
CHAPTER

# Financial statements

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# Consolidated Financial Statements

## Consolidated Income Statement

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Revenue | 5 | 3,480,989 | 4,039,306 |
| Cost of sales and directly related costs | 6 | - 988,432 | - 1,109,550 |
| **Gross profit** | | 2,492,557 | 2,929,756 |
| Selling and marketing costs | 6 | - 1,807,630 | - 2,027,025 |
| General and administrative costs | 6 | - 624,385 | - 578,091 |
| Share of result of Associates and Joint Ventures | | - 950 | - 671 |
| **Operating result** | | 59,592 | 323,969 |
| Finance income | 8 | 8,719 | 3,592 |
| Finance costs | 8 | - 59,079 | - 53,013 |
| **Net financial result** | | - 50,360 | - 49,421 |
| **Result before tax** | | 9,232 | 274,548 |
| Income tax | 10 | - 53,954 | - 79,177 |
| **Result for the year** | | **- 44,722** | **195,371** |
| | | | |
| **Attributable to:** | | | |
| Equity holders | | - 66,893 | 178,483 |
| Non-controlling interests | | 22,171 | 16,888 |
| Result for the year | | - 44,722 | 195,371 |
| | | | |
| Earnings per share, basic and diluted (in EUR per share) | 9 | - 0.26 | 0.70 |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **Result for the year** | | **- 44,722** | **195,371** |
| **Total Comprehensive Income (net of tax):** | | | |
| | | | |
| Remeasurement of post-employment benefit obligations | 24 | - 10,806 | - 26,100 |
| Income tax relating to remeasurement of post-employment benefit obligations | | 2,295 | 5,879 |
| **Total items that will not be reclassified to Income Statement (net of tax)** | | - 8,511 | - 20,221 |
| | | | |
| Currency translation differences | | - 48,060 | 15,534 |
| Share of Other Comprehensive Income of Associates and Joint Ventures | | - 75 | 1 |
| Cash flow hedges | 19 | - 2,992 | - 4,283 |
| Income tax relating to items that may be subsequently reclassified to Income Statement | 19 | 898 | 1,021 |
| **Total items that may be subsequently reclassified to Income Statement (net of tax)** | | - 50,229 | 12,273 |
| **Other Comprehensive loss (net of tax)** | | **- 58,740** | **- 7,948** |
| **Total comprehensive (loss)/ income for the year (net of tax)** | | **- 103,462** | **187,423** |
| | | | |
| **Attributable to:** | | | |
| Equity holders | | - 123,028 | 171,805 |
| Non-controlling interests | | 19,566 | 15,618 |
| Total comprehensive (loss)/income for the year (net of tax) | | - 103,462 | 187,423 |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Balance Sheet

| in thousands of EUR | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 11 | 483,760 | 532,690 |
| Right-of-use assets | 12 | 1,322,615 | 1,442,954 |
| Goodwill | 13 | 1,060,513 | 1,146,028 |
| Other intangible assets | 14 | 349,728 | 415,121 |
| Deferred income tax assets | 10 | 51,743 | 61,822 |
| Investments in Associates and Joint Ventures | | 874 | 1,012 |
| Non-current receivables | 16 | 93,135 | 83,544 |
| **Non-current assets** | | 3,362,368 | 3,683,171 |
| | | | |
| Inventories | 15 | 310,405 | 356,259 |
| Trade and other receivables | 16 | 254,269 | 275,618 |
| Other current assets | | 38,217 | 32,605 |
| Current income tax receivables | 10 | 32,215 | 31,759 |
| Derivatives | 23 | 728 | 1,581 |
| Cash and cash equivalents | 17 | 155,313 | 162,899 |
| **Current assets** | | 791,147 | 860,721 |
| **Total assets** | | **4,153,515** | **4,543,892** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 18 | 5,089 | 5,089 |
| Share premium | 18 | 75,537 | 72,580 |
| Treasury shares | 18 | - 14,343 | - 16,235 |
| Other reserves | 19 | - 223,698 | - 167,622 |
| Retained earnings | 20 | 1,216,191 | 1,283,340 |
| **Equity attributable to equity holders** | | 1,058,776 | 1,177,152 |
| Non-controlling interests | 21 | 95,744 | 87,109 |
| **Total equity** | | 1,154,520 | 1,264,261 |
| | | | |
| Borrowings | 22 | 326,206 | 385,817 |
| Lease liabilities | 12 | 957,625 | 1,037,293 |
| Deferred income tax liabilities | 10 | 28,336 | 42,969 |
| Post-employment benefits | 24 | 150,477 | 136,112 |
| Provisions | 26 | 22,659 | 18,193 |
| Derivatives | 23 | 8,174 | 7,935 |
| Other non-current liabilities | | 11,750 | 21,637 |
| Contract liabilities | 5 | 8,340 | 8,641 |
| **Non-current liabilities** | | 1,513,567 | 1,658,597 |
| | | | |
| Borrowings | 22 | 350,025 | 517,330 |
| Lease liabilities | 12 | 357,352 | 373,278 |
| Current income tax liabilities | 10 | 58,680 | 40,705 |
| Provisions | 26 | 28,791 | 24,034 |
| Derivatives | 23 | 10,388 | 6,106 |
| Trade and other payables | 27 | 580,166 | 569,628 |
| Contract liabilities | 5 | 100,026 | 89,953 |
| **Current liabilities** | | 1,485,428 | 1,621,034 |
| **Total liabilities** | | 2,998,995 | 3,279,631 |
| **Total equity and liabilities** | | **4,153,515** | **4,543,892** |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

| in thousands of EUR | Notes | Share capital | Share premium | Treasury shares | Other reserves | Retained earnings | Total attributable to the equity holders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2019** | | **5,089** | **69,455** | **- 14,068** | **- 157,048** | **1,188,943** | **1,092,371** | **88,384** | **1,180,755** |
| **Result for the year** | | - | - | - | - | 178,483 | 178,483 | 16,888 | 195,371 |
| Cash flow hedge reserve (net of tax) | 19, 21 | - | - | - | - 3,269 | - | - 3,269 | 7 | - 3,262 |
| Remeasurement of post-employment benefit obligations (net of tax) | 19, 21 | - | - | - | - 17,266 | - | - 17,266 | - 2,955 | - 20,221 |
| Cumulative currency translation reserve (net of tax) | 19, 21 | - | - | - | 13,857 | - | 13,857 | 1,678 | 15,535 |
| **Other comprehensive income** | | - | - | - | - 6,678 | - | - 6,678 | - 1,270 | - 7,948 |
| **Total comprehensive income** | | **-** | **-** | **-** | **- 6,678** | **178,483** | **171,805** | **15,618** | **187,423** |
| **Hedge results transferred to the carrying value of inventory purchased during the year** | 19 | **-** | **-** | **-** | **- 3,896** | **-** | **- 3,896** | **- 179** | **- 4,075** |
| Purchase of treasury shares | | - | - | - 3,814 | - | - | - 3,814 | - | - 3,814 |
| Acquisition of non-controlling interest | 20, 21 | - | - | - | - | - 386 | - 386 | - 33 | - 419 |
| Share-based payments | 18, 20 | - | 3,125 | 1,647 | - | 43 | 4,815 | - | 4,815 |
| Dividends | 20, 21 | - | - | - | - | - 83,743 | - 83,743 | - 16,681 | - 100,424 |
| **Total transactions with equity holders** | | **-** | **3,125** | **- 2,167** | **-** | **- 84,086** | **- 83,128** | **- 16,714** | **- 99,842** |
| **At 31 December 2019** | | **5,089** | **72,580** | **- 16,235** | **- 167,622** | **1,283,340** | **1,177,152** | **87,109** | **1,264,261** |
| | | | | | | | | | |
| **At 1 January 2020** | | **5,089** | **72,580** | **- 16,235** | **- 167,622** | **1,283,340** | **1,177,152** | **87,109** | **1,264,261** |
| **Result for the year** | | - | - | - | - | - 66,893 | - 66,893 | 22,171 | - 44,722 |
| Cash flow hedge reserve (net of tax) | 19, 21 | - | - | - | - 2,143 | - | - 2,143 | 49 | - 2,094 |
| Remeasurement of post-employment benefit obligations (net of tax) | 19, 21 | - | - | - | - 7,631 | - | - 7,631 | - 880 | - 8,511 |
| Cumulative currency translation reserve (net of tax) | 19, 21 | - | - | - | - 46,361 | - | - 46,361 | - 1,774 | - 48,135 |
| **Other comprehensive loss** | | - | - | - | - 56,135 | - | - 56,135 | - 2,605 | - 58,740 |
| **Total comprehensive loss** | | **-** | **-** | **-** | **- 56,135** | **- 66,893** | **- 123,028** | **19,566** | **- 103,462** |
| **Hedge results transferred to the carrying value of inventory purchased during the year** | 19 | **-** | **-** | **-** | **59** | **-** | **59** | **- 184** | **- 125** |
| Share-based payments | 18, 20 | - | 2,957 | 1,892 | - | - 256 | 4,593 | - | 4,593 |
| Dividends | 21 | - | - | - | - | - | - | - 10,747 | - 10,747 |
| **Total transactions with equity holders** | | - | 2,957 | 1,892 | - | - 256 | **4,593** | **- 10,747** | **- 6,154** |
| **At 31 December 2020** | | **5,089** | **75,537** | **- 14,343** | **- 223,698** | **1,216,191** | **1,058,776** | **95,744** | **1,154,520** |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 28 | 794,543 | 1,000,863 |
| Tax paid | 10 | - 40,290 | - 123,482 |
| **Net cash from operating activities** | | **754,253** | **877,381** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 11 | - 107,493 | - 140,309 |
| Purchase of intangible assets | 14 | - 44,701 | - 57,419 |
| Proceeds from sales of (in)tangible assets | | 4,401 | 9,655 |
| Acquisition of subsidiaries, net of cash acquired | | - 7,104 | - 154,497 |
| Settlement of contingent consideration | 27 | - 2,000 | - 19,540 |
| Change in other non-current receivables and lease prepayments | | - 4,887 | 481 |
| **Net cash used in investing activities** | | **- 161,784** | **- 361,629** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 22 | 601,843 | 203,196 |
| Repayments of borrowings | 22 | - 804,321 | - 141,171 |
| Repayments of lease liabilities | 12 | - 359,217 | - 400,492 |
| Receipts from finance subleases | 12 | 15,210 | 16,717 |
| Interest paid | | - 14,419 | - 19,367 |
| Interest swap payments | 23 | - 3,218 | - 3,126 |
| Interest received | | 1,531 | 3,179 |
| Dividends paid to non-controlling interests | 21 | - 10,747 | - 16,681 |
| Dividends paid to shareholders | 20 | - | - 83,743 |
| Purchase of treasury shares | | - | - 3,814 |
| Acquisition of non-controlling interest | | - | - 419 |
| **Net cash used in financing activities** | | **- 573,338** | **- 445,721** |
| **Net increase in cash and cash equivalents** | | **19,131** | **70,031** |
| Cash and cash equivalents at beginning of the year | | 134,241 | 71,619 |
| Effect of exchange rate changes on cash and cash equivalents | | - 636 | - 7,409 |
| **Cash and cash equivalents at end of year** | 17 | **152,736** | **134,241** |

The accompanying notes are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. General Information

GrandVision N.V. ('the Company') is a public limited liability company and is incorporated and domiciled in Haarlemmermeer, the Netherlands. GrandVision N.V. is listed on the Euronext Amsterdam stock exchange. The Company's Chamber of Commerce registration number is 50338269. The address of its registered office is as follows: The Base, Evert van de Beekstraat 1-80, Tower C, 6th floor, 1118 CL Schiphol, the Netherlands.

At 31 December 2020, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 22.98% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.03%) and in treasury (0.27%). HAL Optical Investments B.V. is indirectly controlled by HAL Holding N.V. All HAL Holding N.V. shares are held by HAL Trust. HAL Trust is listed on the Euronext Amsterdam stock exchange.

On 31 July 2019, it was announced that EssilorLuxottica had agreed to acquire the 76.62% interest in GrandVision held by HAL Optical Investments B.V. GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of this acquisition within 12 to 24 months from the announcement date. The transaction has been unconditionally cleared so far in the United States, Colombia, Brazil, Mexico, and Russia and it is currently under review in the EU, Chile, and Turkey. On 18 July 2020, EssilorLuxottica initiated summary proceedings before the District Court of Rotterdam demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. On 24 August 2020, the District Court dismissed all claims made by EssilorLuxottica. EssilorLuxottica has appealed the decision of the District Court. On 30 July 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica has sent to GrandVision. These proceedings are currently ongoing; they are confidential and non-public.

