***Synoptik A/S***
# Annual Report for 2020

Lyskær 1

DK-2730 Herlev

CVR-nr. 62 75 62 17

The Annual Report was presented and adopted at the Annual General Meeting of the Company on
10 / 6 2021

**Chairman:**
Peter Ketelsen

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# Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Synoptik A/S for the financial year 1 January – 31 December 2020.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

# Management's Statement

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev 15 April 2021

**Executive Board**

Lars Tandrup
CEO

**Board of Directors**

Stephan Borchert
Chairman

Jørgen Kjergaard Madsen

Jesper Højberg Christensen

Andreas Sundfør Jacobsen

Ros-Marie Soo Yeun Grusén

Helle Susan Kjelsmark
Employee Representative

Ole Svejgaard
Employee Representative

Henriette Bruun Mortensen
Employee Representative

# Independent Auditor's Report

To the Shareholders of Synoptik A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Synoptik A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 15 April 2021
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR-nr. 33 77 12 31*

Steffen Kaj Pedersen
State Authorised Public Accountant
mne34357

# Company Information

| | | |
|---|---|---|
| **The Company** | Synoptik A/S<br>Lyskær 1<br>DK-2730 Herlev | |
| | Telephone: | 36 73 77 55 |
| | Homepage: | www.synoptik.dk |
| | E-mail: | info@synoptik.dk |
| | CVR No: | 62 75 62 17 |
| | Financial year: | 1 January – 31 December |
| | Municipality of reg. office: | Herlev, Denmark |
| **Board of Directors** | Stephan Borchert (Chairman)<br>Jørgen Kjergaard Madsen (Deputy Chairman)<br>Jesper Højberg Christensen<br>Andreas Sundfør Jacobsen<br>Ros-Marie Soo Yeun Grusén<br>Helle Susan Kjelsmark *)<br>Ole Svejgaard *)<br>Henriette Bruun Mortensen*)<br>*) elected by employees | |
| **Executive Board** | Lars Tandrup, CEO | |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup | |

# Review

## Main activity

In line with previous years, the Group's principal activities consisted of the sale of glasses, contact lenses, sunglasses, and other sight correction devices, including eye exams and other services.

The Group's activities are carried out in the following countries:

- Denmark
- Sweden
- Norway
- Greenland

## Development in activities and financial position

In 2020, total consolidated revenue was TDKK 2.053.039. Profit for the year before tax was TDKK 229.101 against TDKK 216.411 prior year. Profit for the year increased to TDKK 178.125 against TDKK 169.901 in 2019. Revenue was lower in 2020 than in 2019, as anticipated in our "Outlook for the 2020 financial year" in the Annual report 2019, due to Covid-19 and the lower activity. EBITDA was in "Outlook for the year 2020" expected to increase in 2020, which it did, mainly explained by tight expense control under Covid-19.

Total parent company revenue decreased to TDKK 705.087. The year's result constitutes a profit of TDKK 74.737.

## Cash flows and investments

Cash flows from operating activities represented TDKK 171.597 against TDKK 377.300 prior year, and consolidated net investments amounted to TDKK 45.191 against TDKK 82.437 prior year.

## Outlook for the 2021 financial year

## Financing

Financing from the majority shareholder or external banks has not been necessary for The Group as of 31 December 2020.

## General risks

As in previous years' retail trading in Denmark, Sweden and Norway continue to develop slowly. Private consumption may be adversely affected by Covid-19 effect. Following the economic downturn and reduced BNP, there has been a change in purchase behaviour. The Group actively strives to address these risks by strengthening its competitiveness and by holding a strong and differentiated position from that of its competitors on the relevant market and grow its market position.

# Review

## Financial risks

As a result of its representation on several foreign markets, the Group is exposed to movements in exchange rates and interest rates. According to group policy, the Group does not engage in any active speculation in financial risks. Financial management solely addresses financial risks already assumed. In 2020, the Group has entered forward foreign exchange contracts to protect against exchange rate movements related to purchase of goods in DKK, EUR and USD.

The Group's exposure to financial risks and the objectives and policies for managing those risks are described in note 23.

## Social responsibility

Business activities in the Synoptik Group are conducted in Denmark, Sweden, Norway and Greenland. The Synoptik Group wishes to conduct business in an economically and socially responsible way. Policies have not yet been made regarding the efforts.

Synoptik and GrandVision are aware of their responsibility for their customers' vision and eye health as well as the climate, the industry's general professional development, and the local communities we are in.

For the past 13 years, Synoptik A/S employees have participated in a charity work at Synoptik's vision clinic in Ghana's capital Accra, which is run in collaboration with the Danish Blind Society and the Ghana Blind Union. Here used glasses have been distributed, which are collected in Synoptik's stores across the country. However, the annual trip was cancelled in 2020 due to Covid-19. All used spectacles collected continue to be shipped to Ghana, where they help improve the vision of Ghanaians with visual impairments.

2020 has included a wealth of activities. Among other things, Synoptik A/S has improved the imprint put on the environment. With the new initiative 'Synoptik GenSyn', Synoptik collects, sorts and helps recycle plastic from used contact lens material. In line with this sustainable initiative, the product range now to a greater extent includes glasses, which are produced from sustainable materials. In all stores and at the service center, only green electricity is used. All to contribute to support the green transition and increase recycling in Denmark.

With the industry's best training program, Synoptik A/S continuously trains their employees based on the latest knowledge and research. To document the high professionalism, Synoptik is among the chains in the optical industry that offer employees the most CET points in their training program. Regardless of store and geographical location, Danes find subscription specialists, authorized opticians, and trained eyewear stylists who have one purpose: to take the Danes' vision and appearance seriously. All with high professionalism and great expertise.

In collaboration with the Synoptik Foundation, in 2020 Synoptik has raised funding for projects and research in areas where sight and eyes are involved. Among other things 'The Child's Vision', which is a

# Review

helping hand to parents who want to ensure that their children do not have visual impairments before starting school. The same collaboration with the Synoptik Foundation made it possible to distribute goggles to Danes in connection with New Year celebration in Synoptik's stores across the country - regardless of age and completely free of charge.

In the years to come and as part of the CSR activities, the Synoptik Group will focus on the six Performance Standards from International Finance Corporation under World Bank to ensure that all their suppliers live up to those standards in relation to child labour and forced labour, etc.

Synoptik is part of CSR's report on the parent company GrandVision, GrandVision's CSR statement can be found at "https://annualreport.grandvision.com".

## Gender equality

By the end of 2020, the Board of Directors elected at the general meeting in Synoptik A/S comprises 4 males and one female.

Synoptik believes that the members of the Board of Directors and other management levels should be chosen for their overall competencies. The Management recognizes the benefits of a diverse management group in respect of experience, cultural and ethnic background, education, nationality, and gender.

It is the company's policy to attract, develop and maintain qualified candidates irrespective of gender for all positions, including management positions. Women and men are invited to apply for all relevant positions. Present ratio of 60% women and 40% men on other management levels

## Subsequent events

No significant events have occurred after 31 December 2020.

# Financial Highlights of the Group

| | 2020* | 2019* | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Income statement** | | | | | |
| Revenue | 2.053.039 | 2.193.744 | 2.193.445 | 2.171.551 | 2.107.734 |
| Gross profit | 1.523.191 | 1.622.172 | 1.628.047 | 1.623.409 | 1.610.448 |
| Operating profit | 236.738 | 226.662 | 272.653 | 260.580 | 260.236 |
| Net financials | -7.637 | -10.251 | -6.619 | -5.528 | -5.866 |
| Net profit for the year | 178.125 | 169.901 | 206.722 | 198.129 | 196.633 |
| **Balance sheet** | | | | | |
| Long-term assets | 1.236.582 | 1.298.653 | 789.553 | 792.622 | 804.456 |
| Short-term assets | 1.223.011 | 838.380 | 758.585 | 641.462 | 516.114 |
| Total assets | 2.459.593 | 2.137.033 | 1.548.138 | 1.434.084 | 1.320.570 |
| Share capital | 101.186 | 101.186 | 101.186 | 101.186 | 101.186 |
| Equity | 1.383.349 | 1.199.350 | 1.129.847 | 1.014.973 | 907.608 |
| Long-term debt | 375.857 | 403.652 | 33.466 | 43.323 | 38.720 |
| Short-term debt | 700.387 | 534.030 | 384.825 | 375.788 | 374.242 |
| **Cash flow statement** | | | | | |
| Cash flows from operating activities | 171.597 | 377.300 | 122.696 | 208.729 | 143.943 |
| Cash flows to investing activities, net | -45.191 | -82.437 | -98.230 | -97.723 | -99.594 |
| Including investments in property, plant, and equipment | -39.877 | -60.467 | -91.436 | -82.481 | -70.713 |
| Cash flows from financing activities | -166.441 | -260.810 | -69.973 | -71.105 | -70.220 |
| Total cash flows | 40.035 | 34.053 | -45.507 | 39.901 | -25.871 |
| **Ratios** | | | | | |
| Profit margin | 11,5% | 10,3% | 12,4% | 12,0% | 12,3% |
| Return on assets | 12,2% | 12,3% | 19,3% | 20,2% | 23,4% |
| Gross margin | 74,2% | 73,9% | 74,2% | 74,8% | 76,4% |
| Liquidity ratio | 174,6% | 157,0% | 197,1% | 170,7% | 137,9% |
| Equity ratio | 56,2% | 56,1% | 73,0% | 70,8% | 68,7% |
| Return on equity | 14,2 | 14,6 | 19,3% | 20,6% | 23,1% |
| Average number of employees | 1.628 | 1.624 | 1.554 | 1.529 | 1.490 |

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the association of the Danish Financial Analysis.

* The Group has adopted IFRS 16 Leases as of 1 January 2019. The comparative figures for 2016 – 2018 has not been adjusted.

