Synoptik A/S

Annual Report for 2021

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
9/ 6 2022

Chairman

Contents

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 2021.

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 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2021.

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.

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

Herlev 20 May 2022

Executive Board

Lars Tandrup
CEO

Board of Directors

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 20xx 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 2021 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 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 skepticism 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, 20 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Steffen Kaj Pedersen
State Authorised Public Accountant
Mne34357

Company Information

The Company	Synoptik A/S Lyskær 1 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	Jørgen Kjergaard Madsen (Deputy Chairman) Jesper Højberg Christensen Andreas Sundfør Jacobsen Ros-Marie Soo Yeun Grusén Helle Susan Kjelsmark *) Ole Svejgaard *) Henriette Bruun Mortensen*) *) elected by employees	
Executive Board	Lars Tandrup, CEO	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 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. Since 2019 activities include also renting out optical spectacles and sunglasses.

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

- Denmark
- Sweden
- Norway
- Greenland

Development in activities and financial position

In 2021, total consolidated revenue was TDKK 2.366.145. Profit for the year before tax was TDKK 301.327 against TDKK 229.101 prior year. Profit for the year increased to TDKK 234.832 against TDKK 178.125 in 2020. Revenue was significantly higher in 2021 than in 2020, as anticipated in our "Outlook for the 2021 financial year" in the Annual report 2020 and has not been negatively effected by Covid-19. EBITDA increased in line vs "Outlook for the year 2021". The increase is mainly explained by the Revenue growth and strong expense control.
Total parent company revenue increased to TDKK 786.257. The year's result constitutes a profit of TDKK 117.311.

Cash flows and investments

Cash flows from operating activities represented TDKK 292.952 against TDKK 171.597 prior year, and consolidated net investments amounted to TDKK 55.787 against TDKK 44.909 prior year.

Outlook for the 2022 financial year

Net of acquisitions, we expect both Revenue and EBITDA to grow in 2022

Financing

Financing from the majority shareholder or external banks has not been necessary for The Group as of 31 December 2021.

General risks

In the previous year retail trading in Denmark, Sweden and Norway has developed positively. Private consumption has been positively affectingthe retail marked.. There are some indications that the war in Ukraine may impact this positive market momentum during 2022. Also we have seen some impact to various cost lines in the business from this extraordinary situation. The Group actively strives to address

Review

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.

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 2021, 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 22.

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. 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. Synoptik has various initiatives in place to support our ambition.

Charity: For the past 13 years, Synoptik A/S Danish 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. Similar programs are run in Sweden and Norway.

Sustainable materials: Synoptik A/S is continuing increasing the assortment of optical frames and sunglasses produced from sustainable materials.

'Synoptik GenSyn':, Synoptik collects, sorts and helps recycle plastic from used contact lens material.

Green power: In all Danish and Swedish stores and at the service center, only green electricity is used.

New Year protection glasses: Together with the Synoptik Foundation we hand out free new year protection glasses

Childrens vision: Together with the Synoptik Foundation, facilitates that children with overlooked vision problems are discovered and helped.

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With the industry's best training program, Synoptik A/S continuously train our 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 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 ultimate parent company EssilorLuxottica, Essilor Luxottica's CSR statement can be found at the link: https://www.essilorluxottica.com/sites/default/files/documents/2022-03/EssilorLuxottica%20DEU%202021_FINAL%20PDF_EN.pdf

Statement of gender composition of management

Synoptik strives for diversity in the composition of staff, management, and the board of directors regarding gender, age, level of education, origin and ability to work. The Board of Directors consists of five members elected by the general meeting, four of whom are men. It is the goal, as a minimum, to maintain the proportion of female members at the current level.

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.

Statement of data ethics

It is important for Synoptik that the company is run in an ethical manner and in accordance with the law. Security and data protection - not just limited to personal data - are an integral part of Synoptik's ethical business practices.

With regard to the handling of data, Synoptik ensures that appropriate measures have been taken to ensure ethical data processing and has implemented comprehensive protection measures to ensure the storage of data.

Synoptik has a high standard of data ethics and uses and processes only data for legitimate purposes that are in the common interest of the parties concerned. Data processing in Synoptik must never lead to any kind of discrimination or biased decisions or results.