GrandVision N.V. and its subsidiaries (together, referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 31 December 2020, the Group, including its associates and joint ventures, operated 7,260 (2019: 7,406) optical retail stores (including franchise stores). The average number of employees within the Group during 2020 (excluding the associates and joint ventures) in full-time equivalents was 33,542 (2019: 34,143).

## 2. Basis of Preparation

**2.1. Statement of Compliance**
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted within the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the *Dutch Civil Code*.

The accounting policies based on IFRS have been applied consistently for the years presented in these consolidated financial statements. There were no changes in the accounting policies applied compared to the previous year, except as described in note 2.7.1.

**2.2. Basis of Measurement**
The IFRS financial statements have been prepared under the historical cost convention, except for derivatives, share-based payment plans, contingent considerations, certain non-current assets and post-employment benefits.

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, equity, liabilities, commitments, income and expenses.

**Implications of COVID-19 on the Group**

The global spread of the COVID-19 pandemic during 2020 resulted in challenges for the optical retail industry, in particular in the first half of the year due to a significant number of temporary store closures in many markets, restrictions with regards to openings hours and the performance of essential in-store services in many other regions, as well as a significant reduction in traffic due to consumer uncertainty. GrandVision formed an internal taskforce to continuously monitor and proactively manage risks relating to COVID-19 throughout its business, as well as to ensure that publicly available advice was followed and that appropriate safety measures were quickly implemented for the employees and customers. Business continuity plans of the Group and focus on operational excellence, building on a strong foundation of its long-term strategic initiatives, enabled GrandVision to limit the effects of the pandemic and continue to meet and serve the needs of the customers.

The impact of the COVID-19 pandemic has been markedly different in the first half of the year versus the second half of 2020. In the first half of 2020, and in particular as of March 2020, many of GrandVision's stores were fully closed or only partially open, as GrandVision complied with governmental measures and health authority recommendations around the world. Consequentially, GrandVision was impacted by various degrees of sales limitations and a significant reduction in traffic. As the situation continued to develop rapidly, GrandVision faced a negative revenue impact of -27.2% against the previous year in the first half year of 2020.

In the first half of the year, and as soon as the potential impact of the COVID-19 pandemic became apparent, GrandVision focused on its people, customers and stakeholders as well as the financial health of the company. In this period, GrandVision swiftly implemented hygiene and safety protocols and equipped stores with distance separations and protective equipment, such as face masks and hygiene gels. In addition, the Group accelerated investments in customer facing tools such as optical e-commerce functionalities to enable the customers to interact even better with GrandVision local online and offline retail brands. GrandVision invested in automated eye measurement equipment which, together with distance dividers, allowed eye tests at recommended distances.

By the end of June, the majority of the countries of the Group started to relax COVID-19 measures and restrictions, allowing GrandVision to gradually re-open the store network. With the measures and investments taken in the first half of the year, GrandVision was able to operate safely with 1.5-2-meter social distancing. By June 2020, GrandVision had returned to full operation, particularly in most of the markets in Europe. In Latin America, where countries had been impacted by COVID-19 later than Europe and North America, stores faced a longer period of store closures or were operating with limited opening hours.

Throughout the COVID-19 pandemic, GrandVision continued to make good progress on the implementation of the omnichannel capabilities across the Group. This has helped to better address, serve and retain the customers and resulted in a strong increase in digitally influenced store sales, mainly driven by online appointment booking and e-vouchers, as well as direct e-commerce sales.

The response to the COVID-19 pandemic in the first half of 2020 enabled GrandVision to strongly benefit once the store network re-opened from June 2020 onwards. Despite continued depressed levels of customer traffic, high customer conversion and favorable product mix resulted in a strong recovery of revenue and profitability in the second half of 2020. However, towards the end of the year, the second wave impact resulted in a slowdown of the recovery achieved in the third and fourth quarters of 2020.

During the pandemic, GrandVision worked with key stakeholders such as landlords and banks to mitigate the impact of the crisis whilst engaging in dialogue and using governmental measures offered to help mitigate the impact of the pandemic. GrandVision received support from many of the landlords through agreed rent reductions, details of which are included in the section on leases in this report. Banks supported GrandVision throughout the pandemic by providing a waiver of the bank's covenants for the duration of 2020 whilst gradually resuming in 2021. A sub-set of the banks agreed to provide GrandVision with an additional Liquidity Facility (RLF) commitment of €400 million for the duration of one year and with the option to prolong by another year, further evidencing the confidence in GrandVision. GrandVision participated in various governmental programs and measures offered. This included furlough schemes and postponement of tax and/or social taxes payments. Further details on the impact of such arrangements are included in the section on Financial Risk Management in note 3, and further details are provided in notes 7 and 12 in this report.

GrandVision management believes that the long-term commitment of €1,200 million under the Revolving Credit Facility (RCF), and the additional Liquidity Facility commitment of €400 million will be sufficient in the event of a prolonged COVID-19 pandemic. As of 30 December 2020, 73% of the RCF and 100% of the RLF were available. With the debt markets stabilizing, the interest on Commercial Paper returning to its normal level, and taking into account the available commitments, management believes that GrandVision is in a sound position from a financing point of view (see note 3 for more details).

Therefore, whilst uncertain, management does not believe, however, that the impact of the COVID-19 pandemic would have a material adverse effect on the Group's financial condition or liquidity.

**2.3. Significant Accounting Policies**
The Group's significant accounting policies are included in the relevant individual notes to the consolidated financial statements, as well as the significant accounting estimates and judgments made, where applicable, as described in note 2.8.

**2.4. Subsidiaries**
Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated.

**2.5. Foreign Currency**

**2.5.1. Functional and Presentation Currency**
Items in the consolidated financial statements of the various Group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being GrandVision's presentation currency. Amounts are shown in thousands of euros, unless stated otherwise.

**2.5.2. Transactions, Balances and Translation**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, excluding foreign operations in hyperinflationary economies, are recognized in the consolidated Income Statement, except when deferred in the consolidated Other Comprehensive Income as qualifying cash flow hedges.

Foreign currency exchange gains and losses are presented in the consolidated Income Statement either in the operating result, if foreign currency transactions relate to operational activities, assets and liabilities, or within the financial result for non-operating financial assets and liabilities.

**2.5.3. Foreign Subsidiaries**
The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at average exchange rates to approximate the exchange rates at the date of the transaction. Resulting exchange differences are recognized in the consolidated Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

**2.5.4. Hyperinflation Accounting**
The Group applies hyperinflation accounting for its operations in Argentina. The effects of this hyperinflation accounting on the consolidated financial figures of the Group are limited, since the operations in Argentina represent a limited part of the total assets and the operating result of the Group.

The index used to apply hyperinflation accounting is the Retail Price Index published by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE).

**2.6. Principles for the consolidated Statement of Cash Flows**
The consolidated statement of cash flows is compiled using the indirect method. The consolidated statement of cash flows distinguishes between cash flows from operating, investing and financing activities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, cash pool balances and bank overdrafts, as they are considered an integral part of the Group's cash management. In the consolidated Balance Sheet, bank overdrafts and cash pool liabilities are included in borrowings in current liabilities.

Cash flows in foreign currencies are translated at the rate of the transaction date.

Interest paid and received is included under cash flow from financing activities . Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognized as cash flows from investing activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognized as cash flows from financing activities; dividends received are recognized as cash flows from investing activities. Repayments of lease liabilities and receipts from finance subleases including principal amount and interest are classified as cash flows from financing activities.

## 2.7. Changes in Accounting Policies and Disclosures

### 2.7.1. New and Amended Standards and Interpretations Adopted by the Group

New and Amended Standards and Interpretations Adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards, where applicable:

- **Amendments to IFRS 3 *Business Combinations***
- **Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors***
- **Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures***
- **Amendments to References to the Conceptual Framework in IFRS**
- **Amendments to IFRS 16 *Leases***



**Amendments to IFRS 3 *Business Combinations***

The amendments to IFRS 3 on the definition of a business were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments clarify whether an acquired set of activities and assets is a business or not, which is a key consideration in determining whether a transaction is accounted for as a business combination or an asset acquisition. As from 2020, the Group applies these amendments. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to IAS 1 and IAS 8: Definition of "Material"**

The amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on the definition of 'Material' were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align the definition of 'material' across the IFRS standards and to clarify certain aspects of the definition. As from 2020, the Group applies these amendments. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform**

The amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform were issued in 2019 and are effective for accounting periods beginning on or after 1 January 2020. Many interest rate benchmarks such as LIBOR (the London Inter-Bank Offered Rate) are in the process of being replaced. There will be financial reporting implications to this reform, with some effects arising even before a particular interest rate benchmark has been replaced (pre-replacement issues).The amendments provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period of uncertainty over interest rate benchmark reform. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to References to the Conceptual Framework in IFRS**

Amendments to References to the Conceptual Framework in IFRS were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align various standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. In addition, the amendments clarify that the definitions of asset and liability applied in certain standards have not been revised, with the new definitions included in the new conceptual framework. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to IFRS 16 *Leases*: COVID-19-Related Rent Concessions**

The amendment to IFRS 16 - COVID-19-Related Rent Concessions was issued in 2020 and is effective for annual periods beginning on or after 1 June 2020. This amendment provides practical relief for lessees in accounting for rent concessions. As a practical expedient, a lessee may elect not to treat eligible COVID-19-related rent concession as a lease modification, and instead is permitted to account for it as if it was not lease modification. The Group has elected to adopt these changes early. The Group applied the practical expedient to all the rent concessions, which meet the criteria for the reporting periods starting 1 January 2020. The impact of the amendment and new accounting policies are disclosed in Leases (note 12).

### 2.7.2. New Standards, Amendments and Interpretations Issued But Not Effective for the Reported Period and Not Adopted Early

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and are not expected to have a significant impact on the Group's consolidated financial statements:

- **IFRS 17 Insurance Contracts** (issued on 18 May 2017), including **Amendments to IFRS 17, IFRS 4 and deferral of IFRS 9** (issued on 25 June 2020);
- **Amendments to IAS 1 Presentation of Financial Statements**: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively);
- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets**; **Annual Improvements 2018-2020** (issued 14 May 2020);
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19** (issued on 25 June 2020);
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (issued on 27 August 2020).

### 2.8. Significant Accounting Estimates and Judgments

The estimates made and the related assumptions are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the given circumstances. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described together with the applicable note, as follows:

| | |
|---|---|
| Uncertain tax positions | Note 10 |
| Leases | Note 12 |
| Impairment test of Goodwill | Note 13 |
| Impairment test of Other Intangible assets | Note 14 |
| Consolidation of the Synoptik Group | Note 21 |
| Provisions and contingencies | Note 26 |

## 3. Financial Risk Management

### 3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risks (currency risk, interest rate risk, price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's management provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

#### 3.1.1. Market Risk

**(i) Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury's risk management policy is to hedge the expected cash flows in most currencies, mainly by making use of derivatives as described in note 23.

The majority of the Group operations takes place in the 'eurozone', which comprises 58% (2019: 58%) of total revenue. Translation exposure to foreign exchange risk relates to those activities outside the eurozone, whose net assets are exposed to foreign currency translation risk. The currency translation risk is not hedged.

If the currencies had been 5% weaker against the euro with all other variables held constant, the Group's result for the year would have been 7.2% higher (2019: 0.8% higher) of which 5.9% related of USD (2019: 2.2% higher impact of mainly USD offset by 1.4% lower impact of mainly currencies in Europe (HUF, SEK, PLN)) and equity would have been 2.4% lower (2019: 3.0% lower), of which 0.7% lower impact of GBP (2019: 0.8% lower impact of GBP).

Foreign exchange risks with respect to commercial transactions other than in the functional currency are mainly related to US dollar denominated purchases of goods in Asia, indirect exposure on goods and services invoiced in the functional currency but of which the underlying exposure is in a non-functional currency.

The Group designates the spot component of foreign forward exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item. Based on the Group's policy, the foreign currency risk relating to commercial transactions denominated in a currency other than the functional currency of companies within the Group, is hedged between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast, resulting in a relatively limited foreign exchange risk for non-hedged commercial transactions.

Cash flow hedge accounting is applied when the forecasted transaction is highly probable.

GrandVision is exposed to the risk that the exchange rate related to its Argentinean operations will further devalue. Because the Argentinean peso-denominated assets, liabilities, income and expenses of the Argentinean operations are translated into euros for consolidation purposes, a further devaluation of the Argentinean peso going forward could result in lower translated results, assets and liabilities in GrandVision's consolidated figures, which are presented in euros. As the Argentinean operations represent a limited part of the Group, the effects of a devaluation would be limited.