# Financial Highlights of the Parent Company

| | 2020 | 2019* | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Income statement** | | | | | |
| Revenue | 705.087 | 706.170 | 728.986 | 716.708 | 700.857 |
| Gross profit | 509.354 | 492.343 | 518.132 | 506.495 | 497.172 |
| Operating profit | 91.763 | 68.415 | 85.319 | 82.541 | 77.235 |
| Net financials | 2.030 | -2.245 | -4.067 | -2.433 | -1.755 |
| Net profit for the year | 74.737 | 157.866 | 169.466 | 180.424 | 171.971 |
| **Balance sheet** | | | | | |
| Non-current assets | 1.039.715 | 1.062.932 | 899.558 | 899.933 | 895.142 |
| Current assets | 741.002 | 566.245 | 470.481 | 372.511 | 255.975 |
| Total assets | 1.780.717 | 1.629.177 | 1.370.039 | 1.272.444 | 1.151.117 |
| Share capital | 101.186 | 101.186 | 101.186 | 101.186 | 101.186 |
| Equity | 1.397.383 | 1.322.646 | 1.238.079 | 1.138.613 | 1.028.189 |
| Long-term debt | 110.898 | 131.510 | 2.655 | 3.628 | 1.543 |
| Short-term debt | 272.436 | 175.021 | 129.305 | 130.203 | 121.387 |
| **Cash flow statement** | | | | | |
| Cash flows from operating activities | 26.333 | 49.265 | -14.335 | -10.465 | -32.506 |
| Cash flows to investing activities, net | -10.731 | 90.978 | 81.237 | 91.446 | 88.527 |
| Including investments in property, plant, and equipment | -10.162 | -6.852 | -21.546 | -23.216 | -19.732 |
| Cash flows from financing activities | -52.774 | -123.625 | -70.000 | -70.000 | -70.000 |
| Total cash flows | 42.808 | 16.618 | -3.098 | 10.981 | -13.979 |
| **Financial ratios** | | | | | |
| Profit margin | 13,0% | 9,7% | 11,7% | 11,5% | 11,0% |
| Return on assets | 6,1% | 4,6% | 6,6% | 13,3% | 7,3% |
| Gross margin | 72,2% | 69,7% | 71,1% | 70,7% | 70,9% |
| Liquidity ratio | 272,0% | 323,5% | 363,9% | 286,1% | 210,9% |
| Equity ratio | 78,5,2% | 81,2% | 90,4% | 89,5% | 89,3% |
| Return on equity | 5,9% | 12,3% | 14,3% | 16,7% | 17,6% |
| Average number of employees | 520 | 517 | 512 | 513 | 518 |

* The Parent Company has adopted IFRS 16 Leases as of 1 January 2019. The comparative figures for 2016 – 2018 has not been adjusted.

# Income Statement and Statement of Comprehensive Income

| | Note | Group 2020 | Group 2019 | Parent 2020 | Parent 2019 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Revenue | 3 | 2.053.039 | 2.193.744 | 705.087 | 706.170 |
| Cost of sales | | -529.848 | -571.572 | -195.733 | -213.827 |
| **Gross profit** | | **1.523.191** | **1.622.172** | **509.354** | **492.343** |
| Other external expenses | 4 | -346.276 | -385.944 | -136.545 | -129.281 |
| Staff expenses | 5 | -700.047 | -759.529 | -245.349 | -253.947 |
| Depreciation, amortization, and impairment losses | 6 | -239.823 | -247.980 | -77.916 | -79.128 |
| Other operating income | 7 | 4 | 858 | 42.310 | 39.751 |
| Other operating expenses | 8 | -311 | -2.915 | -91 | -1.323 |
| **Operating profit** | | **236.738** | **226.662** | **91.763** | **68.415** |
| Dividend from subsidiary | | 0 | 0 | 3.822 | 107.626 |
| Financial income | 9 | 6.878 | 4.062 | 3.601 | 198 |
| Financial expenses | 10 | -14.515 | -14.313 | -1.571 | -2.443 |
| **Profit before tax** | | **229.101** | **216.411** | **97.615** | **173.796** |
| Tax on profit for the year | 11 | -50.976 | -46.510 | -22.878 | -15.930 |
| **Net profit for the year** | | **178.125** | **169.901** | **74.737** | **157.866** |

# Income Statement and Statement of Comprehensive Income

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | | TDKK | TDKK | TDKK | TDKK |
| **Other comprehensive income** | | | | | |
| Items which may be reclassified to the income statement: | | | | | |
| Exchange differences, foreign enterprises | | 8.602 | -18.238 | 0 | 0 |
| Unrealized currency adjustments on cash flow hedges | | -2.728 | -3.723 | 0 | 0 |
| **Other comprehensive income after tax** | | **5.874** | **-21.961** | **0** | **0** |
| **Total comprehensive income** | | **183.999** | **147.940** | **74.737** | **157.866** |
| To be distributed as follows: | | | | | |
| Shareholders of Synoptik A/S | | 183.999 | 147.940 | | |

# Balance Sheet

## Assets

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | | TDKK | TDKK | TDKK | TDKK |
| Intangible assets | 12 | 530.384 | 528.085 | 43.619 | 44.387 |
| Property, plant, and equipment | 13 | 206.633 | 233.995 | 56.548 | 66.196 |
| Investments in subsidiaries | 14 | 0 | 0 | 763.800 | 763.800 |
| Other receivables | | 16.111 | 15.818 | 15.781 | 15.466 |
| Right-of-use assets | 13 | 483.454 | 520.755 | 159.967 | 173.083 |
| Deferred tax asset | | 0 | 0 | 3.441 | 0 |
| **Non-current assets** | | **1.236.582** | **1.298.653** | **1.043.156** | **1.062.932** |
| Inventories | 15 | 101.589 | 97.994 | 27.896 | 28.514 |
| Trade receivables | 16 | 411.883 | 210.959 | 162.537 | 74.466 |
| Receivables from group enterprises | | 635.611 | 420.345 | 535.549 | 412.336 |
| Other receivables | 17, 23 | 23.681 | 16.536 | 9.384 | 8.121 |
| Cash at bank and in hand | | 50.247 | 92.546 | 5.636 | 42.808 |
| **Current assets** | | **1.223.011** | **838.380** | **741.002** | **566.245** |
| **Total assets** | | **2.459.593** | **2.137.033** | **1.784.158** | **1.629.177** |

# Balance Sheet

## Liabilities and equity

| | Note | Group 2020 | Group 2019 | Parent 2020 | Parent 2019 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | 18 | 101.186 | 101.186 | 101.186 | 101.186 |
| Reserve for exchange adjustments | | -90.256 | -98.858 | 0 | 0 |
| Reserve for cash flow hedges | | -4.786 | -2.058 | 0 | 0 |
| Retained comprehensive income | | 1.307.205 | 1.199.080 | 1.226.197 | 1.221.460 |
| Proposed dividend | | 70.000 | 0 | 70.000 | 0 |
| **Equity** | | **1.383.349** | **1.199.350** | **1.397.383** | **1.322.646** |
| Deferred tax | 19 | 21.457 | 24.069 | 0 | 568 |
| Lease liabilities | 13 | 354.400 | 371.450 | 114.339 | 122.809 |
| Other payable | | 0 | 8.133 | 0 | 8.133 |
| **Long-term debt** | | **375.857** | **403.652** | **114.339** | **131.510** |
| Trade payables | | 87.036 | 101.223 | 40.740 | 39.404 |
| Contract liabilities | 3 | 46.697 | 8.055 | 20.568 | 2.060 |
| Lease liabilities | 13 | 140.383 | 161.409 | 52.575 | 55.744 |
| Payables to group enterprises | | 11.718 | 15.785 | 6.680 | 4.356 |
| Corporation tax | | 20.307 | 6.042 | 18.937 | -337 |
| Other payables | 23 | 394.246 | 241.516 | 132.936 | 73.794 |
| **Short-term debt** | | **700.387** | **534.030** | **272.436** | **175.021** |
| **Debt** | | **1.076.244** | **937.682** | **386.775** | **306.531** |
| **Total liabilities and equity** | | **2.459.593** | **2.137.032** | **1.784.158** | **1.629.177** |

# Balance Sheet

## Liabilities and equity

| | Note |
|---|---|
| Contingent liabilities and security | 20 |
| Change in working capital | 21 |
| Foreign exchange and interest rate risks as well as use of derivative financial instruments | 23 |
| Related parties | 24 |

# Statement of Changes in Equity

| | Groups | | | | | |
|---|---|---|---|---|---|---|
| | Share Capital | Reserve for exchange adjustments | Reserve for cash flow hedges | Retained comprehen-sive income | Proposed dividend | Total |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January 2020 | **101.186** | **-98.858** | **-2.058** | **1.199.080** | **0** | **1.199.350** |
| Net profit for the year | 0 | 0 | 0 | 108.125 | 70.000 | 178.125 |
| Unrealized currency change on cash flow hedges | 0 | 0 | -2.728 | 0 | 0 | -2.728 |
| Exchange adjustment, translation of foreign entities | 0 | 8.602 | 0 | 0 | 0 | 8.602 |
| **Total comprehensive income** | **0** | **8.602** | **-2.728** | **108.125** | **70.000** | **183.999** |
| Dividend distributed | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total transactions with owners** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Equity at 31 December 2020** | **101.186** | **-90.256** | **-4.786** | **1.307.205** | **70.000** | **1.383.349** |

# Statement of Changes in Equity

| | Groups | | | | | |
|---|---|---|---|---|---|---|
| | Share Capital | Reserve for exchange adjustments | Reserve for cash flow hedges | Retained comprehen-sive income | Proposed dividend | Total |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January 2019 | **101.186** | **-80.620** | **1.665** | **1.037.616** | **70.000** | **1.129.847** |
| Change of accounting practices | | | | -8.437 | | -8.437 |
| New equity 1 January 2019 | 101.186 | -80.620 | 1.665 | 1.029.179 | 70.000 | 1.121.410 |
| Net profit for the year | 0 | 0 | 0 | 169.901 | 0 | 169.901 |
| Unrealized currency change on cash flow hedges | 0 | 0 | -3.723 | 0 | 0 | -3.723 |
| Exchange adjustment, translation of foreign entities | 0 | -18.238 | 0 | 0 | 0 | -18.238 |
| **Total comprehensive income** | **0** | **-18.238** | **-3.723** | **169.901** | **0** | **147.940** |
| Dividend distributed | 0 | 0 | 0 | 0 | -70.000 | -70.000 |
| **Total transactions with owners** | **0** | **0** | **0** | **0** | **-70.000** | **-70.000** |
| **Equity at 31 December 2019** | **101.186** | **-98.858** | **-2.058** | **1.199.080** | **0** | **1.199.350** |

