Synsam Group Denmark A/S

Hovedgaden 451 b, 2640 Hedehusene

Company reg. no. 31 05 87 24

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 28 May 2019.

Per Hedblom 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 %.

The board of directors and the managing director have today presented the annual report of Synsam Group Denmark A/S for the financial year 1 January to 31 December 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Hedehusene, 28 May 2019

Managing Director

Tina Heyor Gaardsholt

Board of directors

Björn Elgar Plákan Lundstedt

Chaitman || |

Tina Hoyer Gaardsholt

Henrik Bo Göran Persson

Des Ceile Hedblere

To the shareholder of Synsam Group Denmark A/S

Opinion

We have audited the annual accounts of Synsam Group Denmark A/S for the financial year 1 January to 31 December 2018, 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 2018 and of the results of the company's operations for the financial year I January to 31 December 2018 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, 28 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab Company reg. no. 25 57 9 98

HU COCI

State Authorised Public Accountant

mne15839

Joakim Juul Larsen

State Authorised Public Accountant

mne32803

Company data

The company

Synsam Group Denmark 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.	2018	2017	2016	2015	2014
Profit and loss account:					
Net turnover	672.129	587.595	577.979	634.635	352.937
Gross profit	340.733	258.594	237.122	291.973	181.291
EBITDA	105.863	17.352	-14.204	51.875	55.626
Results from operating activities	7.789	-73.765	-92.944	-32.389	8.671
Net financials	-36.725	-22.707	-24.272	-39.650	-16.510
Results for the year	-31.760	-83.717	-99.666	-68.046	-7.764
Balance sheet:					
Total assets	1.096.815	1.106.325	1.168.259	1.085.885	1.038.850
Investments in tangible assets	11.679	47.836	74.991	36.536	29.330
Equity	54.099	85.859	169.576	129.242	208.657
Employees:					
Average number of full time employees	506	527	542	520	294
Key figures in %:					
Gross margin	50,7	44,0	41,0	46,0	51,4
Profit margin	1,2	-12,6	-16,1	-5,1	2,5
Solvency ratio	4,9	7,8	14,5	11,9	20,1
Return on equity	-45,4	-65,5	-66,7	-40,3	-3,7

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 subsideries and other group entities. The financial highlights for the year 2014 has not been adjusted to reflect the merger, and thus kept unchanged.

Financial highlights

The key figures appearing from the survey have been calculated as follows:

Gross margin

Gross results x 100
Net turnover

Profit margin (EBIT margin)

Results from primary activities (EBIT) x 100

Net turnover

Solvency ratio

Equity, closing balance x 100 Assets in total, closing balance

Return on equity

Results for the year x 100
Average equity

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization

Management's review

The principal activities

Synsam Group Denmark 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, Synsam Group Denmark 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, Synsam Group Denmark A/S also sells sunglasses and contact lenses through the Company's web shop.

Synsam Group Denmark A/S has changed name during 2018 from Profil Optik Butikker A/S. Despite the change of company name, customers will still meet the shops under the name of Profil Optik.

Financial development

The net turnover for the year is DKK 672.129 thousand against DKK 587.595 thousand last year which is an increase of 14,4 % compared to 2017. The profit before depreciation, financial items and tax (EBITDA) amounted to DKK 105.863 thousand. The EBITDA level has thus improved by DKK 88.511 thousand from 2017.

The development in sales and revenue during the financial year has turned out above expectations. Sales and revenue have showed a strong growth compared to last fiscal year. The growth in sales combined with increased efficiency has led to reduced costs which has contributed to the increased EBITDA level.

At the balance sheet date, the Company's assets amounted to DKK 1.096.815 thousand, and the equity amounted to DKK 54.099 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, Synsam Group Denmark A/S has seen a considerably growth of 14,4% compared to 2017 and is thus progressing. The growth is attributable to organic growth through its own stores.

The growth has been realized in a market characterized 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. The company offers an attractive and fashionable range, value for money and a professional and customer-oriented service in the stores.

In June 2018 Synsam Group Denmark A/S introduced a new updated version of the concept named Synsam LifestyleTM. This concept offers the customers attractive benefits that are acquired through monthly split payments when buying a minimum of 3 pair of glasses. The new launch has attained high interest from customers and lifted revenue during second half of fiscal year.

