate Social Responsibility, including impact on environment, climate and human rights policies of the Synsam Group is disclosed in the group financial statements for Synsam AB. In accordance with § 99a of the Danish Financial Statement Act, we refer to the description in the group financial statements, which can be obtained at <http://www.bolagsverket.se>.

Corporate governance

The primary owner, Synsam AB, is represented in the Board of Directors. Seven board meetings were held during the 2017 financial year, and a number of telephone meetings were also held on separate topics. Monthly accounting reports are presented and a continuous follow-up of deviations to budget or expected result is carried out. Development in sales are monitored daily.

Management's review

Target figures and policies for the under-represented gender

The Board of Directors in Profil Optik Butikker A/S consists of seven members. In 2017, the underrepresented gender represented 14% of the members of the Board of Directors elected by the annual general meeting. In relation to the board Profil Optik Butikker A/S has set a target at min. 29% female representation in the Board of Directors latest at 2022. Management has adopted a policy to maintain even gender distribution at all other management levels, including the Company's heads of department and team managers. This is obtained through strategic competency development and by prioritizing even gender distribution when recruiting. The goal is that the distribution should be no lower than 40-60; i.e. no gender representation should be lower 40% in the total management teams. During 2017 changes in the management team have resulted in a female representation of 67%. In relation to regional managers the female representation is also 67%. The above-mentioned goal is expected to be met latest by 2022.

Unexpected resignations and change of priorities in competences can lead to deviations to target.

Expectations for 2018 and the coming period

The Danish optics market is characterised by a high number of marketing campaigns leading to intensified price competition in 2018.

However, Profil Optik's continued development of the range in both frames and glass will ensure that the customers are increasingly experiencing Profil Optik as an attractive destination for purchasing glasses. This, combined with a high professional level of opticians and customer advisors in the stores, leads to the estimation that Profil Optik will be regarded as one of the preferred optical retailers in the market, especially for fashion eyewear.

In addition to the continued development of the stores' range a streamlining of the workflows in administration in Profil Optik's stores is being carried out in cooperation with the Parent Company in Sweden. This will result in significant cost savings that will reduce the Company's overall cost level.

Profil Optik Butikker A/S therefore expects a significant improvement in the Company's operations at EBITDA level based on a higher revenue level and reduced operating costs.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have a material impact on the financial position of the Company.

Accounting policies used

The annual report for Profil Optik Butikker A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Profil Optik Butikker A/S and its group enterprises are included in the consolidated annual accounts for Synsam AB, Stockholm, Sverige, reg. no 556964-0930.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Synsam AB.

Business combinations

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition, comparative figures are restated. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition, comparative figures are restated. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

The profit and loss account

Revenue

Income from the sale of goods, comprising the sale of glasses, lenses and other related products or services, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenues from subscription fees are recognised over the subscription period.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

Cost of sales include costs of the purchase of goods for resale and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investment in group enterprise is recognised in the financial year where the dividend is declared.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Rights and goodwill

Purchased rights and goodwill are measured at cost with deduction of accumulated amortisation. Intangible assets are amortised on a straight-line basis over the residual period.

Goodwill is amortised over its estimated useful life determined on the basis of the managements experience with the individual business areas. The amortisation period of 20 years is based on a strong market position and an expected long earnings profile.

Rights is amortised over 7-9 years.

Goodwill is amortised over 20 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accumulated depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

Leasehold	5-10 years
Fixtures and fittings, tools and equipment	3-5 years

Accounting policies used

The useful life and residual value are assessed annually. Changes are treated as accounting estimates and the effect on depreciation is recognised prospectively.

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Impairment of non-current assets

The carrying amount of intangible assets and tangible fixed assets is subject to annual tests for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or group of assets when there is an indication that they may be impaired. Writedown is made to the recoverable amount if this is lower than the carrying amount.

The recoverable value is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast cash flow from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Accounting policies used

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash funds

Cash funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Tax receivables from group enterprises" or "Tax payable to group enterprises"

Accounting policies used

According to the rules of joint taxation, Profil Optik Butikker A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
1 Net turnover	587.595	577.979
Other operating income	2.174	0
Cost of goods sold	-148.262	-148.276
Other external costs	-182.913	-192.581
Gross results	258.594	237.122
2 Staff costs	-236.569	-242.992
3 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-91.117	-78.741
Other operating costs	-4.673	-8.333
Operating profit	-73.765	-92.944
Other financial income	14.674	68.978
4 Other financial costs	-37.381	-93.250
Results before tax	-96.472	-117.216
5 Tax on ordinary results	12.755	17.550
6 Results for the year	-83.717	-99.666

Balance sheet 31 December

DKK in thousands.