# Statement of Changes in Equity

| | Parent | | | |
|---|---|---|---|---|
| | Share capital | Retained comprehensive income | Proposed dividend | Total |
| | TDKK | TDKK | TDKK | TDKK |
| **Equity at 1 January 2020** | **101.186** | **1.221.460** | **0** | **1.322.646** |
| Net profit for the year | 0 | 4.737 | 70.000 | 74.737 |
| **Total comprehensive income** | **0** | **4.737** | **70.000** | **74.737** |
| Dividend distributed | 0 | 0 | 0 | 0 |
| **Total transactions with owners** | **0** | **0** | **0** | **0** |
| **Equity at 31 December 2020** | **101.186** | **1.226.197** | **70.000** | **1.397.383** |

# Statement of Changes in Equity

| | Parent | | | |
|---|---|---|---|---|
| | Share capital | Retained comprehensive income | Proposed dividend | Total |
| | TDKK | TDKK | TDKK | TDKK |
| **Equity at 1 January 2019** | **101.186** | **1.066.893** | **70.000** | **1.238.079** |
| Change of accounting practices | | -3.298 | | -3.298 |
| New equity 1 January 2019 | 101.186 | 1.066.893 | 70.000 | 1.238.079 |
| Net profit for the year | 0 | 157.865 | 0 | 157.865 |
| **Total comprehensive income** | **0** | **157.865** | **0** | **154.567** |
| Dividend distributed | 0 | 0 | -70.000 | -70.000 |
| **Total transactions with owners** | **0** | **0** | **-70.000** | **-70.000** |
| **Equity at 31 December 2019** | **101.186** | **1.221.460** | **0** | **1.322.646** |

# Cash Flow Statement

| | Note | Group 2020 | Group 2019 | Parent 2020 | Parent 2019 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Profit before tax | | 229.101 | 216.411 | 97.615 | 173.796 |
| Adjustment non-current operating items etc | 21 | 246.619 | 259.315 | 72.152 | -25.727 |
| **Cash flows from operating activities before change in working capital** | | **475.720** | **475.726** | **169.767** | **148.069** |
| Change in working capital | 21 | -264.964 | -31.170 | -135.737 | -71.502 |
| **Cash flows from operating activities** | | **210.756** | **444.556** | **34.030** | **76.567** |
| Interest income, paid | | 487 | 1.008 | 0 | 31 |
| Interest expenses, paid | | -822 | -1.689 | -85 | -47 |
| Cash flows from ordinary activities | | 210.421 | 443.975 | 33.945 | 76.551 |
| Corporation tax paid | | -38.824 | -66.675 | -7.612 | -27.286 |
| **Cash flows from operating activities** | | **171.597** | **377.300** | **26.333** | **49.265** |

# Cash Flow Statement

| | Note | Group 2020 | Group 2019 | Parent 2020 | Parent 2019 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Purchase of intangible assets | 12 | -5.318 | -22.828 | -4.395 | -10.654 |
| Purchase of property, plant and equipment | 13 | -39.877 | -60.467 | -10.162 | -6.852 |
| Sales of property, plant and equipment | | 4 | 858 | 4 | 858 |
| Derivates | | 282 | 877 | 0 | 0 |
| Dividend received from subsidiaries | | 0 | 0 | 3.822 | 107.626 |
| **Cash flows from investing activities** | | **-44.909** | **-81.560** | **-10.731** | **90.978** |
| Repayment of lease liabilities | | -191.687 | -191.687 | -53.625 | -53.625 |
| Dividend paid | | -70.000 | -70.000 | -70.000 | -70.000 |
| **Cash flows from financing activities** | | **-166.723** | **-261.687** | **-52.774** | **-123.625** |
| Cash flows for the year | | 40.035 | 34.053 | -37.172 | 16.618 |
| Cash and cash equivalents at 1 January | | 92.546 | 58.487 | 42.808 | 26.190 |
| Exchange adjustment of cash and cash equivalents | | -2.264 | 6 | 0 | 0 |
| **Cash and cash equivalents at 31 December** | | **50.247** | **92.546** | **5.636** | **42.808** |

# Notes

## 1 Accounting Policies

Synoptik A/S is a limited liability company resident in Denmark. The annual report for the period 1 January – 31 December 2020 comprises the consolidated financial statements of Synoptik A/S and its subsidiaries (the Group) as well as the separate annual report of the parent.

The consolidated financial statements of Synoptik A/S for 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and additional Danish disclosure requirements for annual reports prepared in accordance with the provisions applying to class C (large) enterprises, cf. the Danish Statutory Order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act.

The Board of Directors and the Executive Board has on 15 April 2021 considered and adopted the annual report for 2020. The annual report will be presented to the owners of Synoptik A/S for adoption at the ordinary general meeting on 20 May 2021.

### Basis of preparation

The annual report and the consolidated financial statements have been presented in DKK, which is also the functional currency of the parent company. All amounts are rounded to the nearest thousand.

The annual report and the consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities which are measured at fair value: derivative financial instruments used for hedge accounting.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures and is unchanged compared to last year.

### New standards and amendments

The Group has implemented the accounting standards approved by the IASB and the EU as well as minor changes thereto and the interpretations that have come into effect in the financial year 2020.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group has further elected to early-adopt amendments to IFRS 16 on Covid-19 related rent concessions. The adoption of the amendments to IFRS 16 has entitled the Group to regard rent concessions from the lessor related to Covid-19 as negative variable lease payments. Hereby rent concessions are recognized as incurred instead of determining whether the rent concession is a lease modification. The adoption had no impact on prior periods. For further information about the impact of the implementation for 2020, reference is made to note 13.

Except for the amendment to IFRS 16 on Covid-19 related rent, the amendments listed above did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. None of these standards are expected to have a significant impact to the Group.

## Description of accounting policies

### Consolidated financial statements

The consolidated financial statements comprise the parent company Synoptik A/S and subsidiaries over which Synoptik A/S has control.

The Group controls an entity where the Group is expose to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

When assessing whether the Group exercises control potential voting rights that are substantive are taken into account.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

### Business combinations

Upon acquisition of new entities in which the parent company is able to exercise control, the acquisition method is used. The acquired entity's net identifiable assets are measured at fair value at the acquisition date. Identifiable intangible assets are recognised separately if they are separable or derive from a contractual right. Deferred tax on revaluations is recognised.

Any excess of the consideration transferred over the fair value of the net identifiable assets acquired is recognised as goodwill under intangible assets. Goodwill is not amortized but is tested annually for impairment. Goodwill and fair value adjustments related to a foreign entity with a functional currency different from DKK are treated as assets and liabilities belonging to the foreign entity.

# Notes

Costs attributable to business combinations are recognised directly in the profit of the year when incurred.

**Foreign currency translation**

For each of the reporting operations in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

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

Receivables and 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 at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On consolidation of foreign subsidiaries with a functional currency that differs from the presentation currency, the income statement and statement of other comprehensive income are translated at the exchange rates at the transaction date and the balance sheets items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange rate differences arising on translation of the equity at 1 January of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised in other comprehensive income under a separate translation reserve under equity.

## Income statement

**Revenue**

Revenue from the sale of glasses, contact lenses etc. is recognised when the control of the product is transferred to the customer. Control is typically transferred at the moment of delivery of the product to the customer. As a result, the performance obligation is satisfied at a point in time. Payment is usually due when the customer picks up the product or when the product is delivered.

Revenue is measured at the transaction price excluding VAT, taxes and other amounts collected on behalf of third parties.

A contract with a customer may comprise of multiple distinct performance obligations. The total consideration under the contract is allocated to performance obligations based on stand-alone selling prices. The stand-alone selling price of products sold is determined based on the retail price. For other performance obligations, experience is used to estimate stand-alone selling prices. The timing of revenue recognition depends on the type of performance obligation.

In connection with the sale of certain products, the customer can offset a part of or the total consideration in future purchases. Such a right is considered a separate performance obligation and a contract liability is recognised as a reduction to revenue. The stand-alone selling price of that performance obligation is estimated using past experience and the likelihood of redemption. The amount of the transaction price allocated to the future discount is recognised as revenue when the discount is utilised or when it is no longer probable that the discount will be utilised.

A refund liability and a right-of-return asset is recognized for products expected to be returned. The estimate for returned products is based on historical experience and expectations, applying “the expected value” method. The right-of-return asset is assessed for any impairment.

Commission from sale of insurances is typically recognized at the commencement of each insurance policy, unless Synoptik A/S is obligated to deliver further services during the contract period. In such situations, revenue is recognized over time as the promised service is transferred to the customer.

Revenue regarding services rendered, which primarily comprises services to franchisees, is recognized on a straight-line basis over time when the performance obligations are satisfied.

If Synoptik A/S only performs procurement of an item or a service, it is evaluated whether Synoptik A/S acts as agent or principal. Where Synoptik A/S acts as an agent, revenue is recognized on a net basis.

**Other operating income and costs**

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property, plant and equipment.

**Net financing costs and expenses**

Net financing costs comprise interest income and expense, exchange rate gains and losses on transactions denominated in foreign currencies, amortization of financial assets and liabilities, interest expenses related to lease liabilities, as well as surcharges and refunds under the on-account tax scheme.

# Notes

Dividend received from investments in subsidiaries are recognised as income in the parent company income statement in the financial year in which the dividend is declared.

**Tax on profit/loss for the year**

Synoptik A/S is subject to the Danish rules on joint taxation of GrandVision's Danish companies. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense for the year is recognised in the income statement, other comprehensive income or directly in equity.

**Government grants**
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

Income from grants are recognised on a systematic basis over the periods in which the Group recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, shall be recognised in income in the period in which it becomes receivable. Government grants are deducted in reporting the related expenses.

## Balance sheet

**Intangible assets**

***Goodwill***

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortized.

The carrying amount of goodwill is tested for impairment at least once annually as further described below.

***Other intangible assets***

Other intangible asset comprising rights, customer rights, trademarks and software are measured at cost less accumulated amortizations and impairment losses. Other intangible assets are amortized over their expected useful life.

# Notes

Acquired rights concerning rental of premises are depreciated over the remaining irrevocable lease period, 4-8 years.

Acquired customer rights are amortized over the expected lifetime of 5 years.

The expected useful life of trademarks constitutes 20 years.

The expected useful life of software constitutes 1-5 years.