**(ii) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group generally borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments based on a rolling 12-month forecast, which have the economic effect of converting interest rates from floating rates to fixed rates. The Group's policy is to maintain a minimum of 60% of its net debt on a forward-looking 12-months basis, related to interest rate risk at fixed rate. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating interest rate amounts calculated by reference to the agreed notional principal amounts and benchmarks. The Group also uses 0% floors to hedge its exposure to negative interest rate risk. The Group applies a hedge ratio of 1:1.

The table below shows sensitivity analysis considering changes in the EURIBOR:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Impact on result before tax | Impact on Other Comprehensive Income | Impact on result before tax | Impact on Other Comprehensive Income |
| EURIBOR rate - increase 50 basis points | -1,992 | 3,804 | - 2,281 | 5,979 |
| EURIBOR rate - decrease 50 basis points | 1,789 | -2,792 | 2,278 | - 4,188 |

Note 23 provides more detail on the derivatives the Group uses to hedge the cash flow interest rate risk.

**(iii) Price risk**
Management believes that the price risk is limited, because there are no listed securities held by the Group and the Group is not directly exposed to commodity price risk.

**3.1.2. Credit Risk**
Credit risk is managed both locally and on a Group level, where applicable. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, retail customers, health insurance institutions and credit card companies, including outstanding receivables and committed transactions. Refer to note 16 for details of expected credit losses for financial assets measured at amortized cost.

Derivative transactions are concluded, and cash and bank deposits are held only with financial institutions with strong credit ratings. The Group also diversifies its bank deposits and applies credit limits to each approved counterparty for its derivatives. The Group has no significant concentrations of consumer credit risk as a result of the nature of its retail operations. In addition, in some countries all or part of the consumer credit risk is transferred to credit card companies. The Group has receivables from its franchisees. Management believes that the credit risk in this respect is limited, because the franchisee receivables are often secured by pledges on the inventories of the franchisees. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major debit and credit cards.

In view of the Brexit event, through 2019 and 2020 GrandVision proactively, together with its relationship UK domiciled banks, have taken steps to ensure that these banks were able to continue providing their services. In addition, the Group continued to adhere to a strict counterparty risk policy with defined limits per counterparty based on size and external ratings, thereby effectively spreading the embedded counterparty risk in financial transactions over a number of financial institutions.

**3.1.3. Liquidity Risk**
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of bilateral credit facilities (immediately available funds), a commercial paper program and committed medium-term facilities (available at 4 days' notice). Due to the dynamic nature of the underlying business, the Group aims to have flexibility in funding by maintaining headroom of at least €200 million as a combination of cash at hand plus available committed credit facilities minus any overdraft balances and/ or debt maturities with a term of less than one year. The Group and the local management monitors its liquidity periodically based on expected cash flows.

The Group has a committed Revolving Credit Facility (RCF) of €1,200 million and a committed additional Liquidity Facility (RLF) of €400 million, which will be available in the event that the RCF is fully drawn (see note 22). For both facilities the interest rate on the drawings consists of a margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent. RCF margin is, in addition, adjusted based on the sustainability performance of the Group.

The facilities share the same financial covenants. As at 31 December 2020, the Group was subject to a covenant holiday and a new set of covenants will be applicable for the year 2021 (see note 3.2).

The Group has a commercial paper program under which it can issue commercial paper up to the value of €500 million. As at 31 December 2020, the amount outstanding under the commercial paper program was €345 million (2019: €453 million).

The table below analyzes the maturity of the Group's financial liabilities and derivative financial liabilities. The amounts disclosed are the contractual undiscounted cash flows.

| in thousands of EUR | Within 1 year | 1-2 years | 2-5 years | After 5 years | Total |
|---|---|---|---|---|---|
| **31 December 2020** | | | | | |
| Lease liabilities | 365,552 | 309,962 | 522,044 | 178,730 | 1,376,288 |
| Borrowings | 11,015 | 6,588 | 331,507 | - | 349,110 |
| Commercial paper | 343,620 | - | - | - | 343,620 |
| Derivatives | 3,099 | 2,891 | 6,093 | - | 12,083 |
| Contingent consideration | 1,750 | 2,760 | 686 | | 5,196 |
| Trade and other payables (excluding other taxes and social security) | 489,210 | - | - | - | 489,210 |
| | | | | | |
| **31 December 2019** | | | | | |
| Lease liabilities | 380,210 | 322,087 | 575,873 | 224,672 | 1,502,842 |
| Borrowings | 67,266 | 2,883 | 392,814 | - | 462,963 |
| Commercial paper | 452,053 | - | - | - | 452,053 |
| Derivatives | 2,441 | 2,881 | 6,897 | 1,355 | 13,574 |
| Contingent consideration | 2,000 | 2,789 | 11,190 | - | 15,979 |
| Trade and other payables (excluding other taxes and social security) | 492,920 | - | - | - | 492,920 |

As from 2019, the Group has Supply Chain Financing program. This program allows suppliers to receive payments early from the bank, at their full discretion. Since the Group does not have a direct benefit, the payment terms of the Group are not impacted by this scheme and there is no change to contractual relationship between the Group and the bank, the trade and other payable balances with suppliers participating in this program continue to be classified as trade and other payable.

### 3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital based on leverage ratio (defined as net debt/EBITDA - covenants). Management believes the current capital structure, operational cash flows, and profitability of the Group will safeguard the Group's ability to continue as a going concern. GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt/EBITDA - covenants) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to, major acquisitions. At the outset of the COVID-19 pandemic, the Group temporarily shifted focus from monitoring capital based on the leverage ratio to securing the availability of financing to support the changing circumstances, including applying for government support in various countries.

Net debt consists of the Group's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities. EBITDA used for monitoring financial covenants is calculated as adjusted EBITDA less depreciation of right-of-use assets and net financial result on lease liabilities and receivables ('EBITDA - covenants').

At the end of December 2020, GrandVision's net debt position was €538,752 (2019: €752,708), with a leverage ratio of 1.3 (2019: 1.2). At 31 December 2020, a total of €325 million was drawn under the RCF (27% of the €1,200 million commitment) with the remaining debt obtained through the Commercial Paper market of €345 million, and other short-term facilities.

In June 2020, GrandVision entered into an additional Liquidity Facility (RLF) of €400 million. This RLF of €400 million, which is provided by five of GrandVision's relationship banks, will be available in the event that the RCF is fully drawn. The term is one year with an additional year available at GrandVision's discretion.

In addition, and as a result of the active dialogue with its relationship banks, GrandVision has reached an agreement to amend its existing 2019–2024 €1,200 million Revolving Credit Facility (RCF), obtaining a relief from the financial covenant tests in 2020. The next financial covenant test will be performed at amended terms at the end of Q1 2021, and thereafter on amended terms at the end of each quarter in 2021. The new covenants provide the banking group with sufficient comfort while at the same time giving GrandVision operational and financial flexibility in case of unexpected COVID-19 setbacks. Both facilities, RCF and RLF, share the same financial covenants. An overview of the covenants is as follows:

| Date | Covenants |
|---|---|
| 30 June 2020 | Covenant holiday |
| 31 December 2020 | Covenant holiday |
| 31 March 2021 | EBITDA - covenants of Q1 2021 above zero |
| 30 June 2021 | EBITDA - covenants of HY 2021 above €100 million and leverage ratio of 3.25x calculated as Net Debt to 4x 3 months preceding end Q2 2021 EBITDA - covenants |
| 30 September 2021 | leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q3 2021 EBITDA - covenants |
| 31 December 2021 | leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q4 2021 EBITDA – covenants |

As of 2022, the financial covenants will revert to those defined in the RCF agreement covenant testing schedule.

On top of the above financial covenants, GrandVision will be providing a Liquidity Forecast to both bank groups on a monthly basis. Moreover, for as long as any loan is outstanding under the Additional Liquidity Facility, GrandVision shall ensure that the forecasted Liquidity (being the sum of Cash & Cash Equivalents and the undrawn available amounts under both the RCF and RLF) will be above €150 million at all times during each relevant 13-week forecast period.

### 3.3. Fair Value Estimation

The financial instruments carried at fair value can be valued using different levels of valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2). Valuation techniques are used to determine the value. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument have to be observable.
- Inputs for asset or liability that are not based on observable market data (unobservable inputs) (level 3).

If multiple levels of valuation methods are available for an asset or liability, the Group will use a method that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The table below shows the level categories:

| in thousands of EUR | Level 2 | Level 3 |
|---|---|---|
| **At 31 December 2020** | | |
| **Assets** | | |
| Derivatives used for hedging | 728 | - |
| Non-current assets | - | 1,590 |
| **Total** | **728** | **1,590** |
| **Liabilities** | | |
| Contingent consideration - Other current and non-current liabilities | - | 1,203 |
| Derivatives used for hedging | 18,562 | - |
| **Total** | **18,562** | **1,203** |
| | | |
| **At 31 December 2019** | | |
| **Assets** | | |
| Derivatives used for hedging | 1,581 | - |
| Non-current assets | - | 1,410 |
| **Total** | **1,581** | **1,410** |
| **Liabilities** | | |
| Contingent consideration - Other current and non-current liabilities | - | 7,688 |
| Derivatives used for hedging | 14,041 | - |
| **Total** | **14,041** | **7,688** |

The Group does not have any assets and liabilities that qualify for the level 1 category. There were no transfers between levels 1, 2 and 3 during the periods.

**Level 2 category**
An instrument is included in level 2 if the financial instrument is not traded in an active market and if the fair value is determined by using valuation techniques based on the maximum use of observable market data for all significant inputs. For the derivatives, the Group uses the estimated fair value of financial instruments determined by using available market information and appropriate valuation methods, including relevant credit risks. The estimated fair value approximates to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date discounted back to present value

**Level 3 category**
The level 3 category mainly refers to contingent considerations. The contingent considerations are remeasured based on the agreed business targets.

## 4. Segments



An operating segment is defined as a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available. The CEO and CFO (the Management Board) forms the CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. These operating segments were defined based on geographic markets in line with their maturity, operating characteristics, scale and market presence. The operating segments' operating result is reviewed regularly by the Management Board – together, the CODM – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Group.

There has been no aggregation of operating segments into reportable segments.

The Group's reportable segments are defined as follows:

- **G4**, consisting of the Netherlands & Belgium, the United Kingdom & Ireland, France, Monaco & Luxembourg and Germany & Austria
- **Other Europe**, consisting of Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland
- **Americas & Asia**, consisting of Argentina, Brazil, Chile, Colombia, India, Mexico, Peru, Russia, Turkey, the United States and Uruguay

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue and adjusted EBITA. Measures of assets and liabilities by segment are not reported to the CODM.

The following table presents total net revenue and adjusted EBITA for the operating segments for 2020 and 2019. The adjusted EBITA is defined as EBITA excluding non-recurring items. Non-recurring items are defined as significant items that are not included in the performance of the segments based on their exceptional nature. For 2020 these items amount to €63 million and include expenses related to impairments of fixed assets (€33 million), to the announced acquisition of GrandVision shares by EssilorLuxottica (€23 million) and restructuring costs (€7 million). For 2019 these items amount to €63 million and are related to impairment of software (€21 million), expenses related to the announced acquisition of GrandVision shares by EssilorLuxottica (€9 million), restructuring costs (€9 million), discontinuation of activities in China (€4 million) and costs related to acquisitions and to prior year. A reconciliation from adjusted EBITA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

| in thousands of EUR | G4 | Other Europe | Americas & Asia | Other reconciling items | Total |
|---|---|---|---|---|---|
| **2020** | | | | | |
| Total net revenue | 2,028,271 | 1,103,487 | 349,231 | - | 3,480,989 |
| **Adjusted EBITA** | **222,044** | **88,798** | **- 1,568** | **- 42,894** | **266,380** |
| Non-recurring items | | | | | - 63,097 |
| Amortization and impairments (excl. software) | | | | | - 143,691 |
| **Operating income** | | | | | **59,592** |
| Non-operating items: | | | | | |
| Net financial result | | | | | - 50,360 |
| **Earnings before tax** | | | | | **9,232** |
| | | | | | |
| **2019** | | | | | |
| Total net revenue | 2,265,947 | 1,268,782 | 504,577 | - | 4,039,306 |
| **Adjusted EBITA** | **346,922** | **151,990** | **21,707** | **- 45,424** | **475,195** |
| Non-recurring items | | | | | - 62,632 |
| Amortization and impairments (excl. software) | | | | | - 88,594 |
| **Operating income** | | | | | **323,969** |
| Non-operating items: | | | | | |
| Net financial result | | | | | - 49,421 |
| **Earnings before tax** | | | | | **274,548** |

The breakdown of revenue from external customers by geographical area is shown as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| France | 543,956 | 645,683 |
| Germany | 530,265 | 566,524 |
| United Kingdom | 436,584 | 498,665 |
| Other countries | 1,970,184 | 2,328,434 |
| | 3,480,989 | 4,039,306 |

Revenue in the Netherlands, the Group's country of domicile, is €278,802 (2019: €293,142). There are no customers that comprise 10% or more of revenue in any year presented.