During 2018 Synsam Group has continued to develop new ranges of own brands in stylish design and with attractive prizes. Synsam Group's own brands, D. Arnesen, Oscar Eide and Fellepini, has been introduced to Danish customers by the icons Helena Christensen, Kristoffer Hivju and Icona Pop. The launch of these brands has added new dimensions to Synsam Group Denmark A/S assortments and attracted new customers.

Synsam Group Denmark A/S has during 2018, in collaboration with a number of strategically selected suppliers, continued to develop new solutions for the optic market. This collaboration has produced new features to both lenses and contact lenses.

Synsam Group Denmark A/S is continuously increasing focus on the customers' eye health. A part of that is strengthening the cooperation with Retinalyze, who continuously improves the tools for screening the customers' eyes, which helps the opticians screen the most common eye diseases. The collaboration gives Synsam Group Denmark A/S a unique market position in eye health but cannot stand alone, which is why the company 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 and the company's EBITDA has improved by a total of DKK 88,5 million, which shows that the turnaround that started during 2016 and continued in 2017 is showing great results in 2018 as well.

Intellectual capital resources

Performing eye testing and measurement and adjustment of glasses requires an education as an optician. Synsam Group Denmark's opticians regularly update their education through optic courses and i.e. 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 and webinars on specific relevant subjects, such as product-specific courses or training in customer service. Personal sales efforts are considered to be of great importance.

Synsam Group Denmark A/S sees great value in the company being able to secure its managerial and organizational 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 the company. During the financial year, 25 students completed their education in Synsam Group Denmark A/S.

Management's review

Special risks

Operating risks

The current competitive market with a strong focus on price from capital chains as well as individual owned shops and opticians are considered an operating risk for 2019. The intense competition may lead to a reduction in the company's operating profit.

However, it is the assessment that Synsam Group Denmark's strategic position has been significantly strengthened by:

- investments in the layout of the stores in the years until 2018
- continued improvement of the range in frames and spectacle lenses developed in cooperation with a number of chosen suppliers
- professionally skilled staff in the stores and back office
- introduction of updated version of the concept Lifestyle™ in June 2018

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

Financial risks

Through its operations, Synsam Group Denmark 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 (Org.nr: 556946-3358) 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

Seven board meetings were held during the 2018 financial year, and several 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.

Target figures and policies for the under-represented gender

The Board of Directors in Synsam Group Denmark A/S consists of seven members. In 2018, the underrepresented gender represented 14% of the members of the Board of Directors elected by the annual general meeting. In relation to the board Synsam Group Denmark 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% and has not been changed during 2018. In relation to regional managers the female representation is now 33%. 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 2019 and the coming period

The pro-active plan for Synsam Group Denmark A/S launched in 2016 including investments in refurbishing of shops, a significant improvement of the shops' assortment, strategic cooperation with a number of selected suppliers, targeted marketing and latest launch of LifestyleTM, has led to a significant improvement of sales and earnings in 2018.

Furthermore, Synsam Group Denmark A/S is planning to launch several CSR based activities of which the first activity Sea2See frames, based on recycled plastic, has already been introduced in Denmark with a positive response from the customers.

Overall these above-mentioned activities are predicted to give Synsam Group Denmark a market advantage in a market still characterized by price focusing and costly marketing campaigns.

In addition, streamlining of the administration workflow is being carried out throughout the stores in collaboration with the Swedish parent company.

The company is expected to have stable growth.

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.

The annual report for Synsam Group Denmark 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 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 Synsam Group Denmark A/S and its group enterprises are included in the consolidated annual accounts for Synsam AB, Stockholm, Sverige, reg. nr. 556964-3358.

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.

Changes in the accounting policies used

A new version of subscription was launched in Denmark 2018. Revenue is recognized upon delivery of the product to the customer in the new version. In the previous version the revenues from subscription fees was recognized over the subscription period.

The above changes have not resulted in an increase of the results for the year, the balance sheet total or the equity, thus the figures are unchanged for both years.

Apart from the above change, the accounting policies used are unchanged compared to last year.

Buisness 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.

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 upon delivery of the product.

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 goods sold

Cost of goods sold include costs or 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.

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. Intagible 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 and the residual value of the individual assets:

	Useful life	Residual value
Leasehold	5-10 years	0%
Fixtures and fittings, tools and equiptment	3-5 years	0%

The useful life and residual value are assessed annually. Changes are treated as accounting estimates and the effect on depreciation in 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 form 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 the 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.