**Property, plant and equipment**

Land and buildings, machinery and plant and equipment, fixtures and fittings are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Subsequent costs, e.g. in connection with replacement of parts of property, plant and equipment, the carrying amount of the asset is recognised, if it is probable that the cost will result in future economic benefits for the Group. The carrying amount of the replaced parts is derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

| | |
|---|---|
| Buildings | 25-40 years |
| Plant and equipment, fixtures and fittings | 3-5 years |
| Leasehold improvements | 3-10 years |

Land is not depreciated.

The basis for depreciations considers the residual value.

Depreciation is recognised as a separate item in the income statement.

The useful lives and residual values are reassessed at least annually.

**Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

# Notes

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease liabilities are measured at present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- the exercise price of an extension option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, unless the Group is reasonably certain not to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with leases with a lease term of 12 months or less (short-term leases) and leases of low-value assets are expensed on a straight-line basis in the income statement.

The Group has elected to apply the practical expedient that applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic, when all the following conditions are met:

# Notes

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group hereby accounts for Covid-19 related rent concessions in the same way as it would if there were not lease modifications.

**Investments in subsidiaries and in the parent company financial statements**

Investments in subsidiaries and associates are measured at cost.

When there is an indication that the investment may be impaired, the recoverable amount of the asset is determined.

Cost is written down to the extent the carrying amount exceeds the recoverable amount.

Dividends from subsidiaries are recognized in the Parent Company financial statements at the date of declaration.

**Inventories**

Inventories are measured at cost in accordance with the FIFO method. Cost comprises purchase price plus delivery costs.

Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

**Receivables**

Trade receivables and receivables from group enterprises are measured at amortized cost, as these financial assets are held with the objective to collect contractual cash flows which consist of solely payments of principal and interest on the principal amount outstanding.
Trade receivables are initially recognized at the amount of consideration that is unconditional and are subsequently measured at amortized cost less allowance for lifetime expected credit losses, by applying the simplified approach.

The expected loss rates are based on historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The cost of allowances for expected credit losses and write-offs for trade receivables are

# Notes

recognized in other external expenses in the income statement.

The loss allowance on receivables from group enterprises are generally based on a 12-month expected credit loss. If credit risk increases significantly, the calculation of the expected credit loss is based on the full lifetime of the financial asset.

**Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates hedging instruments as hedges of highly probable forecast transactions in foreign currency (cash flow hedges).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in 'Reserve for cash flow hedges' in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'financial items'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast purchase that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging purchase of goods is recognised in profit or loss within 'cost of goods sold'.

The fair value of derivatives is recognized in the balance sheet within other receivables and other liabilities, respectively.

**Impairment of non-current assets**

Goodwill is subject to an annual impairment test, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill is allocated and is written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated.

The carrying amount of other non-current assets, except from deferred tax assets and financial assets, is tested annually in order to determine whether there is an indication of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected selling costs and its value in use.

# Notes

An impairment loss is recognised if the carrying amount of an asset or the net assets of a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment and amortization of goodwill is recognised in the income statement as amortization and impairment.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

**Equity**

***Proposed dividends***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

***Translation reserve***

The translation reserve in the consolidated financial statements comprise foreign exchange difference arising on translation of financial statements of foreign entities from their functional currency into the presentation currency used by the Group (DKK).

At realisation in full or in part of the net investment, the foreign exchange adjustments are recognised in the income statement.

***Reserve for cash flow hedges***

Reserve for cash flow hedges relates to cash flow hedges. The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit and loss when the associated hedged transaction affects profit or loss.

**Pension obligations**

The Group has entered into pension agreements and similar agreements with the majority of the Group's employees. All pension schemes are defined contribution plans.

Liabilities concerning defined contribution plans are included in the income statement in the period in which they are earned, and outstanding payments are included in the balance sheet as other liabilities.

# Notes

**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 base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carried forward, are recognised at the expected value of their utilisation; 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the comprehensive income for the year.

**Financial liabilities**

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalised value using the effective interest rate.

**Other liabilities**

Other liabilities are measured at net realisable value.

**Contract liabilities**

A contract liability is the obligation to transfer good or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

# Notes

### Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss adjusted for non-cash operating items, changes in working capital, interest and corporation tax paid.

### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not included as cash and cash equivalents. In the cash flow statement for the parent company, dividends from subsidiaries is presented under investing activities.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, including repayment of principal element of lease liabilities, and payment of dividends to shareholders.

### Translation policies

Cash flow in other currencies than the functional currency is recognised in an average rate of exchange unless this differ significantly from the exchange rate that approximates the actual rate at the date of the transaction.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term at the time of acquisition of three months or less which are subject to an insignificant risk of changes in value.

# Notes

### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin ratio = $$\frac{Gross\ margin\ x\ 100}{Revenue}$$

Net profit ratio = $$\frac{Operating\ profit/loss\ x\ 100}{Revenue}$$

Return on investments = $$\frac{Operating\ profit/loss\ x\ 100}{Average\ operating\ assets}$$

Current ratio = $$\frac{Current\ assets\ x\ 100}{Current\ liabilities}$$

Equity ratio = $$\frac{Equity\ x\ 100}{Total\ equity\ and\ liabilities\ at\ year\ end}$$

Return on equity = $$\frac{Net\ profit/loss\ for\ the\ year\ x\ 100}{Average\ equity}$$

# Notes

## 2 Accounting estimates and assessments

**Estimation uncertainty**

The statement of the carrying amount of certain assets and liabilities requires estimates of the effect of future events on the value of these assets and liabilities at the balance sheet date. Estimates that are material to the financial reporting are, among other things, made in connection with the statement of depreciation, amortization and impairment losses.

The estimates applied are based on assumptions which Management finds to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unexpected events or situations may occur. Moreover, the Company is subject to risks and uncertainties which may imply that actual results deviate from these estimates. Special risks that may be facing the Synoptik Group are mentioned in Management's Review, pages 9-12.

Synoptik Group has prepared an impairment test for the measurement of intangible assets, including goodwill. The impairment is based on the value in use of these assets which is stated by discounting expected future cash flows. Cash flows are derived from budgets and strategy plans for the next five years and do not include future restructurings and investments which will increase the value of the tested assets. The calculation may be significantly affected by material changes to estimates and assumptions forming the basis of the calculated values. The material assumptions relating to the impairment of goodwill and trademarks are described further in note 12.

Moreover, Management's assessments comprise continuous estimates of the expected useful lives of the assets.

**Significant judgement related to the accounting policies**

In connection with the application of the Group's accounting policies, Management makes, apart from estimates, assessments which may materially affect the amounts recognised in the Annual Report.

**Determining the lease term**

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease period is determined for the primary area covering rent and other fixed commitments for retail premises, these leases have both short and long notice periods. All rental contracts are minimum recorded for a minimum of 5 years rent, relative to the start date of the contract. If the rent is longer than 5 years, the longer notice period is used.

## Notes

The leasing period is for the secondary area which covers leasing of cars which are only included in the balance sheet in relation to the actual periods in the current contracts for car leasing.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment.

# Notes

## 3 Revenue

| | Group | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Sale of goods | 2.030.025 | 2.171.710 | 704.035 | 705.211 |
| Commission from sale of insurance | 9.657 | 7.165 | 1.052 | 959 |
| Franchise income | 13.357 | 14.869 | 0 | 0 |
| | **2.053.039** | **2.193.744** | **708.087** | **706.170** |

### Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers

| | Group | | |
|---|---|---|---|
| | 31 December 2020 | 31 December 2019 | 1 January 2019 |
| | TDKK | TDKK | TDKK |
| Trade receivables | 270.113 | 63.987 | 0 |
| Contract liabilities | 46.697 | 8.055 | 0 |

The movement in contract liabilities and trade receivables are in line with the increase in the Group's activities and the related sales, the increase in balances is primarily related to positive development in spectacle subscription sales.

For contracts with a term exceeding 12 months, the aggregated amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of 31 December 2020 is TDKK 46.697. Management expects that 63% of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 amounting to TDKK 29.740 will be recognised as revenue during 2021. Of the remaining 37%, TDKK 16.957 will be recognised in 2022.

# Notes

**Contract balances** *(continued)*

| | Parent | | |
|---|---|---|---|
| | 31 December 2020 | 31 December 2019 | 1 January 2019 |
| | TDKK | TDKK | TDKK |
| Trade Receivables | 101.369 | 12.570 | 0 |
| Contract liabilities | 20.568 | 2.060 | 0 |

As the parent company's customer contracts all have a duration of less than 12 months, the amount of the transaction price allocated to unsatisfied performance obligations has not been disclosed.

## 4 Fee to auditors appointed at the General Meeting

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Statutory audit | 1.294 | 1.253 | 811 | 669 |
| Other assurance engagements | 144 | 140 | 21 | 20 |
| Tax and VAT advisory services | 195 | 125 | 88 | 37 |
| | **1.633** | **1.518** | **920** | **726** |

# Notes

## 5 Staff expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Wages and salaries | 609.278 | 631.439 | 246.080 | 231.301 |
| Pensions (defined contribution plans) | 38.292 | 38.537 | 17.862 | 18.225 |
| Other social security expenses | 83.913 | 89.553 | 4.334 | 4.421 |
| | **731.483** | **759.529** | **268.276** | **253.947** |
| Covid-19 related government grant | -31.436 | 0 | -22.927 | 0 |
| Staff costs, net | **700.047** | **759.529** | **245.349** | **253.947** |
| **Average number of employees** | **1.628** | **1.624** | **520** | **517** |

***Average number of employees***

All grants mentioned above are regarding salary compensation for repatriated employees for retaining it, under restrictions derived from Covid-19. There are no unfulfilled commitments related to the grants.

**Key Management remuneration**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Salaries | 14.618 | 12.521 | 11.090 | 9.186 |
| Pensions | 1.241 | 1.059 | 620 | 554 |
| Other social security expenses | 614 | 644 | 38 | 17 |
| Board of Directors | 1.800 | 1.505 | 1.800 | 1.505 |
| **Remuneration to the Key Management** | **18.273** | **15.729** | **11.748** | **11.262** |

All pension plans are defined contribution plans or multiemployer plans in respect of which it is not possible to obtain any information from the insurance company (Sweden). Therefore, pension plans are treated as defined contribution plans.

The Key Management consists of the Board of Directors and the notified management and the operational management.

The remuneration to the Executive Board and Board of Directors have not been presented separately in accordance with the provisions in the Danish Financial Statements Act, § 98b, section 3.

# Notes

## 6 Depreciation, amortization and impairment losses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Amortization, intangible assets | 9.560 | 8.275 | 5.162 | 3.675 |
| Depreciation, property, plant and equipment | 67.855 | 76.371 | 19.719 | 22.153 |
| Depreciation right-of use assets | 162.408 | 163.334 | 53.035 | 53.300 |
| | **239.823** | **247.980** | **77.916** | **79.128** |

## 7 Other operating incomes

| | | | | |
|---|---|---|---|---|
| Gain on sale of property, plant and equipment and intangible assets | 4 | 858 | 5 | 859 |
| Shared service fee from subsidiaries | 0 | 0 | 42.305 | 38.892 |
| | **4** | **858** | **42.310** | **39.751** |

## 8 Other operating expenses

| | | | | |
|---|---|---|---|---|
| Loss on sale of property, plant and equipment and intangible assets | 311 | 2.915 | 91 | 1.323 |
| | **311** | **2.915** | **91** | **1.323** |

# Notes

## 9 Financial income

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Interest income from financial assets measured at amortized cost | 487 | 1.108 | 0 | 31 |
| Exchange gains and other items | 6.391 | 2.954 | 3.601 | 167 |
| | **6.878** | **4.062** | **3.601** | **198** |

## 10 Financial expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Interest expenses on financial liabilities measured at amortized cost | 9.336 | 9.682 | 1.301 | 1.614 |
| Exchange losses and other items | 5.179 | 4.631 | 270 | 829 |
| | **14.515** | **14.313** | **1.571** | **2.443** |

# Notes

## 11 Corporation tax

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Current tax for the year | -53.930 | -48.880 | -26.886 | -17.087 |
| Deferred tax for the year | 2.954 | 2.370 | 4.008 | 1.157 |
| | **-50.976** | **-46.510** | **-22.878** | **-15.930** |
| **Tax on profit for the year is calculated as follows:** | | | | |
| Calculated 22.0 % tax on profit before tax | -50.402 | -47.610 | -21.476 | -38.235 |
| Tax effect of: | | | | |
| Dividend from subsidiary | 0 | 0 | 841 | 23.678 |
| Other adjustments | -574 | 280 | -2.243 | -1.028 |
| Change of tax rate | 0 | 820 | 0 | 0 |
| | **-50.976** | **-46.510** | **-22.878** | **-15.585** |
| **Effective tax rate** | **22,3%** | **21,5%** | **23,4%** | **9,0%** |

# Notes

## 12 Intangible assets

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Goodwill | Rights | Customer rights | Trademarks | Software | Total |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2020 | 499.841 | 108.721 | 34.288 | 11.362 | 121.490 | 775.702 |
| Exchange adjustment | 7.095 | -6.533 | 106 | -702 | 0 | -33 |
| Additions | 0 | 0 | 923 | 0 | 4.395 | 5.318 |
| Cost at 31 December 2020 | 506.936 | 102.188 | 35.317 | 10.660 | 125.885 | 780.986 |
| Amortization and impairment at 1 January 2020 | 0 | 107.078 | 24.088 | 7.527 | 108.923 | 247.616 |
| Exchange adjustment | 0 | -6.493 | 63 | -454 | 0 | -6.885 |
| Transfer | 0 | 310 | 0 | 0 | 0 | 310 |
| Amortization for the year | 0 | 288 | 3.957 | 522 | 4.793 | 9.560 |
| Amortization and impairment at 31 December 2020 | 0 | 101.183 | 28.108 | 7.595 | 113.716 | 250.602 |
| **Carrying amount at 31 December 2020** | **506.936** | **1.005** | **7.209** | **3.065** | **12.169** | **530.384** |

# Notes

## 12 Intangible assets (*continued*)

| | Parent | | | |
|---|---|---|---|---|
| | Goodwill | Rights | Software | Total |
| | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2020 | 30.399 | 2.346 | 121.490 | 154.235 |
| Exchange adjustment | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 4.394 | 4.394 |
| Cost at 31 December 2020 | 30.399 | 2.346 | 125.884 | 158.629 |
| Amortization and impairment losses at 1 January 2020 | 0 | 925 | 108.923 | 109.848 |
| Amortization for the year | 0 | 369 | 4.793 | 5.162 |
| Amortization and impairment at 31 December 2020 | 0 | 1.294 | 113.716 | 115.010 |
| **Carrying amount at 31 December 2020** | **30.399** | **1.052** | **12.168** | **43.619** |

# Notes

## 12 Intangible assets *(continued)*

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Goodwill | Rights | Customer rights | Trademarks | Software | Total |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2019 | 495.284 | 107.290 | 29.558 | 11.259 | 114.286 | 757.677 |
| Exchange adjustment | -5.651 | 932 | -188 | 103 | 0 | -4.804 |
| Additions | 10.208 | 498 | 4.918 | 0 | 7.204 | 22.828 |
| Cost at 31 December 2019 | 499.841 | 108.720 | 34.288 | 11.362 | 121.490 | 775.702 |
| Amortization and impairment at 1 January 2019 | 0 | 105.465 | 20.144 | 6.897 | 105.531 | 238.037 |
| Exchange adjustment | 0 | 948 | -79 | 61 | 0 | 930 |
| Transfer | 0 | 373 | 0 | 0 | 0 | 373 |
| Amortization for the year | 0 | 292 | 4.023 | 569 | 3.392 | 8.276 |
| Amortization and impairment at 31 December 2019 | 0 | 107.078 | 24.088 | 7.527 | 108.923 | 247.616 |
| **Carrying amount at 31 December 2019** | **499.841** | **1.642** | **10.200** | **3.835** | **12.567** | **528.086** |

# Notes

## 12 Intangible assets *(continued)*

| | Parent | | | |
|---|---|---|---|---|
| | Goodwill | Rights | Software | Total |
| | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2019 | 27.984 | 1.311 | 114.286 | 143.581 |
| Additions | 2.415 | 1.035 | 7.204 | 10.654 |
| Cost at 31 December 2019 | 30.399 | 2.346 | 121.490 | 154.235 |
| Amortization and impairment losses at 1 January 2019 | 0 | 580 | 105.531 | 106.111 |
| Disposals | 0 | 62 | 0 | 62 |
| Amortization for the year | 0 | 283 | 3.392 | 3.675 |
| Amortization and impairment at 31 December 2019 | 0 | 925 | 108.923 | 109.848 |
| **Carrying amount at 31 December 2019** | **30.399** | **1.421** | **12.567** | **44.387** |

General

The Synoptik Group has carried out an impairment test of the carrying amount of goodwill. As in previous years, the impairment test has been made at 30 September 2020 based on the budgets and business plans approved by the Executive Board and the Board of Directors.

# Notes
## 12 Intangible assets (continued)

Goodwill

The carrying amount of goodwill at 31 December 2020 is allocated to cash flow generating units. The total Group's goodwill is DKK 507 million (2019: 500), Out of this is goodwill from Sweden DKK 376 million (2019: 362), for Norway DKK 95 million (2019: 102), and for Denmark 36 million in 2020 (2019: 36).

The goodwill impairment test is based on the discounted value of projected future free cash flows (value in use). The value in use is based on budgets and business plans for the next five years and projections for subsequent years (terminal value).

The most important parameters when estimating the value in use are revenue, gross profit ratio and the expected growth in the years subsequent to the budget period. The budget and future plans do not include the effect of future restructuring and similar events.

Revenue in the budget period is estimated based on the revenue in 2020 of the cash-flow generating units. Management expects to see growth in the next five years and, thus, revenue will increase in the level of 3.7% in Sweden (2019: 6,0%) and 3.4% in Norway (2019: 2,4%) and 4.7% in Denmark (2019: 3,9%).

The gross profit ratio for the budget period is estimated based on the average gross profit ratio of the Group in 2020. Management expects that in budget period the level of the gross profit ratio will remain unchanged.

The terminal value is determined with consideration to the general growth expectations in the optical industry in the individual countries. The growth rate used for the statement of the terminal value is 0% (2019: 0,0) and is not expected to exceed the long-term growth rate in the optical industry in the individual countries.

The international financial market situation has resulted in unusual fluctuations of the risk-free interest rate, particularly with respect to the short-term interest rate. The discount factor used in the impairment test is therefore determined based on expectations of the financial markets becoming stable again in the long term. The applied discount rate before tax is approx. 6.5% in Sweden (2019: 6,8), 6.1% in Norway (2019: 8,0), 6.3% in Denmark (2019: 6,1) and reflects the risk-free interest rate in the individual geographical areas with addition for risks not reflected in the cash flows.

The present value of expected future net cash flows exceeds the carrying amount of the net assets, including allocated goodwill and trademarks, of the individual cash-flow generating units by a significant margin.

Reasonable changes to significant parameters when estimating the value in use will therefore not result in any impairment of goodwill at 31 December 2020.

# Notes

## 12 Intangible assets (continued)

Based on this, it is Management's assessment that the carrying amount of goodwill does not exceed the recoverable amount.

# Notes

## 13 Property, plant and equipment

| | Group | | | |
|---|---|---|---|---|
| | Land and buildings | Other fixtures and fittings, tools and equipment | Assets in progress and prepayments for property, plant and equipment | Total |
| | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2020 | 8.545 | 1.021.054 | 1.871 | 1.031.470 |
| Exchange adjustment | 84 | -12.551 | 53 | -12.414 |
| Additions | 0 | 39.535 | 343 | 39.878 |
| Disposals | 0 | -2.043 | 0 | -2.043 |
| Cost at 31 December 2020 | 8.629 | 1.045.995 | 2.267 | 1.056.891 |
| Depreciation and impairment losses at 1 January 2020 | 1.364 | 796.111 | 0 | 797.475 |
| Exchange adjustment | -26 | -13.315 | 0 | -13.341 |
| Depreciation for the year | 126 | 67.729 | 0 | 67.855 |
| Disposals | 0 | -1.731 | 0 | -1.731 |
| Depreciation and impairment losses at 31 December 2020 | 1.464 | 848.794 | 0 | 850.258 |
| **Carrying amount at 31 December 2020** | **7.165** | **197.201** | **2.267** | **206.633** |

# Notes

## 13 Property, plant and equipment *(continued)*

| | Parent | | |
|---|---|---|---|
| | Other fixtures and fittings, tools, and equipment | Assets in progress and prepayments for property, plant and equipment | Total |
| | TDKK | TDKK | TDKK |
| Cost at 1 January 2020 | 291.738 | 1.253 | 292.991 |
| Additions | 10.162 | | 10.162 |
| Transfer | 376 | -376 | 0 |
| Disposals | -1.319 | 0 | -1.319 |
| Cost at 31 December 2020 | 300.957 | 877 | 301.834 |
| Depreciation and impairment losses at 1 January 2020 | 226.795 | 0 | 226.795 |
| Depreciation for the year | 19.719 | 0 | 19.719 |
| Disposals | -1.228 | 0 | -1.228 |
| Depreciation and impairment losses at 31 December 2020 | 245.286 | 0 | 245.286 |
| **Carrying amount at 31 December 2020** | **55.671** | **877** | **56.548** |

# Notes

## 13 Property, plant and equipment
*(continued)*

| | Group | | | |
|---|---|---|---|---|
| | Land and buildings | Other fixtures and fittings, tools and equipment | Assets in progress and prepayments for property, plant and equipment | Total |
| | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 January 2019 | 6.703 | 972.927 | 2.822 | 982.452 |
| Exchange adjustment | 3 | -1.832 | -32 | -1.861 |
| Additions | 1.839 | 59.548 | -919 | 60.468 |
| Disposals | 0 | -9.589 | 0 | -9.589 |
| Cost at 31 December 2019 | 8.545 | 1.021.054 | 1.871 | 1.031.470 |
| Depreciation and impairment losses at 1 January 2019 | 1.202 | 727.191 | 0 | 728.393 |
| Exchange adjustment | 3 | -618 | 0 | -615 |
| Depreciation for the year | 159 | 76.212 | 0 | 76.371 |
| Disposals | 0 | -6.674 | 0 | -6.674 |
| Depreciation and impairment losses at 31 December 2019 | 1.364 | 796.111 | 0 | 797.475 |
| **Carrying amount at 31 December 2019** | **7.181** | **224.943** | **1.871** | **223.995** |

# Notes

## 13 Property, plant and equipment *(continued)*

| | Parent | | |
|---|---|---|---|
| | Other fix-tures and fit-tings, tools and equip-ment | Assets in progress and pre-payments for property, plant and equipment | Total |
| | TDKK | TDKK | TDKK |
| Cost at 1 January 2019 | 290.667 | 0 | 290.667 |
| Additions | 5.599 | 1.253 | 6.852 |
| Disposals | -4.528 | 0 | -4.528 |
| Cost at 31 December 2019 | 291.738 | 1.253 | 292.991 |
| Depreciation and impairment losses at 1 January 2019 | 207.848 | 0 | 207.848 |
| Depreciation for the year | 22.153 | 0 | 22.153 |
| Disposals | -3.206 | 0 | -3.206 |
| Depreciation and impairment losses at 31 December 2019 | 226.795 | 0 | 226.795 |
| **Carrying amount at 31 December 2019** | **64.943** | **1.253** | **66.196** |

# *Notes*

## 13 Leases

The Group leases various properties and vehicles. Lease contracts for properties are typically made for periods of 2 to 6 years but may have extension options. Lease contracts for vehicles are typically made for fixed periods of 2 to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. For property leases, the Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

Extension and termination options are included in most property leases across the Group. The majority of extension and termination options held are exercisable only by the Group. However, under most property leases, the respective lessor is afforded a termination option sometime in the future of the lease. The Group uses its extension and termination options to maximize operational flexibility. As such, lease periods for attractive property leases are longer than less attractive property leases because the Group considers it more reasonably certain to remain in attractive property leases for longer.

The lease agreements do not impose any covenants or alike.

# Notes

## 13 Leases *(continued)*

Right-of-use assets

| | Group | | |
|---|---|---|---|
| | Properties | Cars | Total |
| | TDKK | TDKK | TDKK |
| Depreciations for the year | 161.147 | 1.261 | 162.408 |
| Balance 31 December 2020 | 480.586 | 2.868 | 483.454 |

The additions to right-of-use assets for the year was TDKK 123.340

Right-of-use assets

| | Parent | | |
|---|---|---|---|
| | Properties | Cars | Total |
| | TDKK | TDKK | TDKK |
| Depreciations for the year | 51.199 | 836 | 53.035 |
| Balance 31 December 2020 | 157.857 | 2.110 | 159.967 |

The additions to right-of-use assets for the year was TDKK 38.512

Right-of-use assets

| | Group | | |
|---|---|---|---|
| | Properties | Cars | Total |
| | TDKK | TDKK | TDKK |
| Depreciations for the year | 161.927 | 1.407 | 163.334 |
| Balance 31 December 2019 | 519.178 | 1.577 | 520.755 |

The additions to right-of-use assets for the year was TDKK 203.922.

# Notes

## 13 Leases *(continued)*

Right-of-use assets

| | Parent | | |
|---|---|---|---|
| | Properties | Cars | Total |
| | TDKK | TDKK | TDKK |
| Depreciations for the year | 52.689 | 612 | 53.300 |
| Balance 31 December 2019 | 172.291 | 792 | 173.083 |

The additions to right-of-use assets for the year was TDKK 81.184.

# Notes

## 13 Leases *(continued)*

Lease liabilities

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| **Lease liability recognized in the balance sheet** | | |
| Current | 140.383 | 161.409 |
| Non-current | 354.400 | 371.450 |
| | 494.783 | 532.859 |

Lease liabilities

| | Parent | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| **Lease liability recognized in the balance sheet** | | |
| Current | 52.575 | 55.744 |
| Non-current | 114.339 | 122.809 |
| | 166.914 | 178.553 |

# Notes

## 13 Leases *(continued)*

Amounts recognized in the income statement

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| Interests related to lease liabilities | 6.784 | 7.611 |
| Variable lease payments not recognized as part of the lease liability | 16.836 | 22.391 |
| Expenses related to short-term leases | 0 | 0 |
| Expenses related to leases of low value | 13 | 82 |

Amounts recognized in the income statement

| | Parent | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| Interests related to lease liabilities | 1.216 | 1.567 |
| Variable lease payments not recognized as part of the lease liability | 0 | 0 |
| Expenses related to short-term leases | 0 | 0 |
| Expenses related to leases of low value | 0 | 0 |

For 2020, the Group has paid TDKK 162,748 (2019: TDKK 165.108) related to leases.

For 2020, the Parent has paid TDKK 53.226 (2019: TDKK 53.719) related to leases.

For 2020, the Group has recognized TDKK 7.116 from applying the practical expedient in IFRS 16 on Covid-19 related lease payment concessions.

For 2020, the parent company has recognized TDKK 1.027 from applying the practical expedient in IFRS 16 on Covid-19 related lease payment concessions.

# Notes

## 14 Investments in subsidiaries

| | Parent | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| Cost at 1 January | 774.372 | 774.372 |
| Additions | 0 | 0 |
| Disposals | 0 | 0 |
| Cost at 31 December | 774.372 | 774.372 |
| Impairment losses at 1 January | -10.572 | -10.572 |
| Impairment losses at 31 December | -10.572 | -10.572 |
| **Carrying amount at 31 December** | **763.800** | **763.800** |

| **Name, reg. office** | **Ownership share 2020** | **Ownership share 2019** |
|---|---|---|
| Synoptik Nuuk ApS, G*reenland* | 100% | 100% |
| Synoptik Sweden AB, *Sweden* | 100% | 100% |
| Synoptik Norge AS, *Norway* | 100% | 100% |
| Brilleland AS, *Norway* | 100% | 100% |
| Interoptik AS, *Norway* | 100% | 100% |

# Notes

## 15 Inventories

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Goods for resale | 101.589 | 97.994 | 27.896 | 28.514 |
| Reversals for the year of write-down | 753 | 35 | 473 | 152 |

## 16 Trade receivables

| | | | | |
|---|---|---|---|---|
| Changes in the provision for bad debts appear as follows: | | | | |
| At 1 January | 17.989 | 14.504 | 12.735 | 10.991 |
| Provision during the year | 3.816 | 3.650 | 3.414 | 1.753 |
| Losses realised in the year | -733 | -165 | 279 | 0 |
| Reversal for the year | -279 | -0 | --279 | -9 |
| **At 31 December** | **20.793** | **17.989** | **16.149** | **12.735** |

The Group has no receivables that fall due to payment after one year after year end.

Trade receivables comprise in all material respects receivables from public and private business customers, credit card companies and receivables from contact lenses subscription with a low credit risk.

There are no significant overdue receivables at 31 December 2020 or at 31 December 2019.

The Group has no significant receivables which are subject to individual impairment at 31 December 2020 or 31 December 2019.

# Notes

## 16 Trade receivables *(continued)*

–

| | Current | Past due up to 3 months | Past due between 3 and 6 months | Past due over 6 months | Total |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Group** | | | | | |
| At 31 December 2020 | | | | | |
| Expected loss rate | 0,1% | 9,9% | 44,5% | 95,6% | 4,4% |
| Gross carrying amount | 399.311 | 11.099 | 4.437 | 16.050 | 430.897 |
| Loss allowance | 591 | 1.098 | 1.975 | 15.350 | 19.014 |
| **Parent** | | | | | |
| At 31 December 2020 | | | | | |
| Expected loss rate | 0,2% | 100,0% | 100,0% | 100,0% | 9,0% |
| Gross carrying amount | 162.825 | 1.077 | 2.401 | 12.383 | 178.686 |
| Loss allowance | 288 | 1.077 | 2.401 | 12.383 | 16.149 |
| **Group** | | | | | |
| At 31 December 2019 | | | | | |
| Expected loss rate | 0,1% | 25,8% | 58,4% | 98,2% | 7,9% |
| Gross carrying amount | 200.164 | 12.012 | 4.622 | 12.150 | 228.948 |
| Loss allowance | 257 | 3.099 | 2.700 | 11.933 | 17.989 |
| **Parent** | | | | | |
| At 31 December 2019 | | | | | |
| Expected loss rate | 0,5% | 100,0% | 100,0% | 100,0% | 14,6% |
| Gross carrying amount | 74.867 | 1.622 | 2.068 | 8.644 | 87.201 |
| Loss allowance | 401 | 1.622 | 2.068 | 8.644 | 12.735 |

# Notes

## 17 Other receivables

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Other prepayments | 7.364 | 8.843 | 2.858 | 3.949 |
| | 7.364 | 8.843 | 2.858 | 3.949 |

# Notes

## 18 Share capital

| | Number of shares | | Nominal value | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | Stk. | Stk. | TDKK | TDKK |
| At 1 January | 101.186.063 | 101.186.063 | 101.186 | 101.186 |
| At 31 December | 101.186.063 | 101.186.063 | 101.186 | 101.186 |

The share capital consists of 101,186,063 shares of a nominal value of DKK 1. No shares carry any special rights.
All shares are fully paid.

**Proposed distribution of profit**

| | Parent | |
|---|---|---|
| | 2020 | 2019 |
| | TDKK | TDKK |
| Proposed dividend | 70.000 | 0 |
| Retained earnings | 4.737 | 157.865 |
| Net profit of the year | 74.737 | 157.865 |
| | DKK | DKK |
| Proposed dividend per share | 0,69 | 0 |
| Paid-out dividend per share | 0 | 0 |

### Capital management

Due to the Company's ownership, no specific policy or target for the Company's capital management has been laid down.

# Notes

## 19 Deferred tax

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| The gross movement on the deferred income tax accounts appears as follows: | | | | |
| Deferred tax at 1 January, net | -24.069 | -31.113 | -568 | -2.655 |
| Exchange adjustment | -1.523 | 410 | 0 | 930 |
| Change in tax rate | 0 | 820 | 0 | 0 |
| Deferred tax for the year recognised in profit for the year | 4.135 | 5.814 | 4.009 | 1.157 |
| **Deferred tax at 31 December, net** | **-21.457** | **-24.069** | **3.441** | **-568** |
| Deferred tax is recognised in the balance sheet as follows: | | | | |
| Deferred tax asset | 0 | 0 | 0 | 0 |
| Deferred tax liability | -21.457 | -24.069 | 3.441 | -568 |
| **Deferred tax at 31 December, net** | **-21.457** | **-24.069** | **3.441** | **-568** |

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| The analysis of deferred tax assets and deferred tax liabilities is as follows: | | | | |
| Intangible assets | -45.921 | -41.740 | -6.534 | -4.505 |
| Property, plant, and equipment | 13.326 | 10.292 | 5.896 | 1.875 |
| Current assets | 882 | 833 | 0 | 0 |
| Liabilities | 10.256 | 6.546 | 4.079 | 2.062 |
| | **-21.457** | **-24.069** | **3.441** | **-568** |

# Notes

## 19 Deferred tax *(continued)*

| 2020 | Group | | | | | |
|---|---|---|---|---|---|---|
| | Deferred tax at 1 January | Change in tax rate | Exchange adjustment | Transferred accrued tax | Recognised in profit for the year | Deferred tax at 31 December |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Change in temporary differences during the year: | | | | | | |
| Intangible assets | -41.740 | 0 | -1.131 | 0 | -3.050 | -45.921 |
| Property plant and equipment | 10.292 | 0 | 542 | 0 | 2.492 | 13.326 |
| Current assets | 833 | 0 | 51 | 0 | -2 | 882 |
| Liabilities | 1.184 | 0 | 3 | 0 | 2.495 | 3.682 |
| Right-of-use assets | 115.913 | 0 | 2.717 | 0 | -6.032 | 112.598 |
| Lease liabilities | -110.551 | 0 | -3.704 | 0 | 8.231 | -106.024 |
| | -24.069 | 0 | -1.522 | 0 | 4.134 | -21.457 |

| 2020 | Parent | | | | |
|---|---|---|---|---|---|
| | Deferred tax at 1 January | Change in tax rate | Transferred accrued tax | Recognised in profit for the year | Deferred tax at 31 December |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Change in temporary differences during the year: | | | | | |
| Intangible assets | -4.505 | 0 | 0 | -2.029 | -6.534 |
| Property, plant and equipment | 1.875 | 0 | 0 | 4.021 | 5.896 |
| Current assets | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 785 | 0 | 0 | 1.735 | 2.520 |
| Right-of-use assets | 39.353 | 0 | 0 | -2.601 | 36.752 |
| Lease liabilities | -38.076 | 0 | 0 | 2.883 | -35.193 |
| | -568 | 0 | 0 | 4.009 | 3.441 |

# Notes

## 19 Deferred tax *(continued)*

| 2019 | Group | | | | | |
|---|---|---|---|---|---|---|
| | Deferred tax at 1 January | Change in tax rate | Exchange adjustment | Transferred accrued tax | Recognised in profit for the year | Deferred tax at 31 December |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Change in temporary differences during the year: | | | | | | |
| Intangible assets | -42.532 | 900 | 482 | 0 | -590 | -41.740 |
| Property plant and equipment | 8.183 | 0 | -66 | 0 | 2.175 | 10.292 |
| Current assets | 137 | 0 | -6 | 0 | 702 | 833 |
| Liabilities | 746 | -17 | 0 | 0 | 455 | 1.184 |
| Right-of-use assets | 106.206 | -1.267 | 0 | 0 | 10.974 | 115.913 |
| Lease liabilities | -103.853 | 1.205 | 0 | 0 | -7.903 | -110.551 |
| | -31.113 | 821 | 410 | 0 | 5.813 | -24.069 |

| 2019 | Parent | | | | |
|---|---|---|---|---|---|
| | Deferred tax at 1 January | Change in tax rate | Transferred accrued tax | Recognised in profit for the year | Deferred tax at 31 December |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Change in temporary differences during the year: | | | | | |
| Intangible assets | -4.030 | 0 | 0 | -475 | -4.505 |
| Property, plant and equipment | 1.215 | 0 | 0 | 660 | 1.875 |
| Current assets | -559 | 0 | 0 | 559 | 0 |
| Liabilities | 719 | 0 | 0 | 66 | 785 |
| Right-of-use assets | 34.795 | 0 | 0 | 4.558 | 39.353 |
| Lease liabilities | -33.865 | 0 | 0 | -4.211 | -38.076 |
| | -1.725 | 0 | 0 | 1.157 | -568 |

# Notes

## 20 Contingent liabilities and security

The Group is a party to a few pending lawsuits. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position except for the receivables and liabilities, which are recognised in the balance sheet at 31 December 2020.

The Parent Company has issued guarantees for subsidiaries' bank overdraft facilities amounting to DKK 18,6m. At 31 December 2020, a total of DKK 0k has been drawn.

The Company is in dialogue with the Danish authorities relating to VAT. It is Management's assessment that the Company's VAT treatment is in line with current legislation.

# Notes

## 21 Adjustments to cash flow statement

**Change in working capital**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Change in inventories | -4.324 | -4.087 | 618 | 72 |
| Change in receivables | -372.632 | -95.188 | -212.863 | -79.215 |
| Change in trade payables and other payables | 111.992 | 68.104 | 76.509 | 7.640 |
| | -264.964 | -31.170 | -135.737 | -71.502 |

**Adjustment non-current operating items etc**

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | TDKK | TDKK | TDKK | TDKK |
| Dividend received from subsidiaries | | 0 | 0 | -3.822 | -107.626 |
| Depreciation, amortization, and impairment losses | 6 | 239.823 | 247.980 | 77.916 | 79.128 |
| Other operating items, net | | 619 | 2.426 | 88 | 526 |
| Financial income | | -6.878 | -4.063 | -3.601 | -198 |
| Financial expenses | | 13.055 | 12.972 | 1.571 | 2.443 |
| | | 246.619 | 259.315 | 72.152 | 25.727 |

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments

### The Group's risk management policy

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and the interest rate level. It is the Group's policy not to speculate actively in financial risks. Thus, the Group's financial management is directed exclusively at managing financial operating and financing risks.

For further description of accounting policies and methods applied, including recognition and measurement criteria, we refer to the section Accounting Policies note 1.

### Foreign exchange risks

The Group is exposed to fluctuations in exchange rates as the individual group enterprises carry out purchase and sales transactions and have receivables and payables in currencies other than their own functional currency.

The Group's most significant foreign exchange exposure relates to operating activities as a substantial part of the individual entities' purchases take place in foreign currency. Sales transactions are primarily denominated in the entities' own functional currency.

Group companies hedge their foreign exchange rate exposure using forward contracts. The Swedish and Norwegian entities purchase goods in DKK and EUR. In order to protect against exchange rate movements, the Group has entered into forward exchange contract to purchase primarily DKK and EUR towards SEK and NOK. These contracts are hedging highly probable forecasted purchases for ensuring financial year. The contracts are timed to mature when payments for trade payables have to be made. The risk is hedged with the objective of minimizing the volatility of the Group's currency cost of highly probable forecast inventory purchases. Due the fixed exchange rate regime between DKK and EUR, the DKK/EUR exchange rate risk is not hedged, as the risk is considered insignificant.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Foreign exchange risks

The Group has the following derivatives financial instruments:

| | | | | Group | |
|---|---|---|---|---|---|
| | Currency | 2020 Principal amount | 2019 Principal amount | 2020 Fair value | 2019 Fair value |
| | | TDKK | TDKK | TDKK | TDKK |
| **Cash flow hedges** | | | | | |
| Forward foreign exchange contracts (SEK) | DKK | 46.200 | 33.600 | -1.791 | -812 |
| Forward foreign exchange contracts (SEK) | EUR | 88.398 | 66.347 | -3.478 | -1.363 |
| Forward foreign exchange contracts (NOK) | DKK | 28.188 | 17.760 | -681 | -301 |
| Forward foreign exchange contracts (NOK) | EUR | 73.784 | 60.564 | -1.784 | -838 |
| Forward foreign exchange contracts (NOK) | USD | 4.290 | 4.702 | -392 | -13 |
| | | | | -8.126 | -3.327 |

Contracts have a maximum term of 12 months.

Cash flow hedges are recognised in the balance sheet as follows:

| | | |
|---|---|---|
| Other receivables | 0 | 55 |
| Other liabilities | -8.126 | -3.382 |
| | -8.126 | -3.327 |

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Foreign exchange risks

The Group’s exposure to foreign currency risk, at the end of the reporting period, expressed in TDKK, was as follows:

| | Change in SEK and NOK | Group 2020 | Group 2019 |
|---|---|---|---|
| | | TDKK | TDKK |
| Other comprehensive income | | | |
| Cash flow hedges | + 10 % | 16.014 | 15.001 |
| Cash flow hedges | - 10 % | -32.267 | -21.655 |

The Group’s enterprises are not exposed to any significant foreign exchange risks related to their investing activities as such activities take place in the group enterprises’ own function currencies.

The Group's hedging reserve has developed as follows:

| | Group 2020 | Group 2019 |
|---|---|---|
| | TDKK | TDKK |
| **Opening 1 January** | **-2.058** | **1.665** |
| Change in fair value of hedging instrument recognised in other comprehensive income | -3.345 | -4.737 |
| Reclassified to cost of inventory – not included in other com-prehensive income | -358 | 0 |
| Tax | 975 | 1.014 |
| **Closing 31 December** | **4.786** | **-2.058** |

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Foreign exchange risks in the Group's balance sheet

| At 31 December 2020 | Expected change | Liabilities | Expected effect |
|---|---|---|---|
| | | TDKK | TDKK |
| SEK | 15 % | 0 | 0 |
| EUR | 2 % | -20.818 | -416 |
| USD | 5 % | -357 | -18 |
| | | -21.175 | -434 |
| at 31 December 2019 | | | |
| SEK | 15 % | -41 | -6 |
| EUR | 2 % | -21.505 | -430 |
| USD | 5 % | 0 | -0 |
| | | -21.546 | -436 |

At the end of 2020, an increase in the expected change in all other currencies against DKK would result in an increase in the value of the Group's financial instruments of approx. net TDKK 434 (2019: TDKK 436). A similar decrease in all other currencies against DKK would result in a decrease in the value of the Group's financial instruments with a similar opposite effect.

Moreover, the Group has an operating risk related to the development between the functional currencies of the individual group enterprises and EUR. The operation risk arises as a considerable part of the Group's purchases are made in EUR.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Foreign exchange risks in the Parent’s balance sheet

| At 31 December 2020 | Expected change | Liabilities | Expected effect |
|---|---|---|---|
| | | TDKK | TDKK |
| SEK | 15 % | 0 | 0 |
| EUR | 2 % | -8.663 | -173 |
| | | -8.663 | -173 |
| At 31 December 2019 | | | |
| SEK | 15 % | -41 | -6 |
| EUR | 2 % | -8.240 | -165 |
| | | -8.281 | -171 |

At the end of 2020, an increase in the expected change in all other currencies against DKK would result in an increase in the value of the Parent’s financial instruments of approx. net TDKK 173 (2019: TDKK 171). A similar decrease in all other currencies against DKK would result in a decrease in the value of the Parent’s financial instruments with a similar opposite effect.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Assumptions and methods

- The stated expected fluctuations are calculated based on the financial assets and liabilities recognized at 31 December.

- The calculated expected fluctuations are based on Management's assessment of reasonable changes in the individual currencies.

### Interest rate risks

As a result of its investing and financing activities, the Group is exposed to changes in the interest rate level in both Denmark and the other Scandinavian countries. The primary interest rate exposure relates to fluctuations in the EURIBOR. It is the Group's policy to hedge interest rate risks on the Group's floating-rate loans. Generally, hedging takes place through interest rate swaps under which floating-rate loans are converted into fixed-rate loans.

With respect to the Group's financial assets and liabilities carrying a floating interest rate, a decrease in the interest rate level of 1% pa compared to the rate at the balance sheet date will, all other things being equal, have a hypothetical effect on net profit for the year of DKK 0k (2019 DKK 0k).

### Assumptions and methods

- The stated expected fluctuations are calculated based on the financial assets and liabilities recognised at 31 December. Adjustment has not been made for repayments and raising of loans, etc. during 2020.

- The calculated expected fluctuations are based on the current market situation and expectations to the market development of the interest rate level.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Credit risks

The Group's credit risks relate to financial assets regarding trade receivables, receivables from group enterprises and deposits at banks.

The Group has no significant exposure toward any individual customer or business partner. The Group's policy for assuming credit risks implies that all major customers and other business partners are rated on a current basis. The credit risk related to trade receivables are further described in note [16].

On 31 December 2020, the Group has a receivable from group companies of TDKK 635.616 (31 December 2019: TDKK 420.345), which primarily consist of a cash pool receivable from the GrandVision Group. Management considers the related credit risk insignificant. The parent company's share of the receivable is TDKK 530.792 (31 December 2019: TDKK 385.450).

The Group is further  exposed to counter party credit risk from deposit with banks. To mitigate this risk, it is the Group's policy only to use banks of high quality in the countries the Group operate in.

The maximum credit risk is reflected in the values for accounting purposes of the individual financial assets included in the balance sheet.

No security has been provided for the Group's receivables.

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Liquidity risks

**The Group's debts fall due as follows:**

| 2020 | 2021 | 2022-2024 | After 2024 |
|---|---|---|---|
| **Non-derivatives** | | | |
| Lease liabilities, incl. Interest | 140.383 | 315.416 | 38.984 |
| Trade payables | 87.036 | 0 | 0 |
| Payables to group **enterprises** | 11.718 | 0 | 0 |
| **Derivatives** | | | |
| Forward foreign exchange contracts (net) | 8.126 | 0 | 0 |

| 2019 | 2020 | 2021-2023 | After 2023 |
|---|---|---|---|
| **Non-derivatives** | | | |
| Lease liabilities incl. interest | 161.409 | 158.181 | 213.270 |
| Trade liabilities | 101.223 | 0 | 0 |
| Payables to group enterprises | 15.785 | 0 | 0 |
| **Derivatives** | | | |
| Forward foreign exchange contracts (net) | 3.382 | 0 | 0 |

**The parent's debts fall due as follows:**

| 2020 | 2021 | 2022-2024 | After 2024 |
|---|---|---|---|
| **Non-derivatives** | | | |
| Lease liabilities, incl. interest | 98.311 | 56.026 | 12.577 |

| 2019 | 2020 | 2021-2023 | After 2023 |
|---|---|---|---|
| **Non-derivatives** | | | |
| Lease liabilities, incl. interest | 55.744 | 53.541 | 69.294 |

# Notes

## 22 Foreign exchange and interest rate risks as well as use of derivative financial instruments *(continued)*

### Assumptions and maturity analysis

- The maturity analysis is based on financial instruments recognized at the balance sheet date and includes interest calculated based on the current spot rate of interest.

- The maturity analysis is based on undiscounted amounts for the contractual maturities.

### Categories of financial instruments

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| **Financial assets measured at amortized cost** | | | | |
| Trade receivables | 411.883 | 210.959 | 162.537 | 74.466 |
| Receivables from group enterprises | 635.611 | 420.345 | 535.549 | 412.336 |
| Cash and cash equivalents | 52.547 | 91.546 | 5.636 | 42.808 |
| **Derivatives measured at fair value used for cash flow hedge** | | | | |
| Derivatives (liabilities) | 8.126 | 3.382 | 0 | 0 |
| **Financial liabilities measured at amortized cost** | | | | |
| Lease liabilities (current and non-current) | 494.783 | 512.859 | 166.914 | 178.553 |
| Payables to group enterprises | 11.718 | 15.785 | 6.680 | 4.356 |
| Trade payable | 87.036 | 101.223 | 40.740 | 39.404 |

The fair value of financial assets and liabilities is approximately equal to carrying amount.

Techniques for measuring fair value

### Derivative financial instruments

Forward foreign exchange contracts (level 2 in the fair value hierarchy) are measured using generally accepted valuation technics based on relevant observable exchange rates. Internally and externally calculations are used for measuring fair value based on discounted cash flow models.

# Notes

## 23 Related parties

Synoptik A/S's related parties with controlling interest comprise GrandVision N.V., The Netherlands. HAL Holding N.V., The Netherlands is the ultimate parent company of the Group.

Synoptik A/S's related parties with significant influence comprise the Synoptik Foundation and the Board of Directors, the Executive Board and senior officers of the enterprises as well as the immediate family members of these persons. Moreover, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Furthermore, related parties comprise group enterprises, cf. note 14, in which Synoptik A/S has controlling interest or significant influence. The note discloses the ownership shares of Synoptik A/S.

**Board of Directors and Executive Board**

Management remuneration is disclosed in note 5.

Group enterprises

Trading with group enterprises appears as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK |
| Sale of finished goods and goods for resale to subsidiaries | | | 12.911 | 18.675 |
| Sale of services to subsidiaries | | | 42.305 | 38.892 |
| Purchase of finished goods and goods for resale from group enterprises | 107.019 | 78.756 | 41.636 | 36.870 |
| Purchase of services from group enterprises | 31.820 | 25.650 | 9.280 | 8.530 |
| Dividend received from subsidiaries | - | - | 3.822 | 107.626 |
| Dividend paid out to immediate parent company | 0 | 70.000 | 0 | 70.000 |

| As per: | 31-12-2020 | 31-12-2019 | 31-12-2020 | 31-12-2019 |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Receivables from parent company | 635.611 | 420.345 | 530.792 | 385.450 |
| Receivables from subsidiaries | 0 | 0 | 4.757 | 26.885 |
| Payables to parent company | 1.856 | 9.333 | 1.007 | 2.979 |
| Payables to group enterprises | 9.862 | 6.450 | 5.673 | 901 |

# Notes

## 23 Related parties *(continued)*

Transactions with subsidiaries have been eliminated in the Consolidated Financial Statements in accordance with the Group's accounting policies.

Intercompany accounts comprise general trading accounts relating to the purchase and sale of goods and services, as well as intercompany cash pool accounts. Intercompany accounts carry no interest and are subject to the same terms and conditions as the Group's and the Parent Company's other customers and suppliers. Interest on intercompany cash pool accounts have in 2020 had an interest of 0,0%.

Interest on intercompany accounts is disclosed in notes 9 and 10.

Apart from the above, there have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders or other related parties in the year.

**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:

GrandVision Retail Holding B.V., Amsterdam Airport, The Netherlands
Synoptik Fonden, Copenhagen, Denmark

Synoptik A/S is included in the Consolidated Financial Statements of the ultimate Parent Company HAL Holding N.V., The Netherlands.

The Consolidated Financial Statements may be obtained by contacting the Company.

## 24 Subsequent events

No significant events have occurred after 31 December 2020.