Refer to note 5 for details on the disaggregation of the Group's revenue from contracts with customers per reportable segment.

The breakdown of non-current assets by geographical area is shown as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| France | 612,855 | 635,307 |
| Germany | 395,876 | 382,051 |
| Switzerland | 378,971 | 394,733 |
| United Kingdom | 369,204 | 465,253 |
| Netherlands | 294,670 | 286,571 |
| Other countries | 1,259,049 | 1,457,434 |
| | 3,310,625 | 3,621,349 |

The non-current assets by geographical area are disclosed based on the location of the assets. This disclosure includes all non-current assets, except for financial instruments and deferred tax assets.

## 5. Revenue

**Accounting Policy**

Revenue from contracts with customers is recognized in the period in which the performance obligation in the underlying contract has been satisfied. In most sales transactions this is at the point in time when control over a product or service has been transferred to the customer. Revenue is shown net of value-added tax, expected returns, rebates, discounts and amounts collected on behalf of third parties. Intercompany revenues within the Group are eliminated.

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 standalone selling prices. The standalone selling price of products sold is determined based on the retail price. For other performance obligations, experience is used to estimate standalone selling prices. The timing of revenue recognition depends on the type of performance obligation, as described below.

Optical product revenues, including optical subscription arrangements, are recognized when the product is sold to the customer and control over the product has been transferred to the customer in return for a (right to) payment or series of monthly payments. Revenue generally is recognized on the moment of the delivery of the product to the customer. In case of optical subscription arrangements, the revenue for the right of use of spectacles is determined based on the payments to be received until end of the contract and recognized at the time of the sale. Any prepayments by customers are short-term in nature and are not considered revenue but are accounted for as contract liabilities.

Income from optical products related services, including extended (service-type) warranties and commissions on consumer insurances, is recognized based upon the duration of the underlying contracts, over a period of 12 or 24 months. Extended warranties are considered services to be rendered and therefore a distinct performance obligation and included under contract liabilities until revenue is recognized. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

Rights issued under a customer loyalty program through vouchers for rebates on future purchases are considered a separate performance obligation and a contract liability is recognized as a reduction to revenue. The standalone selling price of the vouchers is estimated using past experience and the likelihood of redemption. Revenue allocated to the vouchers is recognized based on (anticipated) expiration and when the vouchers are redeemed, generally less than 12 months.

For sales to franchisees and wholesale partners, revenue is recognized upon delivery to the customer, when the risks of obsolescence and loss have been transferred to and the products have been accepted by the customer.

Franchise rights are accounted for as rights to access the franchisor's intellectual property. Franchise royalties that are based on a percentage of sales are recognized at the time of the sale. Contributions from franchisees are generally recognized based upon the duration of the contractually agreed-upon term.

Revenue is reduced and a refund liability is recognized where the customer has a right to return a product in which the transaction price is refunded. A return asset is recognized and cost of sales is reduced where returns can be resold. Experience is used to estimate such returns at the time of sale.

Supplier allowances are only recognized as revenue if there is no direct relationship with a purchase transaction, otherwise the supplier allowance is deducted from cost of these purchases.

A receivable is recognized when all performance obligations in the contract have been satisfied and payment has become unconditional.

## Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers per reportable segment in 2020 and 2019, respectively.

Franchise revenues include sales to franchisees and franchise royalties and contributions. Other merchandise revenues comprise mainly wholesale to trade partners. Other revenues comprise mainly supplier allowances and income from subleases.

| in thousands of EUR | G4 | Other Europe | Americas & Asia | Total |
|---|---|---|---|---|
| **2020** | | | | |
| **Revenue from contracts with customers** | | | | |
| Own store sales | 1,822,832 | 1,086,300 | 338,781 | 3,247,913 |
| Franchise revenues | 202,594 | 12,138 | 2,681 | 217,413 |
| Other merchandise revenues | 66 | 70 | 6,461 | 6,597 |
| | 2,025,492 | 1,098,508 | 347,923 | 3,471,923 |
| **Revenue from other sources** | | | | |
| Other revenues | 2,779 | 4,979 | 1,308 | 9,066 |
| | **2,028,271** | **1,103,487** | **349,231** | **3,480,989** |
| **2019** | | | | |
| **Revenue from contracts with customers** | | | | |
| Own store sales | 2,034,258 | 1,247,138 | 484,979 | 3,766,375 |
| Franchise revenues | 227,181 | 15,090 | 5,445 | 247,716 |
| Other merchandise revenues | 1,179 | 65 | 11,701 | 12,945 |
| | 2,262,618 | 1,262,293 | 502,125 | 4,027,036 |
| **Revenue from other sources** | | | | |
| Other revenues | 3,329 | 6,489 | 2,452 | 12,270 |
| | **2,265,947** | **1,268,782** | **504,577** | **4,039,306** |

## Contract liabilities

Contract liabilities relate to the Group's obligation to deliver future goods and services for contracts with its customers and mainly include prepayments made by customers, vouchers for rebates on future purchases given as part of an initial sales transaction and unfulfilled extended (service-type) warranties.

At 31 December 2020, an amount of €8.3 million (2019: €8.6 million) and €100 million (2019: €90 million) was recognized as non-current and current contract liabilities, respectively. Increase in current contract liabilities mainly related to optical subscriptions arrangements in Sweden and Denmark.

Revenue recognized during 2020 that was included in contract liability at the beginning of the year amounts to €90 million (2019: €77.7 million).

At 31 December 2020, an amount of €29.5 million relates to the transaction price allocated to long-term contract liabilities of unfulfilled extended (service-type) warranties. It is expected that an amount of €21.4 million will be recognized as revenue during 2021 and in an amount of €8.1 million in 2022. All other contract liabilities are for periods of one year or less.

## 6. Cost of Sales, Directly Related Costs and Other Operating expenses

**Accounting Policy**

Cost of sales, directly related costs and other operating expenses are recognized in the consolidated Income Statement when occurred.

Short-term employee benefits such as wages, salaries, social security contributions, bonuses, annual and sick leave are recognized in the year in which the related services are rendered by employees.

For accounting policies related to share-based payments and pensions please refer to notes 25 and 24, respectively. For accounting policies related to depreciation, amortization and impairments please refer to notes 11, 12, 14 and 13, respectively.

Payments relating to lease contracts with a duration of less than 12 months, lease contracts for which the underlying asset, when new, has a value of below €5,000 and variable lease payments are expensed to the consolidated Income Statement when incurred. In addition, the following items are recognized in the consolidated Income Statement within occupancy costs:



- a difference between changes in a lease liability and a right-of-use asset as a result of reassessment/modification;
- a difference between changes in a lease liability and a lease receivable as a result of reassessment/modification;
- a difference between an amount of derecognized right-of-use asset and an amount of lease receivable on initial recognition of finance subleases;
- COVID-19 related rent reductions (note 12).

The following costs have been included in the operating result:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Direct materials | | 824,439 | 951,159 |
| Employee costs | | 1,262,842 | 1,407,018 |
| Occupancy costs | | 111,805 | 176,813 |
| Marketing & publicity costs | | 171,193 | 203,510 |
| Depreciation and impairments | 11, 12 | 510,002 | 488,833 |
| Amortization and impairments | 13, 14 | 177,655 | 143,272 |
| Distribution costs | | 88,430 | 79,180 |
| Other costs | | 274,081 | 264,881 |
| | | 3,420,447 | 3,714,666 |

In 2020, the decrease in most costs included in the operating result is due to temporary store closures, resulted in decrease in revenue and related variable costs, cost savings following the pandemic. Employee costs are partially offset against the government grants received mainly in G4, please refer to Government Grants. The decrease in occupancy costs is due to savings in variable- and fixed rent costs, and rent discounts agreed with the landlords, in connection with the COVID-19 pandemic (see note 12 Leases). The increase in amortization and impairments relates mainly to the impairments of the customer databases and goodwill following lower performance of stores in certain chains compared to the expectations at their acquisition dates, for more information refer to notes 13 and 14.

In 2020, items relating to leases, which were recognized in the consolidated Income Statement mainly within occupancy costs are as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Variable lease payments | 65,008 | 99,145 |
| Short-term leases | 1,960 | 2,332 |
| Low value leases | 2,111 | 2,522 |

Variable payments related to lease contracts reduced in 2020 due to lower not fixed maintenance and utilities costs, which did not form part of the lease liability.

The employee costs can be specified as follows:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Salaries & wages | | 967,851 | 1,010,934 |
| Social security | | 187,636 | 197,444 |
| Pension costs - Defined benefit plans | 24 | 9,953 | 6,359 |
| Pension costs - Defined contribution plans | | 21,664 | 21,742 |
| Share-based payments | 25 | 5,677 | 5,027 |
| Other employee-related costs | | 125,005 | 165,512 |
| Government grants | 7 | - 54,944 | - |
| | | 1,262,842 | 1,407,018 |

## 7. Government Grants

### Accounting policy

Government grants comprise amounts received by the Group from governments as reimbursement for costs incurred. Most of the government grants (to be) received directly by the Group related to compensation for employee costs incurred during the reporting period. Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them, if any, and that the grants will be received. Government grants related to reimbursement for employee costs are recognized in the consolidated Income Statement as a reduction of the employee expenses over the periods, in which the Group recognized the employee expenses.

In 2020, the amount recognized as a reduction of employee expenses in the consolidated Income Statement for government grants can be specified by function as follows:

| in thousands of EUR | 2020 |
|---|---|
| Cost of sales and direct related costs | 1,066 |
| Selling and marketing costs | 49,833 |
| General and administrative costs | 4,045 |
| | 54,944 |

The Group was entitled mainly to subsidies to compensate some of the employee costs under the condition that employee staff contracts should not be terminated as a result of lower profitability due to the COVID-19 pandemic. Most of these government grants were received in the United Kingdom and France, where the Group had to temporary cease its operations and furlough some of its employees during several months from March 2020.

There is no significant outstanding receivable or liability related to the government grants as at 31 December 2020.

## 8. Finance Income and Costs

**Accounting Policy**
Finance income comprises interest received on outstanding monies and upward adjustments to the fair value of a provision, financial liability or financial asset, gain on derivatives, net foreign exchange gain and interest income on lease receivables.

Finance costs comprise interest due on funds drawn and commercial paper calculated using the effective interest method, interest due on VAT risks, downward adjustments to the fair value of a provision, financial liability or financial asset, losses on derivatives, other interest expenses, commitment fees, the amortization of transaction fees related to borrowings, interest expense on lease liabilities and net foreign exchange losses.

Finance income and costs include:





| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **Finance costs** | | | |
| - Interest expense on lease liabilities | 12 | - 24,743 | -30,265 |
| - Bank borrowings | | - 8,533 | -8,258 |
| - Result on derivatives | | - 3,798 | -2,418 |
| - Commitment and utilization fee | | - 4,148 | -1,606 |
| - Other | | - 5,535 | -9,767 |
| - Net foreign exchange loss | | - 12,322 | -699 |
| Total finance costs | | - 59,079 | -53,013 |
| **Finance income** | | | |
| - Interest income | | 7,098 | 1,953 |
| - Interest deposits | | 1,272 | 964 |
| - Interest income on lease receivables | 12 | 349 | 650 |
| - Interest loans to management | | - | 25 |
| Total finance income | | 8,719 | 3,592 |
| **Net financial result** | | **- 50,360** | **-49,421** |

Finance costs from bank borrowings and interest income include, respectively, costs and income related to balances held in the Group's cash pool.

In 2020, in the line 'interest income' an amount of €6,592 relates to changes in contingent consideration for Charlie Temple acquisition, following the latest business expectations.

In 2019, unwinding of discount on the contingent and deferred considerations amounting to €4,070, was included in Other finance costs.