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.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

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 "Receivables from group enterprises" or "Payable to group enterprises"

According to the rules of joint taxation, Synsam Group Denmark 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.

Not	<u>e</u>	2018	2017
1	Net turnover	672.129	587.595
	Other operating income	1.985	2.174
	Cost of goods sold	-174.274	-148.262
	Other external costs	-159.107	-182.913
	Gross results	340.733	258.594
2	Staff costs	-234.753	-236.569
3	Depreciation, amortisation and writedown relating to tangible		
	and intangible fixed assets	-98.075	-91.117
	Other operating costs	-116	-4.673
	Operating profit	7.789	-73.765
	Other financial income	12.883	14.674
4	Other financial costs	-49.608	-37.381
	Results before tax	-28.936	-96.472
5	Tax on ordinary results	-2.824	12.755
6	Results for the year	-31.760	-83.717

Balance sheet 31 December

DKK	in	thousands.

	Assets		
Not	e -	2018	2017
	Fixed assets		
7	Goodwill	555.599	608.318
	Intangible fixed assets in total	555.599	608.318
8	Other plants, operating assets, and fixtures and furniture	36.550	61.765
9	Leasehold improvements	51.206	59.784
	Tangible fixed assets in total	87.756	121.549
10	Equity investment in group enterprise	25.063	25.063
11	Deposits	6.717	6.196
	Financial fixed assets in total	31.780	31.259
	Fixed assets in total	675.135	761.126
	Current assets		
	Goods for resale	63.829	66.337
	Inventories in total	63.829	66.337
	Trade debtors	68.110	19.601
	Amounts owed by group enterprises	276.553	249.836
	Other debtors	444	677
12	Prepayments	11.532	8.116
	Debtors in total	356.639	278.230
	Cash funds	1.212	632
	Current assets in total	421.680	345.199
	Assets in total	1.096.815	1.106.325

Balance sheet 31 December

DKI	C in thousands.		
	Equity and liabilities		
Not	<u>te</u>	2018	2017
	Equity		
13	Share capital	10.000	10.000
	Retained earnings	44.099	75.859
	Equity in total	54.099	85.859
	Provisions		
14	Provisions for deferred tax	4.065	2.380
	Provisions in total	4.065	2.380
	Liabilities		
15	Leasing liabilities	1.388	1.061
16	Payables to group enterprises	732.084	706.667
	Long-term liabilities in total	733.472	707.728
	Short-term part of long-term liabilities	1.291	2.058
	Trade creditors	60.199	55.144
	Payables to group enterprises	197.445	202.658
	Other debts	41.980	44.497
17	Deferred income	4.264	6.001
	Short-term liabilities in total	305.179	310.358
	Liabilities in total	1.038.651	1.018.086
	Equity and liabilities in total	1.096.815	1.106.325

- 18 Rental agreements and leases
- 19 Fee, auditor
- 20 Mortgage and securities
- 21 Contingencies
- 22 Related parties

Statement of changes in equity

DKK in thousands.

	Contributed capital	Retained earnings	In total
Equity I January 2017	10.000	159.576	169.576
Profit or loss for the year brought forward	0	-83.717	-83.717
Equity 1 January 2018	10.000	75.859	85.859
Profit or loss for the year brought forward	0	-31.760	-31.760
	10.000	44.099	54.099

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.

		2018	2017
2.	Staff costs		
	Salaries and wages	204.538	207.239
	Pension costs	17.615	19.473
	Other costs for social security	6.486	4.572
	Other staff costs	6.114	5.285
		234.753	236.569
	Average number of employees	506	527

According to section 98B (3) of the Danish Financial Statements Act, renumeration 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

52.720	52.730
43.278	35.923
2.077	2.464
98.075	91.117
	43.278 2.077

4. Other financial costs

Financial costs, group enterprises	45.275	36.740
Other financial costs	4.333	641
	49.608	37.381

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DK	K in thousands.		
		2018	2017
5.	Tax on ordinary results		
	Tax of the results for the year, joint taxtation	1.152	0
	Adjustment for the year of deferred tax	1.685	-12.755
	Adjustment of tax for previous years	13	0
		2.824	-12.755
6.	Proposed distribution of the results		
		-31.760	02 717
	Disposed from retained earnings	-51.700	-83.717

7. Goodwill Cost 1 January 2018 1.107.856 1.105.529 Adjustment opening balance 2.327 Cost 31 December 2018 1.107.856 1.107.856 Amortisation and writedown 1 January 2018 -499.538 -445.745 Adjustment opening balance 0 -1.063 Amortisation for the year -52.719 -52.730 Amortisation and writedown 31 December 2018 -552.257 -499.538

Book value 31 December 2018

31/12 2018

555.599

31/12 2017

608.318

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 therefor associated with uncertainty.

Notes

DKK in thousands.

		31/12 2018	31/12 2017
8.	Other plants, operating assets, and fixtures and furniture		
	Cost 1 January 2018	239.981	205.142
	Adjustment opening balance	0	8.685
	Additions during the year	10.344	33.351
	Disposals during the year	-12.128	-7.197
	Cost 31 December 2018	238.197	239.981
	Amortisation and writedown 1 January 2018	-178.216	-149.709
	Adjustment opening balance	0	-4.208
	Depreciation for the year	-35.462	-30.267
	Depreciation, amortisation and writedown for the year, assets		
	disposed of	12.031	5.968
	Amortisation and writedown 31 December 2018	-201.647	-178.216
	Book value 31 December 2018	36.550	61.765
	Leased assets are included with a book value of	2.679	3.119
9.	Leasehold improvements		
	Cost 1 January 2018	119.950	116.350
	Additions during the year	1.335	14.485
	Disposals during the year	-2.072	-10.885
	Cost 31 December 2018	119.213	119.950
	Depreciation and writedown 1 January 2018	-60.166	-59.488
	Depreciation for the year	-9.893	-8.120
	Depreciation, amortisation and writedown for the year, assets		
	disposed of	2.052	7.442
	Depreciation and writedown 31 December 2018	-68.007	-60.166
	Book value 31 December 2018	51.206	59.784

No	tes				<u> </u>
DK	K in thousands.				
				31/12 2018	31/12 2017
10.	Equity investment in group en	terprise			
	Acquisition sum, opening balance	e 1 January 2018		25.063	25.063
	Book value 31 December 2018			25.063	25.063
	The financial highlights for the	enterprise accor	ding to the la	test approved ani	nual report
		Share of ownership	Equity	Results for the	Book value at Synsam Group Denmark A/S
	Profil Optik A/S, Hedehusene	100 %	15.395	-4.099	25.063
11.	Deposits			31/12 2018	31/12 2017
	Cost 1 January 2018			6.196	12.512
	Additions during the year			521	0
	Disposals during the year			0	-6.316
	Cost 31 December 2018			6.717	6.196
	Book value 31 December 2018			6.717	6.196
12.	Prepayments				
	Prepaid rent			5.511	3.514
	Prepaid IT-costs			946	305
	Deferred income			2.782	39
	Other prepayments			2.293	4.258

13. Share capital

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

8.116

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DK	C in thousands.		
		31/12 2018	31/12 2017
14.	Provisions for deferred tax		
	Provisions for deferred tax 1 January 2018	2.380	15.135
	Deferred tax of the results for the year	1.685	-12.755
		4.065	2.380
15.	Leasing liabilities		
	Leasing liabilities in total	2.679	3.119
	Share of amount due within 1 year	-1.291	-2.058
		1.388	1.061
	Share of liabilities due after 5 years	0	0
16.	Payables to group enterprises		
	Payables to group enterprises in total	732.084	706.667
	Share of amount due within 1 year	0	0
	Payables to group enterprises in total	732.084	706.667
	Share of liabilities due after 5 years	732.084	706.667
17.	Deferred income		
	Deferred income	4.264	6.001
		4.264	6.001
18.	Rental agreements and leases		
	Rent and lease payments within 1 year	25.951	24.287
	Rent and lease payments between 1 and 5 years	15.802	18.809
	Rent and lease payments after 5 years	507	2.426
		42.260	45.522

DKK in thousands.

19. 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.

20. Mortgage and securities

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

21. 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.

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.

22. Related parties

Synsam Group Denmark 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

Synsam Group Denmark A/S is part of the consolidated financial statements of Synsam AB, reg. no. 556964-3358, Box 30153, 104 25 Stockholm, Sweden, which is the smallest and largest group in which the Company is included as a subsidiary.

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

Notes

DKK in thousands.

Related party transactions

	2018
Intercompany sales of services	22.846
Intercompany purchase of goods	25.595
Intercompany purchase of services	54.320
	102.761

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

Payables to associates and subsidiaries are disclosed in the balance sheet/note 16, and expensed interest is disclosed in note 4.