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No matter how Synoptik collects data, we will always respect applicable data protection laws. When we share data, we demand that the recipients live up to high standards to ensure relevant data security.

Subsequent events

GrandVision and the Synoptik Foundation have entered into an agreement via Synoptik A/S to purchase Smarteyes from Mellby Gård AB. See note 24.

Financial Highlights of the Group

	2021	2020	2019*	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Income statement					
Revenue	2.366.145	2.053.039	2.193.744	2.193.445	2.171.551
Gross profit	1.793.587	1.523.191	1.622.172	1.628.047	1.623.409
Operating profit	320.787	236.738	226.662	272.653	260.580
Net financials	-19.460	-7.637	-10.251	-6.619	-5.528
Net profit for the year	241.778	178.125	169.901	206.722	198.129
Balance sheet					
Long-term assets	1.199.176	1.236.582	1.298.653	789.553	792.622
Short-term assets	1.348.367	1.223.011	838.380	758.585	641.462
Total assets	2.547.543	2.459.593	2.137.033	1.548.138	1.434.084
Share capital	101.186	101.186	101.186	101.186	101.186
Equity	1.550.053	1.383.349	1.199.350	1.129.847	1.014.973
Long-term debt	364.350	375.857	403.652	33.466	43.323
Short-term debt	633.140	700.387	534.030	384.825	375.788
Cash flow statement					
Cash flows from operating activities	292.952	171.597	377.300	122.696	208.729
Cash flows to investing activities, net	-55.787	-44.909	-82.437	-98.230	-97.723
Including investments in property, plant, and equipment	-43.145	-39.877	-60.467	-91.436	-82.481
Cash flows from financing activities	-247.820	-166.441	-260.810	-69.973	-71.105
Total cash flows	-10.655	40.035	34.053	-45.507	39.901
Ratios					
Profit margin	13,6%	11,5%	10,3%	12,4%	12,0%
Return on assets	13,2%	12,2%	12,3%	19,3%	20,2%
Gross margin	75,8%	74,2%	73,9%	74,2%	74,8%
Liquidity ratio	213,0%	174,6%	157,0%	197,1%	170,7%
Equity ratio	60,8%	56,2%	56,1%	73,0%	70,8%
Return on equity	16,0%	14,2	14,6	19,3%	20,6%
Average number of employees	1.647	1.628	1.624	1.554	1.529

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 2017 – 2018 has not been adjusted.

Income Statement and Statement of Comprehensive Income

	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
		TDKK	TDKK	TDKK	TDKK
Revenue	3	2.366.145	2.053.039	786.257	705.087
Cost of sales		-572.558	-529.848	-200.035	-195.733
Gross profit		**1.793.587**	**1.523.191**	**586.222**	**509.354**
Other external expenses	4	-429.058	-346.276	-162.991	-136.545
Staff expenses	5	-797.339	-700.047	-271.404	-245.349
Depreciation, amortization, and impairment losses	6	-245.357	-239.823	-76.727	-77.916
Other operating income	7	1	4	43.349	42.310
Other operating expenses	8	-1.047	-311	569	-91
Operating profit		**320.787**	**236.738**	**117.880**	**91.763**
Dividend from subsidiary		0	0	29.727	3.822
Financial income	9	2.352	6.878	49	3.601
Financial expenses	10	-21.812	-14.515	-3.925	-1.571
Profit before tax		**301.327**	**229.101**	**143.731**	**97.615**
Tax on profit for the year	11	-66.495	-50.976	-26.420	-22.878
Net profit for the year		**234.832**	**178.125**	**117.311**	**74.737**

Income Statement and Statement of Comprehensive Income

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Other comprehensive income					
Items which may be reclassified to the income statement:					
Exchange differences, foreign enterprises		2.328	8.602	0	0
Unrealized currency adjustments on cash flow hedges		-4.200	-2.728	0	0
Other comprehensive income after tax		**-1.872**	**5.874**	**0**	**0**
Total comprehensive income		**236.704**	**183.999**	**117.311**	**74.737**
To be distributed as follows:					
Shareholders of Synoptik A/S		236.704	183.999		