## 9. Earnings per Share

**Accounting Policy**
Earnings per share are calculated by dividing the result for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

| in thousands of EUR (unless stated otherwise) | 2020 | 2019 |
|---|---|---|
| Result for the year attributable to equity holders of the parent | - 66,893 | 178,483 |
| Average number of outstanding ordinary shares | 253,714,180 | 253,693,611 |
| Diluted average number of outstanding ordinary shares | 254,473,666 | 254,313,931 |
| Earnings per share, basic and diluted (in EUR per share) | - 0.26 | 0.70 |

## 10. Current and Deferred Income Taxes



**Accounting Policy**
The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated Income Statement, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in equity. In the latter case, the related tax is recognized in Other Comprehensive Income or directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities and reflects uncertainty related to income taxes, if any. If the Group concluded it is not probable that the tax authority will accept an uncertain tax treatment, the Group determines the tax impact, applying the 'most likely amount' or ' the expected value' methods, depending on circumstances and expected resolution of the uncertainty.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance Sheet. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for losses carried forward and unused incentive tax credits to the extent that sufficient taxable temporary differences and deductible temporary differences are available or realization of the related tax benefit through the future taxable profits is probable. The assessment of whether a deferred tax asset should be recognized based on the availability of future taxable profits take into account all factors concerning the entity's expected future profitability, both favorable and unfavorable.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries and associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

### Significant Accounting Estimates and Judgments

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Certain uncertainties are caused by the many changes in international tax policies, in absence of available guidance and caselaw on those recent or newly enacted tax measures.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period for which such determination is made.

Carry forward losses and unused incentive tax credits are recognized as a deferred tax asset to the extent that sufficient taxable temporary differences are available or if it is likely that future taxable profits will be available against which losses can be set off. Judgment is involved to establish the extent to which expected future profits substantiate the recognition of a carry forward loss.



### Income Taxes

The following income tax was recognized in consolidated Income Statement:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Current income tax | 58,247 | 100,361 |
| Deferred income tax | - 4,293 | -21,184 |
| Charge in Income Statement | 53,954 | 79,177 |

The reconciliation between the computed weighted average rate of income tax expense, which is generally applicable to GrandVision companies, and the actual rate of taxation is as follows:

| in thousands of EUR | 2020 | % | 2019 | % |
|---|---|---|---|---|
| Result before tax | 9,232 | 100.0% | 274,548 | 100.0% |
| Computed weighted average tax rate* | 12,545 | 136.0% | 86,098 | 31.5% |
| Net exempt expenses not deductible for tax purposes | 18,610 | 201.6% | 17,654 | 6.4% |
| Incentive tax credits for the reporting period | - 2,860 | -31.0% | -3,097 | -1.1% |
| Net effect of (de)recognition of tax losses and unused incentive tax credits | 12,666 | 137.2% | -6,714 | -2.4% |
| Changes in tax rate | 1,927 | 20.9% | -601 | -0.2% |
| Impairment of deferred tax asset | 7,250 | 78.5% | - | - |
| (Over)/Under provided in prior years | 3,816 | 41.3% | -14,163 | -5.2% |
| Tax charge | 53,954 | 584.5% | 79,177 | 28.9% |

*This is calculated based on the different weights of the results in different countries and their domestic tax rates.

Expenses not deductible for tax purposes in 2020 include €11,420 related to impairment of goodwill in CGU United States and CGU Italy (2019: €10,739 impairment of goodwill in CGU United States). See note 13 for more details.

In 2019, an unused incentive tax credit of €16,906 in relation to the restructuring of the activities in China is included in the line 'Net effect of (de)recognition of tax losses and unused incentive tax credits'. During 2020, this tax credit was reclassed to the current tax position.

Impairment of deferred tax asset relates to the write-off of the fixed assets in the United States (see note 11 and 12).

In 2019, based on the anticipated outcome of proceedings in relation to the tax audits and subsequent, currently pending international arbitration on Transfer Pricing positions, the Group has recognized a current income tax receivable of €15,271 (in 2020 adjusted to €13,724). This impact is presented in the line '(Over)/Under provided in prior years'.

If the Group had recognized all losses from operating companies across jurisdictions, the tax charge would have been €8,669 (2019:€10,930) lower.

Current income tax assets and liabilities recognized on the consolidated Balance Sheet:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Current income tax receivables | 32,215 | 31,759 |
| Current income tax liabilities | - 58,680 | -40,705 |
| Net amount at 31 December | - 26,465 | -8,946 |

Increase in current income tax liabilities mainly relate to income tax in Germany, which will be paid in line with timeline as set by tax authorities.

Current income tax receivables include the uncertain tax position in France of €13,724 (2019: €15,271). Current income tax liabilities include uncertain tax positions of €19,142 (2019: €18,995).

### Deferred Income Tax

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| **The movement on the deferred income tax assets is as follows:** | | |
| **Gross amount at 1 January** | **460,223** | **434,820** |
| Acquisitions | - | 10,392 |
| Income Statement impact | - 28,810 | 14,190 |
| Change because of income rate change | 3,750 | - 18,459 |
| Recognized in Other comprehensive income | 2,845 | 8,797 |
| Reclassification | - | 7,327 |
| Exchange differences | - 13,165 | 3,156 |
| **Gross amount at 31 December** | **424,843** | **460,223** |
| Offset assets and liabilities | - 373,100 | - 398,401 |
| **Net amount at 31 December** | **51,743** | **61,822** |
| | | |
| **Analysis of the gross amount of deferred income tax assets is as follows:** | | |
| - Deferred income tax asset to be recovered after more than 12 months | 319,221 | 326,430 |
| - Deferred income tax asset to be recovered within 12 months | 105,622 | 133,793 |
| | 424,843 | 460,223 |
| **The movement on the deferred income tax liability is as follows:** | | |
| **Gross amount at 1 January** | **441,370** | **427,380** |
| Acquisitions | 690 | 27,841 |
| Income Statement impact | - 35,030 | - 7,379 |
| Change because of income rate change | 5,677 | - 18,074 |
| Recognized in Other comprehensive income | - 288 | 469 |
| Reclassification | - | 7,353 |
| Exchange differences | - 10,983 | 3,780 |
| **Gross amount at 31 December** | **401,436** | **441,370** |
| Offset assets and liabilities | - 373,100 | - 398,401 |
| **Net amount at 31 December** | **28,336** | **42,969** |
| | | |
| **Analysis of the gross amount of deferred income tax liabilities is as follows:** | | |
| - Deferred income tax liability to be settled after more than 12 months | 318,782 | 366,477 |
| - Deferred income tax liability to be settled within 12 months | 82,654 | 74,893 |
| | 401,436 | 441,370 |
| | | |
| **Net deferred income taxes** | **- 23,407** | **- 18,853** |

Specification of gross deferred income tax assets:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Property, plant and equipment | 6,715 | 7,233 |
| Leases | 304,815 | 330,250 |
| Goodwill | 612 | 446 |
| Other intangible assets | 9,075 | 7,545 |
| Inventories | 5,704 | 5,294 |
| Post-employment benefits | 26,518 | 23,631 |
| Provisions | 13,050 | 10,237 |
| Derivatives | 4,220 | 3,103 |
| Contract liabilities and amounts to be invoiced | 6,811 | 8,454 |
| Trade and other payables | 3,947 | 5,314 |
| **Deferred taxes on temporary differences** | **381,467** | **401,507** |
| Deferred taxes on carry forward losses and unused incentive tax credits | 43,376 | 58,716 |
| **Total deferred income tax assets** | **424,843** | **460,223** |



Specification of gross deferred income tax liabilities:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Property, plant and equipment | 7,342 | 9,054 |
| Leases | 295,214 | 318,402 |
| Goodwill | 40,161 | 40,447 |
| Other intangible assets | 54,656 | 68,105 |
| Inventories | 240 | 377 |
| Post-employment benefits | 54 | 214 |
| Provisions | 2,608 | 3,674 |
| Derivatives | 51 | 175 |
| Contract liabilities and amounts to be invoiced | 214 | 9 |
| Trade and other payables | 896 | 913 |
| **Total deferred income tax liabilities** | **401,436** | **441,370** |

At 31 December 2020 deferred income tax assets on carry-forward losses have been recognized for an amount of €32,771 (2019: €23,329). The losses are recognized based on taxable temporary differences or future expected results taking into consideration the expiration date of historical losses, other tax regulations and the latest strategic plan, which includes the COVID-19 pandemic implications. The related income tax losses amount to €141,511 (2019: €95,650). At 31 December 2020, deferred tax assets of €37,801 (2019: €20,844) relate to entities which suffered a loss in either the current or the preceding period.

Deferred taxes on unused incentive tax credits relate to incentive tax credit in Germany of €10,605 (2019: €17,922).

Unrecognized income tax losses amount to €255,019 (2019: €334,084). These tax losses expire as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Expiring within one year | 3,066 | 2,499 |
| Expiring between one and two years | 932 | 9,454 |
| Expiring between two and five years | 11,687 | 23,755 |
| Expiring after more than five years | 109,716 | 105,579 |
| Offsettable for an unlimited period | 129,618 | 192,797 |
| | 255,019 | 334,084 |

The unrecognized tax losses offsetable for an unlimited period relate mainly to activities in Brazil. For group companies with a history of recent losses and the absence of expected future taxable results, deferred tax assets have been recognized only to the extent of taxable temporary differences.

## 11. Property, Plant and Equipment

**Accounting Policy**

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The useful lives used are:

| | |
|---|---|
| Buildings | 8 - 30 years |
| Leasehold and building improvements | 3 - 10 years |
| Machinery | 3 - 10 years |
| Furniture and fixtures | 3 - 10 years |
| Computer and telecom equipment | 3 - 5 years |
| Other equipment | 3 - 7 years |
| Vehicles | 5 years |

The useful lives and the residual values of the assets are subject to an annual review.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating result under the relevant heading. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated Income Statement during the financial period in which they are incurred.

Movements in property, plant and equipment are as follows:

| in thousands of EUR | Notes | Buildings and leasehold improvements | Machinery and equipment | Furniture and vehicles | Total |
|---|---|---|---|---|---|
| **At 1 January 2019** | | | | | |
| Cost | | 616,647 | 547,639 | 387,817 | 1,552,103 |
| Accumulated depreciation and impairment | | -361,510 | -395,300 | -281,231 | -1,038,041 |
| **Carrying amount** | | **255,137** | **152,339** | **106,586** | **514,062** |
| **Movements in 2019** | | | | | |
| Acquisitions | | 3,142 | 2,895 | 3,283 | 9,320 |
| Additions | | 62,335 | 51,158 | 26,816 | 140,309 |
| Disposals / retirements | | - 4,513 | - 2,834 | - 1,695 | - 9,042 |
| Depreciation charge | 6 | - 52,899 | - 43,072 | - 30,633 | - 126,604 |
| Impairment | 6 | - 1,172 | - 312 | - 296 | - 1,780 |
| Reclassification | | - 1,848 | - 431 | 1,958 | - 321 |
| Exchange differences | | 3,627 | 2,599 | 520 | 6,746 |
| **At 31 December 2019** | | **263,809** | **162,342** | **106,539** | **532,690** |
| | | | | | |
| **At 1 January 2020** | | | | | |
| Cost | | 678,912 | 593,997 | 408,163 | 1,681,072 |
| Accumulated depreciation and impairment | | -415,103 | -431,655 | -301,624 | -1,148,382 |
| **Carrying amount** | | **263,809** | **162,342** | **106,539** | **532,690** |
| **Movements in 2020** | | | | | |
| Acquisitions | | 411 | 160 | 162 | 733 |
| Additions | | 38,810 | 48,880 | 19,803 | 107,493 |
| Disposals / retirements | | - 3,616 | - 934 | - 1,015 | - 5,565 |
| Depreciation charge | 6 | - 52,604 | - 43,713 | - 28,421 | - 124,738 |
| Impairment | 6 | - 7,947 | - 172 | - 327 | - 8,446 |
| Reclassification | | 543 | - 814 | 104 | - 167 |
| Exchange differences | | - 8,456 | - 6,780 | - 3,004 | - 18,240 |
| **At 31 December 2020** | | **230,950** | **158,969** | **93,841** | **483,760** |
| Cost | | 661,465 | 604,984 | 397,516 | 1,663,965 |
| Accumulated depreciation and impairment | | - 430,515 | - 446,015 | - 303,675 | - 1,180,205 |
| **Carrying amount** | | **230,950** | **158,969** | **93,841** | **483,760** |

During 2020, capital expenditures included investments in automated eye measurement equipment, thereby enabling its stores to quickly resume operations in compliance with COVID-19 health and safety protocols for both employees and customers.

The impairment in 2020 represents the write-down of certain leasehold improvements and furniture and fittings, mainly in the Americas & Asia segments following restructuring and in relation to the lower performing stores. This was recognized in the consolidated Income Statement within general and administrative costs.

## 12. Leases

### Accounting policy

#### Definition of a lease

The lease contracts relate mainly to the lease of the Group's own stores and leases for stores that are subleased to the Group's franchisees. Lease contracts also include leases for offices, warehouses, vehicles and equipment.

At the inception date of the contract, GrandVision assesses if it has the right to obtain substantially all of the economic benefits from use of the leased asset throughout the period of use in exchange for consideration; and if it can direct how the leased asset is used.