Assets			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Fixed assets			
7	Goodwill	608.318	659.785
	Intangible fixed assets in total	608.318	659.785
8	Other plants, operating assets, and fixtures and furniture	61.765	55.433
9	Tangible assets under construction	0	2.344
10	Leasehold improvements	59.784	56.862
	Tangible fixed assets in total	121.549	114.639
11	Equity investment in group enterprise	25.063	25.063
12	Deposits	6.196	12.512
	Financial fixed assets in total	31.259	37.575
	Fixed assets in total	761.126	811.999
Current assets			
	Goods for resale	66.337	64.255
	Inventories in total	66.337	64.255
	Trade debtors	19.601	19.489
	Amounts owed by group enterprises	249.836	263.315
	Other debtors	677	1.402
13	Prepayments	8.115	4.026
	Debtors in total	278.229	288.232
	Cash funds	632	3.773
	Current assets in total	345.198	356.260
	Assets in total	1.106.324	1.168.259

Balance sheet 31 December

DKK in thousands.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
14	Share capital	10.000	10.000
	Retained earnings	75.859	159.576
	Equity in total	85.859	169.576
Provisions			
15	Provisions for deferred tax	2.379	15.136
	Provisions in total	2.379	15.136
Liabilities			
16	Leasing liabilities	1.061	1.085
17	Payables to group enterprises	706.667	693.777
	Long-term liabilities in total	707.728	694.862
	Short-term part of long-term liabilities	2.058	1.318
	Bank debts	0	4.870
	Trade creditors	55.144	56.796
	Payables to group enterprises	202.658	156.366
	Tax payables to group enterprises	0	8.456
	Other debts	44.497	54.623
18	Deferred income	6.001	6.256
	Short-term liabilities in total	310.358	288.685
	Liabilities in total	1.018.086	983.547
	Equity and liabilities in total	1.106.324	1.168.259
19	Rental agreements and leases		
20	Fee, auditor		
21	Mortgage and securities		
22	Contingencies		
23	Related parties		

Statement of changes in equity

DKK in thousands.

	<u>Share capital</u>	<u>Retained earnings</u>	<u>In total</u>
Equity 1 January 2016	10.000	119.242	129.242
Profit or loss for the year brought forward	0	-99.666	-99.666
Contribution from group enterprises	0	140.000	140.000
Equity 1 January 2017	10.000	159.576	169.576
Profit or loss for the year brought forward	0	-83.717	-83.717
	<u>10.000</u>	<u>75.859</u>	<u>85.859</u>

Notes

DKK in thousands.

1. Net turnover

The Company has one geographic and one business segment, and segment information is therefore not disclosed in the financial statements.

	<u>2017</u>	<u>2016</u>
2. Staff costs		
Salaries and wages	207.239	213.742
Pension costs	19.473	18.589
Other costs for social security	4.572	6.410
Other staff costs	<u>5.285</u>	<u>4.251</u>
	<u>236.569</u>	<u>242.992</u>
 Average number of employees	 <u>527</u>	 <u>542</u>

According to section 98B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not need disclosed.

No remuneration or bonus has been paid to the Board of Directors.

3. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets

Amortisation of goodwill	52.730	53.352
Depreciation on plants, operating assets, fixtures and furniture	35.923	23.761
Depreciation on leased assets	<u>2.464</u>	<u>1.628</u>
	<u>91.117</u>	<u>78.741</u>

4. Other financial costs

Financial costs, group enterprises	36.740	29.768
Other financial costs	<u>641</u>	<u>63.482</u>
	<u>37.381</u>	<u>93.250</u>

Notes

DKK in thousands.

	2017	2016
5. Tax on ordinary results		
Tax of the results for the year, joint taxation	0	-25
Adjustment for the year of deferred tax	-12.755	-17.525
	-12.755	-17.550
6. Proposed distribution of the results		
Allocated from retained earnings	-83.717	-99.666
Distribution in total	-83.717	-99.666
	31/12 2017	31/12 2016
7. Goodwill		
Cost 1 January 2017	1.105.529	1.112.097
Adjustment opening balance	2.327	0
Additions during the year	0	23.394
Disposals during the year	0	-29.962
Cost 31 December 2017	1.107.856	1.105.529
Amortisation and writedown 1 January 2017	-445.745	-407.536
Adjustment opening balance	-1.063	0
Amortisation for the year	-52.730	-52.331
Writedown for the year	0	-1.020
Reversal of depreciation, amortisation and writedown, assets disposed of	0	15.143
Amortisation and writedown 31 December 2017	-499.538	-445.744
Book value 31 December 2017	608.318	659.785

Management has prepared an impairment test of the carrying amount of goodwill that shows that there is no need for impairment. The test is based on an expectation of an improvement of the Company's future revenues and earnings, and the measurement of goodwill is therefore associated with uncertainty.

Notes

DKK in thousands.