Balance Sheet

Assets

	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
		TDKK	TDKK	TDKK	TDKK
Intangible assets	12	526.408	530.384	43.685	43.619
Property, plant, and equipment	13	182.358	206.633	48.267	56.548
Investments in subsidiaries	14	0	0	763.800	763.800
Other receivables		16.243	16.111	15.897	15.781
Right-of-use assets	13	474.167	483.454	145.740	159.967
Deferred tax asset		0	0	5.879	3.441
Non-current assets		**1.199.176**	**1.236.582**	**1.023.268**	**1.043.156**
Inventories	15	99.185	101.589	29.772	27.896
Trade receivables	16	564.319	411.883	227.008	162.537
Receivables from group enterprises		596.672	635.611	480.615	535.549
Other receivables	17, 23	47.479	23.681	19.330	9.384
Cash at bank and in hand		40.442	50.247	10.876	5.636
Current assets		**1.348.367**	**1.223.011**	**767.601**	**741.002**
Total assets		**2.547.543**	**2.459.593**	**1.790.869**	**1.784.158**

Balance Sheet

Liabilities and equity

	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
		TDKK	TDKK	TDKK	TDKK
Share capital	18	101.186	101.186	101.186	101.186
Reserve for exchange adjustments		-92.584	-90.256	0	0
Reserve for cash flow hedges		-586	-4.786	0	0
Retained comprehensive income		1.516.037	1.307.205	1.317.508	1.226.197
Proposed dividend		26.000	70.000	26.000	70.000
Equity		**1.550.053**	**1.383.349**	**1.444.694**	**1.397.383**
Deferred tax	19	21.235	21.457	0	0
Lease liabilities	13	341.126	354.400	100.855	114.339
Other payable		1.989	0	766	0
Long-term debt		**364.350**	**375.857**	**101.621**	**114.339**
Trade payables		87.413	87.036	33.453	40.740
Contract liabilities	3	91.715	46.697	43.106	20.568
Lease liabilities	13	141.836	140.383	52.552	52.575
Payables to group enterprises		27.326	11.718	19.946	6.680
Corporation tax		15.281	20.307	4.688	18.937
Other payables	23	269.570	394.246	91.108	132.936
Short-term debt		**633.140**	**700.387**	**244.554**	**272.436**
Debt		**997.490**	**1.076.244**	**346.175**	**386.775**
Total liabilities and equity		**2.547.543**	**2.459.593**	**1.790.869**	**1.784.158**

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Statement of Changes in Equity

	Group					
	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 2021	**101.186**	**-90.256**	**-4.786**	**1.307.205**	**70.000**	**1.383.349**
Net profit for the year	0	0	0	208.832	26.000	234.832
Unrealized currency change on cash flow hedges	0	0	4.200	0	0	4.200
Exchange adjustment, translation of foreign entities	0	-2.328	0	0	0	-2.328
Total comprehensive income	**0**	**-2.328**	**4.200**	**208.832**	**96.000**	**236.704**
Dividend distributed	0	0	0	0	-70.000	0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**
Equity at 31 December 2021	**101.186**	**-92.584**	**-586**	**1.423.453**	**26.000**	**1.550.053**

Statement of Changes in Equity

	Group					
	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

	Parent			
	Share capital	Retained comprehensive income	Proposed dividend	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	**101.186**	**1.226.197**	**70.000**	**1.397.383**
Net profit for the year	0	91.311	26.000	117.311
Total comprehensive income	**0**	**91.311**	**96.000**	**117.311**
Dividend distributed	0	0	-70.000	-70.000
Total transactions with owners	**0**	**0**	**0**	**0**
Equity at 31 December 2021	**101.186**	**1.317.508**	**26.000**	**1.444.694**