The following contracts are not considered to be a lease and shall be expensed to the consolidated Income Statement when incurred:

- The contracts with rent payments, which are based on variables such as revenue, volume or traffic levels.
- When a lessor has a substantive substitution right, for example the landlord can benefit by moving the store/corner or office during the lease contract, with only limited costs or efforts of the landlord, while GrandVision cannot prevent the landlord from moving the store.

#### Lessee Accounting

At the lease commencement date GrandVision recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus key money paid when entering the lease and any other incremental costs of obtaining the lease.

Subsequently the cost of a right-of-use asset is depreciated using the straight-line basis to reduce the right-of-use asset's carrying value to its residual value over the shorter of its estimated useful life and the lease term (see also paragraph 'Significant accounting estimates and judgments'). Right-of-use assets are adjusted for remeasurements of lease liabilities. Right-of-use assets are subject to a regular impairment assessment. A triggering event analysis for impairment of right-of-use assets is performed on a store and chain level. For annual impairment test purposes right-of-use assets are included in the carrying amount of relevant CGU, which represents a country or group of countries.

The residual value of right-of-use asset is assumed to be zero, except for initial costs Droit au Bail in France as these costs relate to the right to lease, which can be sold at the end of the lease term. These costs are treated as a separate component. The residual value is reviewed on a regular basis. The fair value is determined by external valuators taking into account cost per square meter and latest similar transactions for the main shopping malls, which are publicly available. Changes in the residual value are recognized in the consolidated Income Statement.

The lease liability is initially measured at the present value of outstanding lease payments during the lease term, discounted using the incremental borrowing rate (see also paragraph 'Significant accounting estimates and judgments'). The Group has elected to include both lease and non-lease components (e.g. fixed service costs) to the amount of lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract, a change in an index, or if GrandVision changes its assessment of whether it will exercise extension or termination options (see also paragraph 'Significant accounting estimates and judgments'). When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, unless a change in accounting policy as from 2020, related to COVID-19 rent reduction, is applicable. If as a result of this remeasurement, there is any excess over the carrying amount of the asset, it is recognized in the consolidated Income Statement within occupancy costs.

At the end of the lease term or at early termination of the lease, the cost of the right-of-use asset, accumulated depreciation, and outstanding lease liability, are written-down with the difference, if any, recorded in the consolidated Income statement within other occupancy costs.

*COVID-19 rent reduction*

A COVID-19 rent reduction shall meet all of the following criteria: (a) the change in lease payments does not result in a higher consideration; (b) only lease payments in 2020 and not later than 30 June 2021 are reduced; and (c) there are no substantial changes to other terms and conditions of the lease (see also paragraph in 'Significant accounting estimates and judgments'). GrandVision elected to apply the practical expedient to all the rent concessions, which meet these criteria and treated a COVID-19 rent reduction as a negative variable lease payment. The amount of this rent reduction is recognized in the Consolidated Income Statement as a part of occupancy costs.

*Short-term and low-value leases*

The Group has elected that the lease payments associated with lease contracts with a term of 12 months or less and leases of low-value assets (individual value of below €5,000, when new, such as computer equipment or mobile phones) are recognized on a straight-line basis over the lease term.

**Lessor accounting**

The Group subleases some of its right-of-use assets to franchisees or other third parties. When substantially all the risks and rewards transfer to the lessee, the sublease is classified as finance lease, otherwise the sub-lease is an operating lease.

When the sublease is classified as finance lease, the right-of-use asset in the head lease is de-recognized and a lease receivable is recognized. The lease receivable is initially measured at the present value of future lease receipts, which include both lease and non-lease components. Any difference on initial recognition of finance sublease is recorded in the consolidated Income statement within occupancy costs. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method.





## Significant Accounting Estimates and Judgments

### Lease term

The lease term comprises the non-cancellable period of a lease contract, plus periods covered by a reasonably certain renewal option and periods covered by a termination option, which are not reasonably certain to be exercised. GrandVision assesses whether it is reasonably certain to exercise renewal and termination options at lease commencement date and subsequently, if there is a change in circumstances. When determining the lease term only the options within control of GrandVision are considered.

When assessing renewal and termination options related to real estate leases, a distinction is made between new and existing locations, as well as between the stores based on their performance.

The lease term for a new store is the longest of the non-cancellable period with a minimum of 3 years. In addition, the Group considers the other circumstances, including recent leasehold improvements, local legislation, chain strategy, etc. and then decides if a different period is more appropriate.

Towards the end of the lease term the probability of exercising renewal or termination options is reconsidered based on business strategy, performance of the store and other considerations. In general, options are considered to be reasonably certain at the moment when the landlord is notified about the extension or termination. In case the contract has automatic renewal options, the remaining lease term is equal to the shortest possible extension of the lease, but is not less than 5 years for high performing stores or not less than 3 years for other stores.

The Group is reasonably certain not to exercise a termination option if the term with possible termination would become less than 5 years for high performing stores or less than 3 years for other stores.

The periods of 5 years for high performing stores and 3 years for new and other stores is determined considering Group practice and experience, developments in (optical) retail markets, real estate rental markets, regulations, economic environment and technology. These estimates are reassessed periodically.

### Discount rate

The Group uses incremental borrowing rates (IBRs) as a discount rate, since the interest rate implicit in the lease contract generally cannot be readily determined for most of the leases in lease portfolio of the Group. The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment. In determining the IBR, the comparable uncontrolled price method was selected. The IBR is determined as the sum of a reference rate, credit risk premium and sovereign risk premium. The sovereign risk premium is based on the Credit Default Swaps' market.

The calculation of IBR takes into account the currency of the lease contract, the lease term, type of leased assets, the country of the lessee and the credit rating of the lessee. The credit rating of the lessee is determined based on financial assessment, in which a scoring approach is applied to key financial ratios of the lessee.

The IBRs are determined on a country-by-country basis with a distinction between the currency of the lease contract, as well as lease term. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a country.

### COVID-19 rent reduction: substantial change

COVID-19 rent concession is not eligible for the practical expedient if there is a substantial change in lease terms. To be considered substantial, at least one of the following criteria is met: (a) there is a change of the scope of the lease; (b) there is a change in a lease term.

The movements in the right-of -use assets are as follows:

| in thousands of EUR | Notes | Buildings | Other | Total |
|---|---|---|---|---|
| **At 1 January 2019** | | | | |
| Cost | | 1,385,118 | 8,430 | 1,393,548 |
| Accumulated depreciation and impairment | | - | - | - |
| **Carrying amount** | | **1,385,118** | **8,430** | **1,393,548** |
| **Movements** | | | | |
| Acquisitions | | 23,212 | 66 | 23,278 |
| Additions | | 119,372 | 4,506 | 123,878 |
| Reassessment/modification | | 251,054 | 97 | 251,151 |
| Disposal | | - 846 | - 2 | - 848 |
| Depreciation charge | 6 | - 349,818 | - 4,936 | - 354,754 |
| Impairment | 6 | - 5,695 | - | - 5,695 |
| Exchange differences | | 12,366 | 30 | 12,396 |
| **At 31 December 2019** | | **1,434,763** | **8,191** | **1,442,954** |
| | | | | |
| **At 1 January 2020** | | | | |
| Cost | | 1,778,412 | 12,117 | 1,790,529 |
| Accumulated depreciation and impairment | | - 343,649 | - 3,926 | - 347,575 |
| **Carrying amount** | | **1,434,763** | **8,191** | **1,442,954** |
| **Movements** | | | | |
| Acquisitions | | 324 | - | 324 |
| Additions | | 58,235 | 4,305 | 62,540 |
| Reassessment/modification | | 230,872 | 1,041 | 231,913 |
| Disposal | | - 88 | - 30 | - 118 |
| Depreciation charge | 6 | -347,767 | -4,817 | - 352,584 |
| Impairment | 6 | -24,234 | - | - 24,234 |
| Exchange differences | | -37,845 | -335 | - 38,180 |
| **At 31 December 2020** | | **1,314,260** | **8,355** | **1,322,615** |
| Cost | | 1,985,803 | 14,537 | 2,000,340 |
| Accumulated depreciation and impairment | | - 671,543 | - 6,182 | - 677,725 |
| **Carrying amount** | | **1,314,260** | **8,355** | **1,322,615** |

The impairment loss in 2020 represents the write-down of the Right-of-use assets mainly in the Americas & Asia segment, following an impairment assessment performed in June 2020 for the chains with historically low performance, and following restructuring. This was recognized in the consolidated Income Statement within general and administrative costs and not reversed at December 2020.

The residual value of right-of-use assets at end of December 2020 is €123,171 (2019:€126,498).

In 2019, acquisitions relate mainly to McOptic in Switzerland.

The movements in the lease liabilities are as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Non-current | 1,037,293 | 1,001,505 |
| Current | 373,278 | 362,020 |
| **At 1 January** | **1,410,571** | **1,363,525** |
| Acquisitions | 324 | 20,506 |
| Additions | 62,450 | 127,304 |
| Reassessment/modification | 242,848 | 254,716 |
| Payments/Receipts | - 359,217 | - 400,492 |
| Rent reductions | - 33,971 | - |
| Accrued interest | 24,743 | 30,265 |
| Exchange differences | - 32,771 | 14,747 |
| **At 31 December** | **1,314,977** | **1,410,571** |
| Non-current | 957,625 | 1,037,293 |
| Current | 357,352 | 373,278 |
| **At 31 December** | **1,314,977** | **1,410,571** |



The movement 'Rent reductions' relates to temporary reductions of lease payments, due on or before end of reporting period, that were agreed with landlords in connection with the COVID-19 pandemic. The full impact of these temporary rent reductions is recognized in the consolidated Income Statement within the occupancy costs in the current period, instead of spreading this amount over the duration of the lease term.

The movements in the financial lease receivables are as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Non-current | 48,090 | 47,636 |
| Current | 16,080 | 17,257 |
| **At 1 January** | **64,170** | **64,893** |
| Additions | 3,495 | 9,911 |
| Reassessment/modification | 11,632 | 5,421 |
| Payments/Receipts | - 15,210 | - 16,717 |
| Rent reductions | - 849 | - |
| Accrued interest | 349 | 650 |
| Exchange differences | - 50 | 12 |
| **At 31 December** | **63,537** | **64,170** |
| Non-current | 47,572 | 48,090 |
| Current | 15,965 | 16,080 |
| **At 31 December** | **63,537** | **64,170** |

The maturity of the lease liabilities is as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Within 1 year | 357,352 | 373,278 |
| 1 - 2 years | 303,592 | 310,831 |
| 2 - 5 years | 495,667 | 536,867 |
| After 5 years | 158,366 | 189,595 |
| Total | 1,314,977 | 1,410,571 |

The future receipts from subleases are as follows:

| in thousands of EUR | Notes | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|---|
| | | Finance subleases | Operating subleases | Finance subleases | Operating subleases |
| Within 1 year | | 16,018 | 1,003 | 16,243 | 910 |
| 1 - 2 years | | 14,258 | 523 | 13,982 | 709 |
| 2 - 3 years | | 11,650 | 345 | 11,719 | 570 |
| 3 - 4 years | | 8,674 | 204 | 9,314 | 492 |
| 4 - 5 years | | 5,982 | 187 | 6,163 | 295 |
| After 5 years | | 7,623 | 120 | 7,602 | 447 |
| Total undiscounted receipts | | 64,205 | 2,382 | 65,023 | 3,423 |
| Unearned finance income | | - 668 | n.a | - 853 | n.a |
| Finance subleases | 16 | 63,537 | n.a | 64,170 | n.a |

## 13. Goodwill



**Accounting Policy**

Goodwill arises from the acquisition of subsidiaries, chains and stores and represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, chain or store at the date of obtaining control. Any negative goodwill resulting from acquisitions is recognized directly in the consolidated Income Statement.

For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units (CGUs) expected to benefit from the acquisition. Each of those groups of cash-generating units represents the Group's investment in a country or group of countries, which is the lowest level at which the goodwill is monitored for management purposes.

If a cash-generating unit is divested, the carrying amount of its goodwill is recognized in the consolidated Income Statement. If the divestment concerns part of cash-generating units, the amount of goodwill written off and recognized in the consolidated Income Statement is determined based on the relative value of the part divested compared to the value of the group of cash-generating units. Goodwill directly attributable to the divested unit is written off and recognized in the consolidated Income Statement.

Goodwill is not amortized but is subject to annual impairment testing.

**Impairment Test of Non-amortized Assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the value-in-use and the fair value less costs of disposal.

Value-in-use is calculated using the discounted cash flow method based on the asset's continuing use and applying a pre-tax discount rate derived from the average cost of capital. If a CGU does not pass the value-in-use test, the recoverable amount will be calculated with fair value less costs of disposal method.