	31/12 2017	31/12 2016
8. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2017	205.142	175.654
Adjustment opening balance	8.685	0
Additions during the year	33.351	34.966
Disposals during the year	-7.197	-5.478
Cost 31 December 2017	239.981	205.142
Amortisation and writedown 1 January 2017	-149.709	-136.397
Adjustment opening balance	-4.208	0
Depreciation for the year	-30.267	-18.672
Depreciation, amortisation and writedown for the year, assets disposed of	5.968	5.360
Amortisation and writedown 31 December 2017	-178.216	-149.709
Book value 31 December 2017	61.765	55.433
Finacial leased assets are included with a book value of	3.119	1.452
9. Tangible assets under construction		
Cost 1 January 2017	2.344	2.326
Additions during the year	0	2.344
Disposals during the year	-2.344	-2.326
Cost 31 December 2017	0	2.344
Book value 31 December 2017	0	2.344

Notes

DKK in thousands.

	31/12 2017	31/12 2016
10. Leasehold improvements		
Cost 1 January 2017	116.350	82.041
Additions during the year	14.485	37.681
Disposals during the year	-10.885	-3.372
Cost 31 December 2017	119.950	116.350
Depreciation and writedown 1 January 2017	-59.488	-55.647
Depreciation for the year	-8.120	-6.717
Depreciation, amortisation and writedown for the year, assets disposed of	7.442	2.876
Depreciation and writedown 31 December 2017	-60.166	-59.488
Book value 31 December 2017	59.784	56.862
11. Equity investment in group enterprise		
Acquisition sum, opening balance 1 January 2017	25.063	25.063
Book value 31 December 2017	25.063	25.063

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity	Results for the year	Book value at Profil Optik Butikker A/S
Profil Optik A/S, Hedehusene	100 %	19.494	47	25.063

12. Deposits		
Cost 1 January 2017	12.512	10.458
Additions during the year	0	2.054
Disposals during the year	-6.316	0
Cost 31 December 2017	6.196	12.512
Book value 31 December 2017	6.196	12.512

Notes

DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
13. Prepayments		
Other prepayments	<u>8.115</u>	<u>4.026</u>
	<u>8.115</u>	<u>4.026</u>

14. Share capital

The share capital consists of 10.000.100 shares, each with a nominal value of DKK 1. No shares carry any special rights.

The share capital was in 2016 increased with 100 shares, there has been no other changes in the last 5 years.

	<u>31/12 2017</u>	<u>31/12 2016</u>
15. Provisions for deferred tax		
Provisions for deferred tax 1 January 2017	15.135	32.424
Deferred tax of the results for the year	-14.050	-17.579
Adjustment of deferred tax, opening account	<u>1.294</u>	<u>291</u>
	<u>2.379</u>	<u>15.136</u>

16. Leasing liabilities

Leasing liabilities in total	3.119	2.403
Share of amount due within 1 year	<u>-2.058</u>	<u>-1.318</u>
	<u>1.061</u>	<u>1.085</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

17. Payables to group enterprises

Payables to group enterprises in total	706.667	693.777
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Payables to group enterprises in total	<u>706.667</u>	<u>693.777</u>
Share of liabilities due after 5 years	<u>706.667</u>	<u>693.777</u>

Notes

DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
18. Deferred income		
Deferred income	<u>6.001</u>	<u>6.256</u>
	<u>6.001</u>	<u>6.256</u>

19. Rental agreements and leases		
Rent and lease payments within 1 year	24.287	27.838
Rent and lease payments between 1 and 5 years	18.809	17.679
Rent and lease payments after 5 years	<u>2.426</u>	<u>3.734</u>
	<u>45.522</u>	<u>49.251</u>

20. Fee, auditor

Fee to the auditor are not disclosed pursuant to section 96 (3) of the Danish Financial Statements Act. The fee are specified in the consolidated financial statements of Synsam AB.

21. Mortgage and securities

The Company has provided its shares in subsidiaries as security for Synsam AB's loan in Nordea. The Company is jointly and severally liable for the loan for an amount equal to the equity of the Company.

22. Contingencies

Contingent assets

The company is jointly registered with the group entities Synsam Nordic A/S, Profil Optik A/S and Optical Fashion Group ApS for VAT and payroll tax and is jointly and severally liable in this respect.

Joint taxation

Synsam Nordic A/S being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

Notes

DKK in thousands.

Contingencies (continued)

Joint taxation (continued)

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

23. Related parties

Profil Optik Butikker A/S' related parties comprise the following:

Synsam Nordic A/S, Hovedgaden 451 b, 2620 Hedehusene, Denmark

Synsam Nordic A/S holds the majority of the share capital in the Company

Profil Optik Butikker A/S is part of the consolidated financial statements of Synsam AB, reg. no. 556964-0930, Box 30153, 104 25 Stockholm, Sweden, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Synsam AB can be obtained by contacting the Company.

Related party transactions

The company was chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.