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**

Cash Flow Statement

	Note	Group 2021	Group 2020
		TDKK	TDKK
Profit before tax		301.326	229.101
Adjustment non-current operating items etc	21	258.087	246.619
Cash flows from operating activities before change in working capital		**559.413**	**475.720**
Change in working capital	21	-193.157	-264.964
Cash flows from operating activities		**336.256**	**210.756**
Interest income, paid		81	487
Interest expenses, paid		-593	-822
Cash flows from ordinary activities		**365.744**	**210.421**
Corporation tax paid		-72.792	-38.824
Cash flows from operating activities		**292.952**	**171.597**
Purchase of intangible assets	12	-8.377	-5.318
Purchase of property, plant and equipment	13	-43.145	-39.877
Sales of property, plant and equipment		0	4
Derivates		-4.265	282
Dividend received from subsidiaries		0	0
Cash flows from investing activities		**-55.787**	**-44.909**
Repayment of lease liabilities		-177.820	-166.723
Dividend paid		-70.000	0
Cash flows from financing activities		**-247.820**	**-166.723**
Cash flows for the year		**-10.655**	**40.035**
Cash and cash equivalents at 1 January		50.247	92.546
Exchange adjustment of cash and cash equivalents		850	-2.264
Cash and cash equivalents at 31 December		**40.442**	**50.247**

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 2021 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 2021 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 26 April 2022 considered and adopted the annual report for 2021. The annual report will be presented to the owners of Synoptik A/S for adoption at the ordinary general meeting on 9 June 2022.

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.

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.

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.

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.

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.

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:

- 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 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.

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.

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.

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 differs 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.

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 7-9.

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		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Sale of goods	2.338.832	2.030.025	785.735	704.035
Commission from sale of insurance	12.014	9.657	522	1.052
Franchise income	15.299	13.357	0	0
	2.366.145	**2.053.039**	**786.257**	**705.087**

Contract balances

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

	Group		
	31 December 2021	31 December 2020	1 January 2020
	TDKK	TDKK	TDKK
Trade receivables	422.647	270.113	63.987
Contract liabilities	91.715	46.697	8.055

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 2021 is TDKK 91.715. Management expects that 77% of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 amounting to TDKK 70.333 will be recognised as revenue during 2022. Of the remaining 23%, TDKK 21.381 will be recognised in 2023.

Notes

Contract balances *(continued)*

	Parent		
	31 December 2021	31 December 2020	1 January 2020
	TDKK	TDKK	TDKK
Trade Receivables	166.631	101.369	12.570
Contract liabilities	43.106	20.568	2.060

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Statutory audit	1.084	1.294	524	811
Other assurance engagements	144	144	21	21
Tax and VAT advisory services	390	195	200	88
	1.618	**1.633**	**745**	**920**

Notes

5 Staff expenses

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	664.837	609.278	248.758	246.080
Pensions (defined contribution plans)	39.105	38.292	18.775	17.862
Other social security expenses	93.397	83.913	3.871	4.334
	797.339	**731.483**	**271.404**	**268.276**
Covid-19 related government grant	0	-31.436	0	-22.927
Staff costs, net	**797.339**	**700.047**	**271.404**	**245.349**
Average number of employees	**1.647**	**1.628**	**535**	**520**

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Salaries	28.812	14.618	17.764	11.090
Pensions	1.366	1.241	634	620
Other social security expenses	2.435	614	39	38
Board of Directors	1.800	1.800	1.800	1.800
Remuneration to the Key Management	**34.413**	**18.273**	**20.237**	**13.548**

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Amortization, intangible assets	8.219	9.560	4.928	5.162
Depreciation, property, plant and equipment	66.820	67.855	18.453	19.719
Depreciation right-of use assets	170.317	162.408	53.346	53.035
	245.357	**239.823**	**76.727**	**77.916**

7 Other operating incomes

Gain on sale of property, plant and equipment and intangible assets	1	4	2	5
Shared service fee from subsidiaries	0	0	43.347	42.305
	1	**4**	**43.349**	**42.310**

8 Other operating expenses

Loss on sale of property, plant and equipment and intangible assets	1.047	311	569	91
	1.047	**311**	**569**	**91**

Notes

9 Financial income

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Interest income from financial assets measured at amortized cost	81	487	0	0
Exchange gains and other items	2.270	6.391	49	3.601
	2.351	**6.878**	**49**	**3.601**