Fair value less costs of disposal model is based on the CGU's highest and best use from a market participant's perspective as far as they can be reasonably ascertained, taking financial plans as approved by management as a base (level 3). These estimates include potential business expansion and reorganizations, if applicable. This model is based on a post-tax calculation, using a post-tax discount rate. Fair value less costs of disposal model can be based on the discounted cash flows method or sales multiple.

Impairments are recognized in the consolidated Income Statement. Impairment recognized in respect of cash-generating units is first allocated to goodwill and then to other assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset in the cash-generating unit. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. impairment of goodwill, recognized in previous interim or annual period, cannot be reversed.





**Significant Accounting Estimates and Judgments**

The Group performs its annual goodwill impairment test in the fourth quarter and an additional goodwill impairment test is performed during the year when there is a triggering event.

Due to the temporary store closures in most of the countries of the Group in the second quarter of 2020, following the pandemic outbreak the Group performed the following analysis to identify CGU's with a triggering event: (a) assessment of the impact of the pandemic on the market and expected recovery of the operations in the region; (b) extent and duration of the local government assistance to support the business. Apart from that analysis, when the recoverable amount as per 2019 Annual impairment test was significantly greater than the carrying amount of the CGU and/or was not sensitive to changes in key assumptions, the Group did not re-estimate the recoverable amount of the relevant CGU. As a result, the following seven CGUs were tested for impairment: United Kingdom & Ireland (G4 segment); Switzerland, Italy (Other Europe segment); United States, Chile & Uruguay, Colombia, and Peru (Americas & Asia segment).

**Impact of COVID-19 on impairment test models in 2020**

During the year, to reflect the uncertainties of the pandemic, the Group changed its valuation technique used to estimate the recoverable amount for the value-in-use from the traditional approach, which uses a single cash flow scenario, to the expected cash flow approach. This approach is based on different scenarios depending on the recovery of the business to the pre-pandemic level. The discounted cash flow projections in each scenario of the value-in-use model cover a period of five years and include the effects of restructuring plans and benefits of the government assistance, as committed at the end of the reporting period, where applicable. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. The discount rates do not reflect uncertainty risks, for which the estimated cash flows have been adjusted.

*Scenarios in the impairment test in the second quarter of 2020*

Five scenarios were developed , including two V-shaped rebounds with recovery of the business to the pre-pandemic level ('recovery point') in the next 6 and 12 months (Scenarios V1 and V2, respectively); U-shaped with recovery in the next 24 months (Scenario U); and two L-shaped scenarios, in which the optical market in the country goes into longer recession and stays below the pre-pandemic trend (Scenario L1 and L2).

The EBITA and revenue growth rates in the second half of 2020 were based on the latest ramp-up plans as approved by the management in June 2020. The revenue growth rate and EBITA after recovery point were based on the financial plans as approved by management before pandemic at the end of 2019 with a respective postponement of the Group strategy and adjusted for the COVID-19 impact as follows: (a) all the scenarios include costs for the COVID-19 preventive measures in the stores at 0.85 % of sales in year 1; (b) for the L-shaped scenarios potential negative impact of a change in the future customer behavior and preferences, as well as additional COVID-19 related costs, are added to the projections of the U-shaped scenario. Management has subjectively assigned probability weights to each scenario based on business development during the ramp-up period and its expectations for the eyewear industry in a specific country following the pandemic:

| | Scenario V1 | Scenario V2 | Scenario U | Scenario L1 | Scenario L2 |
|---|---|---|---|---|---|
| United Kingdom & Ireland, Switzerland, Italy | 5% | 50% | 25% | 15% | 5% |
| US | 5% | 30% | 50% | 10% | 5% |
| Chile & Uruguay, Colombia, and Peru | 5% | 5% | 25% | 35% | 30% |

*Scenarios in the 2020 annual impairment test*

Since 2020 the annual goodwill impairment test was performed in the fourth quarter, it was based on the updated financial plans, which included the COVID-19 implications for the business. Since in the end of the year, the uncertainty about the impact of the pandemic outbreak on the industry was relatively lower, compared to second quarter, there were only 3 scenarios developed for the annual impairment test. These scenarios included base scenario (Scenario U1), which was based on the financial plans as approved by management in 2020, including the assumption that the year 2021 will be on the level of 2019; optimistic scenario (Scenario U2) which included improvement compared to the base scenario in terms of higher profitability by 2% of sales in each year; W-shaped scenario (Scenario W), which included future 'waves' of the pandemic in year 1 and recovery of the business with one year delay, compared to the base scenario. The revenue growth and EBITA were based on the approved latest budget for the next five years. The EBITA percentage incorporated changes due to the pandemic, including additional costs for the COVID-19 preventive measures in the stores as well as improvements due to expected change in customer behavior and preferences.

Management believes that the probability weights below represent a reasonable assessment of the likelihood of the scenarios, taking into account that the most-likely base scenarios already include a country-specific impact of the pandemic on the expectations for the eyewear industry:

| | Scenario U1 | Scenario U2 | Scenario W |
|---|---|---|---|
| G4 | 70% | 10% | 20% |
| Other Europe | 70% | 10% | 20% |
| Americas & Asia | 70% | 5% | 25% |

### Key assumptions and judgments for value-in-use

The value-in-use model based on discounted cash flow method requires management to apply judgements around revenue growth, profit assumptions and the discount rate.

All assumptions are weighted based on the relevant scenarios. The revenue growth in 2020 key assumptions was calculated as a weighted per scenario average growth rate taking 2019 as a base year. Key assumptions for Q2 2020 are in respect only to the following CGUs per segment: 'G4' - CGU United Kingdom & Ireland; 'Other Europe' - CGU Switzerland, CGU Italy; 'Americas & Asia' - CGU United States, CGU Chile & Uruguay) are presented in table below.

| | 2020 Annual impairment test | Impairment test in Q2 2020 (only CGUs with triggering events) | 2019 Annual impairment test |
|---|---|---|---|
| **Revenue growth rate** | | | |
| G4 | 2.3% - 4.2% | 4.7% | 3.2% - 5.6% |
| Other Europe | 0.6% - 7.5% | 3.6% - 4.6% | 1.3% - 6.1% |
| Americas & Asia | 4.3%- 14.5% | 5.6% | 4.3% - 13.6% |
| **EBITA percentage (average)** | | | |
| G4 | 4.5% -14.8% | 4.7% | 5.9% - 17.5% |
| Other Europe | 2.8%- 20.6% | 6.8% - 11.6% | 7.6% - 24.7% |
| Americas & Asia | 9.7% - 16.6% | -3.5% - 10.3% | 4.9% - 17.4% |
| **Discount rate (pre-tax)** | | | |
| G4 | 6.4% - 7.1% | 7.3% | 6.4% - 7.5% |
| Other Europe | 5.5% - 8.9% | 6.4%- 10.3% | 6.1% - 8.9% |
| Americas & Asia | 7.4% - 23.5% | 6.9% - 11.4% | 11.8% - 22.3% |

### Key assumptions and judgments for fair value less costs of disposal model

For mature markets the Group calculates fair value less costs of disposal using the discounted cash flows method. For emerging markets, a sales multiple is used to determine fair value less cost of disposal. The Group applies a multiple to the average sales of the last three full calendar years. The sales multiple is based on the recent market transactions and peers of the Group, considering risk factors of the CGU, for which the fair value less costs of disposal is calculated. For recently acquired cash-generating units and cash-generating units with large investments in store openings to generate growth, the average sales of the last three years are adjusted to reflect these developments.

In 2020, following implementation of IFRS 16, right-of-use assets are included in the carrying amount, which have negative impact on the headroom. To compensate this impact sales multiples are adjusted accordingly. Uncertainty around the impact of the pandemic is reflected by a reduction of the sales multiple in line with a country-specific impact of the pandemic on the expectations for the eyewear industry.

Sales multiples are used to determine the recoverable amount for the CGU Brazil, Argentina, Colombia and Peru and are as shown below:

| | 2020 Annual impairment test | Impairment test in Q2 2020 (only CGUs with triggering events) | 2019 Annual impairment test |
|---|---|---|---|
| Americas & Asia | 0.8 - 0.9 | 0.9 - 1.0 | 1 – 1.2 |

Movements in goodwill are as follow:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **At 1 January** | | **1,146,028** | **1,084,908** |
| Acquisitions | | 4,882 | 99,802 |
| Impairment | 6 | - 73,136 | - 51,138 |
| Exchange differences | | - 17,261 | 12,456 |
| **At 31 December** | | **1,060,513** | **1,146,028** |
| | | | |
| Costs | | 1,269,780 | 1,293,756 |
| Accumulated impairment | | - 209,267 | - 147,728 |
| Carrying amount | | 1,060,513 | 1,146,028 |



The impairment charge recognized in June 2020, relates to an impairment of goodwill in the CGUs United States, Colombia and Peru, which operate in the Americas & Asia segment and in the CGU Italy, which operates in the Other Europe segment. In 2019, the impairment charge relates to an impairment of goodwill in the CGU United States, which operates in the Americas & Asia segment.

In 2019, increase in Goodwill is mainly related to acquisitions of Charlie Temple, which operates in the G4 segment, Óptica2000 and McOptic, which operate in the Other Europe segment.

The table below shows goodwill per segment:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| G4 | 495,048 | 496,610 |
| Other Europe | 516,733 | 534,974 |
| Americas & Asia | 48,732 | 114,444 |
| | 1,060,513 | 1,146,028 |

**Goodwill impairment charge**

See the results for the Goodwill impairment test, performed in the second quarter 2020 :

The recoverable amount of all CGUs was determined based on their value-in-use, except for CGUs Colombia and Peru, for the latter it is their fair value less costs of disposal, consistent with the 2019 Annual impairment test.

- The carrying amount of the CGU Italy has been reduced to its recoverable amount of €207,987 through recognition of an impairment loss against goodwill of €17,379.
- The carrying amount of the CGU United States has been reduced to its recoverable amount of €12,662 ($15,538) through recognition of an impairment loss against goodwill of €38,010 ($43,345).
- The carrying amount of the CGU Colombia has been reduced to its recoverable amount of €19,702 (COP 82,278 million) through recognition of an impairment loss against goodwill of €8,582 (COP 36,113 million).
- The carrying amount of the CGU Peru has been reduced to its recoverable amount of €16,588 (PEN 73,205) through recognition of an impairment loss against goodwill of €9,165.

Total impairment charge on goodwill of €73,136 is included in the general and administrative costs in the consolidated Income Statement.

*Sensitivity*

For the recoverable amount under expected cash flow approach, the most sensitive assumptions relate to the probabilities ('weights') of each scenario and a discount rate. A reasonably possible change to these assumptions would not result in any impairment of goodwill, where the value-in-use method is used, as this method (where applied) indicated sufficient headroom, except for CGUs Italy and United States. For CGUs Italy and United States, the following changes in assumptions would have resulted in a higher/(lower) impairment as follows:

| in thousands of EUR | United States | Italy |
|---|---|---|
| increase of the weight of L2 scenario and decrease of V1 scenario by 5 pp. | 3,037 | 3,614 |
| decrease of the weight of L2 scenario and an increase of V1 scenario by 5 pp | (3,037) | (3,614) |
| increase of the discount rate by 10% | 2,979 | 16,018 |
| decrease of the discount rate by 10% | 3,656 | no impairment |

In the fair value less costs of disposal method based on the sales multiple, the sales multiple and the adjusted average sales used are the sensitive key assumptions. A 10% reduction/(increase) of the sales multiple used in the Group impairment test would result in an additional/(lower) impairment of €2,094 million in Colombia and €2,040 in Peru.

**Annual goodwill impairment test**

*G4 segment*

In the G4 in 2020 the higher end of the average revenue growth rate range mainly relates to the CGUs of the Netherlands & Belgium and Germany & Austria and the lower end to the CGU of France. The CGU of the Netherlands & Belgium is at the higher end of the average EBITA percentage range with the CGUs of France and Germany & Austria closely following. The lower end of the EBITA range relates to the CGU of the United Kingdom & Ireland. The higher end of the pre-tax discount rate range relates to the CGU of France while the lower end relates to the CGUs of the Netherlands .

In recent years, significant efforts have been made to ensure the business was prepared for any given Brexit outcome, whether there was a deal or not, including development of IT systems to support timely shipment of goods. In 2020, the Group considered and incorporated the impact on the assumptions resulting from Brexit in its goodwill impairment test. The strategic plan for the CGU of the United Kingdom & Ireland includes expected implications of higher import duties and the costs relating to customs clearance administration and bureaucracy.

The carrying value of goodwill allocated to the CGU of France of €211,175 (2019: €211,175) is considered significant in relation to the Group's total carrying value of goodwill. A reasonably possible change to key assumptions used in the value-in-use would not result in a material impairment of goodwill for CGU of France, as this method indicated sufficient headroom. The approach for determining key assumptions for CGU France is consistent with the Group's approach described above.

*Other Europe segment*

In 2020, the higher end of the average revenue growth rate range mainly relates to the CGU of Poland and the lower end to the CGU of Finland & Estonia. The higher end of the EBITA percentage range relates to the CGU of Hungary, Czech Republic & Slovakia and the lower end to the CGU of Greece & Cyprus. The higher end of the pre-tax discount rate range relates to the CGUs of Hungary, Czech Republic & Slovakia and Italy (discount rate in Italy reduced compare to Q2 2020 mainly due to a significant drop in the government bonds yield and reduced volatility (beta) of the optical retail industry returns compared to the market). The lower end relates to the CGUs of Switzerland, Norway, Finland & Estonia and Denmark.

The remaining CGUs within the Other Europe segment have average revenue growth rates, EBITA percentages and pre-tax discount rates around the midpoint of the respective ranges.

*Americas & Asia segment*

In 2020, the higher end of the average revenue growth rate range mainly relates to the CGU of Turkey and the lower end relates to the CGU of Chile & Uruguay and Russia. The higher end of the average EBITA percentage range relates to the CGU of the Turkey and the lower end relates to the CGU of Colombia. The higher end of the pre-tax discount rate range related to the CGU of Turkey, while the lower end related to the CGU of United States. The remaining CGUs within the Americas & Asia segment have average revenue growth rates, EBITA percentages and pre-tax discount rates around the midpoint of the respective ranges.

The assumptions for CGU of United States used in impairment test in the second quarter 2020, were updated in the annual impairment test to include a change in a business strategy in the US market to have more focus on the store-in-store concept in the Walgreens pharmacy chain.

*Sensitivity*

In 2020, for the recoverable amount under expected cash flow approach, the most sensitive assumptions relate to the probabilities ('weights') of each scenario and a discount rate (2019: revenue growth, profit assumptions and the discount rate). A reasonably possible change to key assumptions would not result in a material impairment of goodwill where the value-in-use method is used (2019: no material impairment). Allocation of 100% probability to Scenario W would not result in a material impairment of goodwill, except for the CGU of the United Kingdom & Ireland, where there is a nil headroom with allocation of approximately 80% probability to Scenario W and 20% to Scenario U.

In the fair value less costs of disposal method based on the sales multiple, the sales multiple and the adjusted average sales used are the sensitive key assumptions. A 10% reduction of the sales multiple used in the Group impairment test would not result in an impairment (2019: no impairment).

## 14. Other Intangible Assets

**Accounting Policy**
Other intangible assets contain customer databases, trademarks, software and others.



**Customer databases**

Customer databases are only recognized as an intangible asset if the Group has a practice of establishing relationships with its customers and when the Group is able to sell or transfer the customer database to a third party. The customer databases are initially recognized at fair value using the discounted cash flow method or multi-period excess earnings method for the acquisitions. The fair value is subsequently regarded as cost. Customer databases have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but no longer than 15 years.

**Trademarks**

Trademarks acquired in business combinations are initially recognized at fair value using the relief-from-royalty approach. The fair value is subsequently regarded as cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated, using the straight-line method over the estimated useful life but not longer than 15 years (with exceptions of certain older trademarks).

**Software**

Acquired software is capitalized based on the costs incurred to acquire and to bring to use the specific software. Software is amortized when the product is put in operation, using the straight-line method, based on an estimated useful life in range of 3-5 years.

Costs incurred on development projects (i.e. internally developed software) are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

The expenditure that is capitalized includes purchases and the directly attributable employee costs. Development costs previously recognized as an expense, are not recognized as an asset in a subsequent period.

**Other**

Other intangible assets are mainly related to a concession agreement, reacquired rights, and franchise contracts.

The concession agreement is an identifiable intangible asset that the acquirer recognizes separately from goodwill. It relates mainly to the rights to operate optical stores in the El Corte Ingles department stores until years 2040 - 2048.

These rights are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight-line basis over the duration of the concession agreement.

A reacquired right is an identifiable intangible asset that the acquirer recognizes separately from goodwill. As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognized or unrecognized assets. An example of such rights includes a right to use the acquirer's trade name under a franchise agreement. Reacquired rights are initially valued at the present value of the expected future cash flows, which is subsequently used as cost and amortized on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

Franchise contracts acquired in a business combination are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight line basis over its useful life, being the remaining duration of the franchise contract without considering contractual extension possibilities, but not exceeding 10 years.

Movements in Other Intangible Assets are as follows:

| in thousands of EUR | Notes | Customer databases | Trademarks | Software | Other | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2019** | | | | | | |
| Cost | | 173,057 | 291,547 | 261,011 | 44,575 | 770,190 |
| Accumulated amortization and impairment | | - 44,476 | - 187,404 | - 157,730 | - 30,257 | - 419,867 |
| **Carrying amount** | | **128,581** | **104,143** | **103,281** | **14,318** | **350,323** |
| **Movements in 2019** | | | | | | |
| Acquisitions | | 14,589 | 21,111 | 624 | 54,847 | 91,171 |
| Additions | | 487 | - | 56,905 | 27 | 57,419 |
| Disposals | | - | - | - 533 | - 104 | - 637 |
| Amortization charge | 6 | - 18,340 | - 11,042 | - 33,485 | - 8,074 | - 70,941 |
| Impairment | 6 | - | - | - 21,193 | - | - 21,193 |
| Reclassification | | - 5 | - 20 | 355 | - 9 | 321 |
| Exchange differences | | 5,014 | 2,493 | 1,106 | 45 | 8,658 |
| **At 31 December 2019** | | **130,326** | **116,685** | **107,060** | **61,050** | **415,121** |
| **At 1 January 2020** | | | | | | |
| Cost | | 194,806 | 317,408 | 312,721 | 100,353 | 925,288 |
| Accumulated amortization and impairment | | - 64,480 | - 200,723 | - 205,661 | - 39,303 | - 510,167 |
| **Carrying amount** | | **130,326** | **116,685** | **107,060** | **61,050** | **415,121** |
| **Movements in 2020** | | | | | | |
| Acquisitions | | 266 | - | - | 1,397 | 1,663 |
| Additions | | 114 | - | 44,285 | 302 | 44,701 |
| Disposals | | - | - | - 251 | - | - 251 |
| Amortization charge | 6 | - 17,878 | - 11,389 | - 33,641 | - 7,606 | - 70,514 |
| Impairment | 6 | - 29,564 | | - 323 | - 4,118 | - 34,005 |
| Reclassification | | - | - | 167 | - | 167 |
| Exchange differences | | - 2,486 | - 2,605 | - 1,771 | - 292 | - 7,154 |
| **At 31 December 2020** | | **80,778** | **102,691** | **115,526** | **50,733** | **349,728** |
| Cost | | 188,952 | 307,213 | 344,009 | 99,729 | 939,903 |
| Accumulated amortization and impairment | | - 108,174 | - 204,522 | - 228,483 | - 48,996 | - 590,175 |
| **Carrying amount** | | **80,778** | **102,691** | **115,526** | **50,733** | **349,728** |

**Customer database and trademarks**
In 2019, the increase in customer database and trademarks related mainly to the acquisitions of McOptic and Óptica2000 (in Other Europe segment).

In 2020, the customer databases related to Tesco (UK, part of G4 segment), ForEyes (US, part of Americas & Asia segment), and the Randazzo acquisition (Italy, part of Other Europe segment) were (partially) impaired following the historically lower performance of the stores in these chains, compared to the expectations at their acquisitions. The majority of the customer database impairment relates to the Tesco customer database.

*Impairment Test of Tesco customer database*
The customer database relating to Tesco stores acquired in 2017 in the UK is amortized over 14 years. It has a carrying amount of €23,700 at the end of reporting period, after impairment of €20,548. The recoverable amount for the impairment test purposes was determined based on a fair value less costs of disposal model (level 3). The model includes discounted cash inflows based on future revenue from customers 'acquired' as part of the transfer of the Tesco Opticians database, together with the costs incurred in meeting that demand. The projections cover a twelve-year period (remaining useful life of the customer database). Key assumptions used are as follows: (a) expected revenue growth of 2%; (b) a churn rate; (c) post-tax discount rate of 5.7%.

The most sensitive key assumption in the impairment test of the Tesco customer database relates to revenue growth rate. A reduction of the expected revenue growth to the level of 1%, with all other factors used in calculating the fair value less costs of disposal remaining unchanged, would lead to an additional impairment of €4.0 million. In light of the significant impact of the COVID-19 pandemic on the economic outlook and business forecasts, the impact of Brexit has remained immaterially low. For more details on the (expected) implications of Brexit on the operations refer to note 13.

**Software**
During 2020, GrandVision continued its investment program on its strategic initiatives. Additions mainly related to the development of the omnichannel capabilities and other investments in IT.

In 2019, software was impaired mainly at the corporate level following changes in the strategy related to the implementation of global e-commerce platforms and ERP system.

**Other**
The other intangible assets mainly comprise the concession agreement, recognized following acquisition of Óptica2000 during 2019 in Spain of €42,032 (2019: €43,846).

## 15. Inventories

**Accounting Policy**
Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. A new assessment of the net realizable value is made in each subsequent period. When the circumstances that previously caused inventories to be written down below cost are no longer existing or when there is clear evidence of an increase in the net realizable value because of changed economic circumstances, the amount of the write-down is reversed. Costs of inventories include gains/losses on qualifying cash flow hedges transferred from equity at the moment of initial recognition of inventories.

The composition of the inventories is as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Finished goods | 334,056 | 378,482 |
| Provision for obsolete inventory | - 23,651 | - 22,223 |
| | 310,405 | 356,259 |

An amount of €15,329 (2019: €15,881) has been recognized in the consolidated Income Statement relating to obsolete inventories in 'Cost of sales and directly related costs'.

## 16. Trade and Other Receivables

**Accounting Policy**

At initial recognition, financial assets are classified as either measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group does not have assets measured at fair value through other comprehensive income.

Financial assets are initially recognized on the trade date, the date on which the Group commits to purchase the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Upon derecognition any gain or loss are recognized in the consolidated Income Statement.

*Financial assets at amortized cost*

Financial assets at amortized cost are financial assets held within a business model aimed at holding the asset in order to collect contractual cash flows. Timing of these cash flows is determined in the contract and comprise solely payments of principle and interest. Assets measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. For trade receivables, the transaction price is deemed to be equal to the fair value. Subsequently, these assets are carried at amortized cost using the effective interest method less any allowance for expected credit losses.

Interest income on assets is recognized in the consolidated Income Statement.

*Impairment of financial assets*

The Group assesses on a forward-looking basis the expected credit losses on financial assets measured at amortized cost and at fair value through other comprehensive income. The resulting allowance is generally based on a 12-month expected credit loss. When credit risk on an asset increases significantly the calculation of the expected credit loss is based on the full lifetime of the financial asset.

The Group applies judgement in its assessments of credit risk and expected credit losses based on current and historical data as well as forward-looking estimates. Changes in the allowance are recorded in the consolidated Income Statement with a reduction to the carrying value of financial assets measured at amortized cost, as an expected credit loss provision.

The Group applies the full lifetime credit loss method to trade receivables that have a maturity of one year or less. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables (i.e. provision matrix).

For financial assets measured at amortized cost, the Group applies the general approach under IFRS 9. The resulting allowance is generally based on a 12-month expected credit loss. When credit risk on an asset increases significantly the calculation of the expected credit loss is based on the full lifetime of the financial asset. The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. A significant increase in credit risk is presumed if a debtor is past due in making a contractual payment for a period outside of normal business practices. A default on a financial asset occurs when the counterparty fails to make contractual payments for a period significantly outside of normal business practices.

When using the general approach, for financial assets measured at amortized cost other than trade receivables with a low risk of default and a strong capacity to meet contractual cash flows, a 12-month expected credit loss provision is recognized. For financial assets measured at amortized cost other than trade receivables with a significant increase in credit risk and debtors that have defaulted, the expected credit loss provision is recognized based on lifetime expected credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial assets measured at amortized cost are written off when there is no reasonable expectation of recovery. This is generally the case when the Group determines that the debtor does not have any assets or other sources of income that could generate sufficient cash flows to repay the relevant amount.

Impairment losses on financial assets measured at amortized cost are included in the selling and marketing costs in the consolidated Income Statement. Subsequent recoveries of amounts previously written off are also credited against the same line item.

The table below shows trade and other receivables:

| in thousands of EUR | Notes | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|---|
| | | Current | Non-current | