

Rodenstock Danmark A/S
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Rodenstock Danmark A/S

Annual report 2019

The annual report was presented and adopted at the
Company's annual general meeting

on 10 July 20 20

chairman


Søren Grønbæk

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Rodenstock Danmark A/S for the financial year 1 January – 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report should be approved at the annual general meeting.

Aarhus, 23 June 2020.

Executive Board:



Thomas Grouleff



Jørgen Greve

Board of Directors:



Anders Hedegaard
Chairman



Thomas Grouleff



Peter Michael Andreas
Kleer



Independent auditor's report

To the shareholders of Rodenstock Danmark A/S

Opinion

We have audited the financial statements of Rodenstock Danmark A/S for the financial year 1 January – 31 December 2019, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

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

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



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 financial statements 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 financial statements, including the disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.



Independent auditor's report

Statement on the Management's review -

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

23 June 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Mikkel Trabjerg Knudsen'.

Mikkel Trabjerg Knudsen

State Authorised

Public Accountant

mne 34459

Management's review

Operating review

Principal activities

Rodenstock Danmark A/S' business activity is to purchase and sell ophthalmic optics to the Danish market.

Development in the year

The income statement for 2019 shows a profit of DKK 2,197,305 as against DKK 2,438,230 last year. The balance sheet shows equity of DKK 8,597,305. In line with last year, 2018 was characterized by a declining market in which Rodenstock maintained its share.

From the 1st of January IFRS 16 has been chosen as the basis of interpretation for leasing assets. Beside this the cost structure was consistent with the structure in 2018. The Company performed satisfactorily in 2019. Also in 2020, positive earnings are expected.

Subsequent events

COVID-19 broke out in 2020 and was not evident at the balance sheet at 31 December 2019. Management is of the opinion that the Company's ability to continue as going concern is not subject to any uncertainty. The COVID-19 outbreak is considered a non-adjusting subsequent event and thereby does not affect the financial reporting for the financial year end at 31 December 2019.

No other events have occurred after the balance sheet date that have an important impact on the assessment of the annual report.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2019	2018
Gross profit		16.861.367	14.730.726
Staff costs	2	-12.565.847	-11.499.207
Depreciation on leasing assets		-1.190.014	0
Depreciation on, amortisation of and impairment losses on property, plant and equipment and of intangible assets		-95.980	-59.809
Operating profit		3.009.526	3.171.710
Financial income	3	23.836	20.937
Financial expenses	4	-159.692	-30.720
Profit before tax		2.873.670	3.161.927
Tax on profit for the year		-676.365	-723.697
Profit for the year		<u>2.197.305</u>	<u>2.438.230</u>
Proposed profit appropriation			
Retained earnings		0	54.946
Proposed dividend for the year		2.197.305	2.383.284
		<u>2.197.305</u>	<u>2.438.230</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	<u>2019</u>	<u>2018</u>
ASSETS			
Non-current assets			
Intangible assets			
Software		<u>2.367</u>	<u>9.473</u>
		<u>2.367</u>	<u>9.473</u>
Property, plant and equipment			
Land and buildings	5	1.417.023	0
Fixtures and fittings, tools and equipment	5	<u>1.248.630</u>	<u>365.919</u>
		<u>2.665.653</u>	<u>365.919</u>
Investments			
Deposits		<u>369.380</u>	<u>369.380</u>
Total non-current assets		<u>3.037.400</u>	<u>744.772</u>
Current assets			
Inventories		<u>1.276.654</u>	<u>1.344.018</u>
Receivables			
Trade receivables		14.448.818	13.115.937
Receivables from group entities		1.347.295	1.102.524
Other receivables		1.441	3.051
Deferred tax assets		0	2.599
Prepayments		<u>980.459</u>	<u>527.667</u>
		<u>16.778.013</u>	<u>14.751.778</u>
Cash at bank and in hand		<u>389.077</u>	<u>1.246.200</u>
Total current assets		<u>18.443.744</u>	<u>17.341.996</u>
TOTAL ASSETS		<u>21.481.144</u>	<u>18.086.768</u>

Financial statements 1 January – 31 December

Balance sheet

DKK		<u>2019</u>	<u>2018</u>
EQUITY AND LIABILITIES	Note		
Equity			
Share capital		6.400.000	6.400.000
Proposed dividend for the year		<u>2.197.305</u>	<u>2.383.284</u>
Total equity		<u>8.597.305</u>	<u>8.783.284</u>
Provisions			
Other provisions		476.508	492.884
Provision for deferred tax		<u>95.412</u>	<u>0</u>
Total provisions		<u>571.920</u>	<u>492.884</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Leasing liabilities		<u>1.347.180</u>	<u>0</u>
Total non-current liabilities other than provisions		<u>1.347.180</u>	<u>0</u>
Current liabilities other than provisions			
Leasing liabilities		1.033.358	0
Trade payables		430.534	207.217
Payables to group entities		2.202.196	2.055.806
Current income tax		328.359	266.470
Other payables		<u>6.970.292</u>	<u>6.281.107</u>
Total current liabilities other than provisions		<u>10.964.739</u>	<u>8.810.600</u>
Total liabilities other than provisions		<u>12.311.919</u>	<u>8.810.600</u>
TOTAL EQUITY AND LIABILITIES		<u><u>21.481.144</u></u>	<u><u>18.086.768</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Proposed dividend</u>	<u>Total</u>
Balance at 1 January 2019	6.400.000	2.383.284	8.783.284
Distributed dividend		-2.383.284	-2.383.284
Transferred over the profit appropriation	<u>0</u>	<u>2.197.305</u>	<u>2.197.305</u>
Balance at 31 December 2019	<u><u>6.400.000</u></u>	<u><u>2.197.305</u></u>	<u><u>8.597.305</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Rodenstock Danmark A/S for 2019 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option from higher reporting classes.

Changes in accounting policies (IFRS 16 Leases)

With effect from 1 January 2019, the Company has chosen to use IFRS 16 Leases as the basis of interpretation for recognising and measurement of leases to which the Company is the lessee. Consequently, with effect from 1 January 2019, the Company recognises all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except from:

- Short-term leases with a maximum lease term of 12 months
- Leases for low-value assets.

For such leases, lease payments are recognised on a straight-line basis in the income statement over the lease term.

When changing its basis of interpretation, the Company has used the lessee accounting model under IFRS 16 from 1 January 2019 without restatement of comparative figures. The Company has applied the following practical expedients for right-of-use assets and lease liabilities previously accounted for as operating leases:

- Excluded initial direct costs from the measurement of the right-of-use-assets at 1 January 2019.
- At 1 January 2019, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

On 1 January 2019, not separated non-lease components from lease components, but considered them a single lease component.

Below, the operating lease liability in accordance with IAS 17 disclosed in the financial statements for 2018 has been reconciled with the lease liability recognised in the balance sheet at 1 January 2019 (date of transition):

	<u>DKK'000</u>
Operating lease liabilities disclosed at 31 December 2018	2,085
Extension options which the Company is reasonably certain to exercise	
Indexation of lease payments	668
Lease liabilities recognised at 1 January 2019	<u><u>2,753</u></u>

Profit/loss for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liabilities being almost equal to the operating lease expense.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (Continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external costs' and 'Other operating income' are aggregated into one item named "Gross profit".

Revenue

Income from the sale of goods for resale and finished goods is recognized in revenue at the date of when goods or services provided to customers at the amounts to which the Company is expected to be entitled for the provision of these goods or services.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs relating to the entity's core activities, including costs relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, et

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (Continued)

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, costs relating to finance leases, realized and unrealized gains and losses on securities, payables and transactions in foreign currencies, amortization of financial assets and liabilities as well as

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Software	5 years
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Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs directly related to the acquisition until the date on which the asset is ready for use.

Leasehold improvements and Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (Continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Land and buildings	5 years
Leasehold improvements	5 years
Fixtures and fittings, tools and equipment	3-8 years

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

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of assets

Every year, intangible assets and property, plant and equipment are tested for indications of impairment. Where there is evidence of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows.

The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must initially be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (Continued)

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value.

Write-downs are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of net realisable value and the carrying amount.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (Continued)

Provisions

Provisions comprise anticipated costs of warranty costs. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK	<u>2019</u>	<u>2018</u>
2 Staff costs		
Wages and salaries	11.207.918	10.239.857
Pensions	924.378	895.221
Other social security costs	178.601	165.492
Other staff cost	254.950	198.637
	<u>12.565.847</u>	<u>11.499.207</u>
Average number of full-time employees	<u>21</u>	<u>21</u>
3 Financial income		
Interest income from group affiliates	562	2.500
Other financial income	23.274	20.216
	<u>23.836</u>	<u>20.937</u>
4 Financial expenses		
Interest expense IFRS16 leasing assets	118.211	0
Other financial expense	41.481	30.720
	<u>159.692</u>	<u>30.720</u>

Financial statements 1 January – 31 December

Notes

5 Property, plant and equipment

DKK	Land and buildings	Fixtures and fittings, tools and equipment
Own assets		
Cost at 1 January 2019		1.659.387
Purchase		54.998
Disposals		-135.074
Cost at 31 December 2019		1.579.311
Depreciation at 1st January 2019		1.293.468
Depreciation for the year		-135.074
Reversed depreciation		88.875
Depreciation at 31 December 2019		1.247.269
Carrying amount at 31 December 2019		332.042
Leased assets		
Cost at 1 January 2019	0	0
Additions due to implementation of IFRS 16	2.125.534	627.096
Additions	0	770.995
Disposals	0	-131.445
Cost at 31 December 2019	2.125.534	1.266.646
Depreciation at 1st January 2019	0	0
Depreciation for the year	708.511	481.503
Reversed depreciation	0	-131.445
Depreciation at 31 December 2019	708.511	350.058
Carrying amount at 31 December 2019	1.417.023	916.588
Total	1.417.023	1.248.630

Financial statements 1 January – 31 December

Notes

6 Contingent assets, liabilities and other financial obligations

Contingent assets

In 2014, the Company sold a property. As part of the transaction, it was agreed with the buyer that the purchase price is to be adjusted if the buyer is granted permission by the local authorities to carry out a planned construction project. No information has been provided on local development plans, etc. rendering possible a reliable purchase price allocation since last year.

7 Mortgages and collateral

No collateral was provided for loans at 31 December 2019.

8 Related parties and ownership

Rodenstock Danmark A/S' related parties comprise the following:

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

European Optical Manufacturing S.a.r.l.

174, Route de longwy,

L1940 Luxembourg

The consolidated financial statements of European Optical Manufacturing S.a.r.l. can be obtained at the address above or on the Parent Company's website.