10 Financial expenses

Interest expenses on financial liabilities measured at amortized cost	8.094	9.336	1.005	1.301
Exchange losses and other items	6.772	5.179	2.921	270
	14.866	**14.515**	**3.926**	**1.571**

Notes

11 Corporation tax

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	-67.247	-53.930	-28.858	-26.886
Deferred tax for the year	752	2.954	2.438	4.008
	-66.495	**-50.976**	**-26.420**	**-22.878**
Tax on profit for the year is calculated as follows:				
Calculated 22.0 % tax on profit before tax	-66.292	-50.402	-30.092	-21.476
Tax effect of:				
Dividend from subsidiary	0	0	6.540	841
Other adjustments	-468	-574	-2.868	-2.244
Change of tax rate	265	0	0	0
	-66.495	**-50.976**	**-26.420**	**-22.878**
Effective tax rate	**22,1%**	**22,3%**	**19,3%**	**23,4%**

Notes

12 Intangible assets

	Group					
	Goodwill	Rights	Customer rights	Trademarks	Software	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January 2021	506.937	102.188	35.317	10.660	125.885	780.987
Exchange adjustment	-3.565	4.727	49	506	0	1.717
Additions	2.668	0	716	0	4.993	8.377
Cost at 31 December 2021	506.040	106.915	36.082	11.166	130.878	791.081
Amortization and impairment at 1 January 2021	0	101.183	28.108	7.595	113.716	250.602
Exchange adjustment	0	4.720	97	372	0	5.189
Transfer	0	289	374	0	0	663
Amortization for the year	0	240	2.873	547	4.559	8.219
Amortization and impairment at 31 December 2021	0	106.432	31.452	8.514	118.275	264.673
Carrying amount at 31 December 2021	**506.040**	**483**	**4.630**	**2.652**	**12.603**	**526.408**

Notes

12 Intangible assets (*continued*)

	Parent			
	Goodwill	Rights	Software	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January 2021	30.399	2.346	125.884	158.629
Exchange adjustment	0	0	0	0
Additions	0	0	4.993	4.993
Cost at 31 December 2021	30.399	2.346	130.878	163.623
Amortization and impairment losses at 1 January 2021	0	1.294	113.716	115.010
Amortization for the year	0	369	4.559	4.928
Amortization and impairment at 31 December 2021	0	1.663	118.275	119.938
Carrying amount at 31 December 2021	**30.399**	**683**	**12.603**	**43.685**

Notes

12 Intangible assets
(continued)

	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	-6.884
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**

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 2021 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 2021 is allocated to cash flow generating units. The total Group's goodwill is DKK 506 million (2020: 507), of this is goodwill from Sweden DKK 368 million (2020: 376), for Norway DKK 103 million (2020: 95), and for Denmark 35 million in 2021 (2020: 35).

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 or similar events.

Revenue in the budget period is estimated based on the revenue in 2021 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 (2020: 3,7%) and 3.4% in Norway (2020: 3,4%) and 4.7% in Denmark (2020: 4,7%).

The gross profit ratio for the budget period is estimated based on the average gross profit ratio of the Group in 2021. 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% (2020: 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 (2020: 6,5), 6.1% in Norway (2020: 6,1), 6.3% in Denmark (2020: 6,3) 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 2021.
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 2021	8.629	1.045.995	2.267	1.056.891
Exchange adjustment	-49	11.643	-39	11.555
Additions	0	37.158	5.987	43.145
Disposals	0	-4.795	0	-4.796
Cost at 31 December 2021	8.580	1.090.001	8.215	1.106.796
Depreciation and impairment losses at 1 January 2021	1.464	848.794	0	850.258
Exchange adjustment	19	11.089	0	11.108
Depreciation for the year	126	66.694	0	66.820
Disposals	0	-3.748	0	-3.748
Depreciation and impairment losses at 31 December 2021	1.609	922.829	0	924.438
Carrying amount at 31 December 2021	**6.971**	**167.172**	**8.215**	**182.358**

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 2021	300.957	877	301.834
Additions	5.543	5.200	10.743
Transfer	0	0	0
Disposals	-3.433	0	-3.433
Cost at 31 December 2021	303.066	6.076	309.142
Depreciation and impairment losses at 1 January 2021	245.286	0	245.286
Depreciation for the year	18.453	0	18.453
Disposals	-2.864	0	-2.864
Depreciation and impairment losses at 31 December 2021	260.875	0	260.875
Carrying amount at 31 December 2021	**42.191**	**6.076**	**48.267**

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 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 pre-payments 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 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.

Right-of-use assets

Current year

	Group		
	Properties	Cars	Total
	TDKK	TDKK	TDKK
Depreciations for the year	169.008	1.309	170.317
Balance 31 December 2021	**471.473**	**2.694**	**474.167**

The additions to right-of-use assets for the year was TDKK 153.593

Right-of-use assets

Current year

	Parent		
	Properties	Cars	Total
	TDKK	TDKK	TDKK
Depreciations for the year	52.537	809	53.346
Balance 31 December 2021	**143.874**	**1.866**	**145.740**

The additions to right-of-use assets for the year was TDKK 33.185

Notes

13 Leases (continued)

Right-of-use assets

Last year

	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

Last year

	Parent		
	Properties	Cars	Total
	TDKK	TDKK	TDKK
Depreciations for the year	51.199	836	52.035
Balance 31 December 2020	**157.857**	**2.110**	**159.967**

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

Notes

13 Leases *(continued)*

Lease liabilities

	Group 2021	Group 2020
	TDKK	TDKK
Lease liability recognized in the balance sheet		
Current	141.836	140.383
Non-current	341.126	354.400
	482.962	494.783

Lease liabilities

	Parent 2021	Parent 2020
	TDKK	TDKK
Lease liability recognized in the balance sheet		
Current	52.552	52.575
Non-current	100.855	114.339
	153.407	166.914

Notes

13 Leases *(continued)*

Amounts recognized in the income statement

	Group	
	2021	2020
	TDKK	TDKK
Interests related to lease liabilities	6.019	6.784
Variable lease payments not recognized as part of the lease liability	19.364	16.836
Expenses related to short-term leases	0	0
Expenses related to leases of low value	16	13

Amounts recognized in the income statement

	Parent	
	2021	2020
	TDKK	TDKK
Interests related to lease liabilities	949	1.216
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 2021, the Group has paid TDKK 120.257 (2020: TDKK 162.748) related to leases.

For 2021, the Parent has paid TDKK 52.557 (2020: TDKK 53.226) related to leases.

Notes

14 Investments in subsidiaries

	Parent	
	2021	2020
	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 2021**	**Ownership share 2020**
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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Goods for resale	99.185	101.589	29.772	27.896
Reversals for the year of write-down	224	753	36	473

16 Trade receivables

Changes in the provision for bad debts appear as follows:				
At 1 January	20.793	17.989	16.149	12.735
Provision during the year	12.574	3.816	8.954	3.414
Losses realised in the year	-944	-733	0	279
Reversal for the year	-455	-279	-125	-279
At 31 December	**31.968**	**20.793**	**24.978**	**16.149**

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 2021 or at 31 December 2020.

The Group has no significant receivables which are subject to individual impairment at 31 December 2021 or 31 December 2020.

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 2021					
Expected loss rate	0,1%	58,4%	87,8%	100,0%	5,3%
Gross carrying amount	562.470	3.990	5.842	23.844	596.146
Loss allowance	523	2.329	5.130	23.844	31.826
Parent					
At 31 December 2021					
Expected loss rate	0,5%	100,0%	100,0%	100,0%	10,5%
Gross carrying amount	228.202	1.688	4.631	19.234	253.755
Loss allowance	1.194	1.688	4.631	19.234	26.747
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

Notes

17 Other receivables

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Other prepayments	11.637	7.364	10.964	2.858
	11.637	7.364	10.964	2.858

Notes

18 Share capital

	Number of shares		Nominal value	
	2021	2020	2021	2020
	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	
	2021	2020
	TDKK	TDKK
Proposed dividend	26.000	70.000
Retained earnings	91.311	4.737
Net profit of the year	117.311	74.737
	DKK	DKK
Proposed dividend per share	0,26	0,69
Paid-out dividend per share	0,26	0,69

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
The gross movement on the deferred income tax accounts appears as follows:				
Deferred tax at 1 January, net	-21.457	-24.069	3.441	-568
Exchange adjustment	152	-1.523	0	0
Change in tax rate	298	0	0	0
Deferred tax for the year recognised in profit for the year	-228	4.135	2.438	4.009
Deferred tax at 31 December, net	**-21.235**	**-21.457**	**5.879**	**3.441**
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax asset	0	0	5.879	3.441
Deferred tax liability	-21.235	-21.457	0	0
Deferred tax at 31 December, net	**-21.235**	**-21.457**	**5.879**	**3.441**

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Intangible assets	-46.343	-45.921	-6.682	-6.534
Property, plant, and equipment	14.503	13.326	7.586	5.896
Current assets	902	882	0	0
Liabilities	9.703	10.256	4.975	4.079
	-21.235	**-21.457**	**5.879**	**3.441**

Notes

19 Deferred tax *(continued)*

2021	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	-45.921	260	777	0	-1.459	-46.343
Property plant and equipment	13.326	71	-372	0	1.478	14.503
Current assets	882	-	-42	0	62	902
Liabilities	3.682	-33	-18	0	-623	3.008
Right-of-use assets	112.598	-33	-2.068	0	-5.614	104.883
Lease liabilities	-106.024	33	1.874	0	5.929	-98.188
	-21.457	298	151	0	-228	-21.235

2021	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	-6.534	0	0	-148	-6.682
Property, plant and equipment	5.896	0	0	1.690	7.586
Current assets	0	0	0	-	-
Liabilities	2.520	0	0	694	3.214
Right-of-use assets	36.752	0	0	-2.928	33.824
Lease liabilities	-35.193	0	0	3.130	-32.063
	3.441	0	0	2.438	5.879

Notes

19 Deferred tax
(continued)

	Group					
2020	Deferred tax at 1 January	Change in tax rate	Exchange adjustment	Transferred accrued tax	Recog-nised 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

	Parent				
2020	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

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 2021.

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.

21 Adjustments to cash flow statement

Change in working capital

	Group	
	2021	2020
	TDKK	TDKK
Change in inventories	3.301	-4.324
Change in receivables	-129.998	-372.632
Change in trade payables and other payables	-66.460	111.992
	-193.157	-264.964

Adjustment non-current operating items etc

		Group	
	Note	2021	2020
		TDKK	TDKK
Depreciation, amortization, and impairment losses	6	245.356	239.823
Other operating items, net		1.713	619
Financial income		-2.351	-6.878
Financial expenses		13.369	13.055
		258.087	246.619

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:

	Currency	2021 Principal amount	2020 Principal amount	Group 2021 Fair value	Group 2020 Fair value
		TDKK	TDKK	TDKK	TDKK
Cash flow hedges					
Forward foreign exchange contracts (SEK)	DKK	37.200	46.200	251	-1.791
Forward foreign exchange contracts (SEK)	EUR	61.573	88.398	438	-3.478
Forward foreign exchange contracts (NOK)	DKK	31.973	28.188	-662	-681
Forward foreign exchange contracts (NOK)	EUR	58.502	73.784	-1.241	-1.784
Forward foreign exchange contracts (NOK)	USD	3.771	4.290	56	-392
				-1.158	-8.126

Contracts have a maximum term of 12 months.

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

Other receivables	773	0
Other liabilities	-1.931	-8.126
	-1.158	-8.126

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 2021	Group 2020
		TDKK	TDKK
Other comprehensive income			
Cash flow hedges	+ 10 %	18.100	16.014
Cash flow hedges	- 10 %	-20.416	-32.267

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 2021	Group 2020
	TDKK	TDKK
Opening 1 January	**-4.786**	**-2.058**
Change in fair value of hedging instrument recognised in other comprehensive income	1.759	-3.345
Reclassified to cost of inventory – not included in other com-prehensive income	3.156	-358
Tax	-715	975
Closing 31 December	**-586**	**-4.786**

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 2021	Expected change	Liabilities	Expected effect
		TDKK	TDKK
SEK	15 %	0	0
EUR	2 %	-30.737	-615
USD	5 %	-357	-18
		-31.094	-633
at 31 December 2020			
SEK	15 %	0	0
EUR	2 %	-20.818	-416
USD	5 %	-357	-18
		-21.175	-434

At the end of 2021, 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 633 (2020: TDKK 434). 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 2021	Expected change	Liabilities	Expected effect
		TDKK	TDKK
SEK	15 %	0	0
EUR	2 %	-12.818	-256
		-12.818	-256
At 31 December 2020			
SEK	15 %	0	0
EUR	2 %	-8.663	-173
		-8.663	-173

At the end of 2021, 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 256 (2020: TDKK 173). 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 (2020 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 2021.

- 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 2021, the Group has a receivable from group companies of TDKK 596.672 (31 December 2020: TDKK 635.611), 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 480.615 (31 December 2020: TDKK 535.549).

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:

Current year	2022	2023-2025	After 2025
Non-derivatives			
Lease liabilities, incl. Interest	141.836	303.602	37.524
Trade payables	87.413	0	0
Payables to group **enterprises**	27.325	0	0
Derivatives			
Forward foreign exchange contracts (net)	1.158	0	0

Last year	2021	2022-2024	After 2024
Non-derivatives			
Lease liabilities incl. interest	140.383	315.416	38.984
Trade liabilities	87.036	0	0
Payables to group enterprises	11.718	0	0
Derivatives			
Forward foreign exchange contracts (net)	8.126	0	0

The parent's debts fall due as follows:

Current year	2022	2023-2025	After 2025
Non-derivatives			
Lease liabilities, incl. interest	92.894	49.419	11.094

Last Year	2021	2022-2024	After 2024
Non-derivatives			
Lease liabilities, incl. interest	98.311	56.026	12.577

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Financial assets measured at amortized cost				
Trade receivables	564.319	411.883	227.008	162.537
Receivables from group enterprises	596.672	635.611	480.615	535.549
Cash and cash equivalents	40.442	52.547	10.876	5.636
Derivatives measured at fair value used for cash flow hedge				
Derivatives (liabilities)	1.158	8.126	0	0
Financial liabilities measured at amortized cost				
Lease liabilities (current and non-current)	482.962	494.783	153.407	166.914
Payables to group enterprises	27.325	11.718	19.647	6.680
Trade payable	87.413	87.036	33.453	40.740

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 was up until June 30 2021, the ultimate parent company of the Group. On July 1 2021 the new ultimate parent company of the Group is EssilorLuxottica S.A.

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Sale of finished goods and goods for resale to subsidiaries			13.737	12.911
Sale of services to subsidiaries			43.347	42.305
Purchase of finished goods and goods for resale from group enterprises	144.337	107.019	49.716	41.636
Purchase of services from group enterprises	53.866	31.820	19.470	9.280
Dividend received from subsidiaries	-	-	29.727	3.822
Dividend paid out to immediate parent company	70.000	0	70.000	0

As per:	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	TDKK	TDKK	TDKK	TDKK
Receivables from parent company	596.972	635.611	479.315	530.792
Receivables from subsidiaries	0	0	1.300	4.757
Payables to parent company	16.292	1.856	11.859	753
Payables to group enterprises	11.033	9.862	7.788	5.927

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 2021 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 up until June 30 2021, as of July 1 2021 the ultimate Parent Company is EssilorLuxottica S.A.

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

24 Subsequent events

Smarteyes
GrandVision and the Synoptik Foundation have entered into an agreement via Synoptik A/S to purchase Smarteyes from Mellby Gård AB. The purchase agreement requires the approval of the competition authorities.

Smarteyes was founded in 2007 and at the end of 2020 had a total of 87 stores: 12 in Denmark, 65 in Sweden and 10 in Germany. In 2020, Smarteyes had sales of SEK 622 million and more than 500 employees.

With the acquisition, Synoptik A/S will have the opportunity to take advantage of Smarteyes competencies within eyewear design in the medium / low price segment combined with a simple price model. Smarteyes thus gives Synoptik A/S the opportunity to have 2 chains in the market in the future.

Smarteyes and Synoptik will remain competitors, and no forms of integration and cooperation will take place before the approval of the competition authorities.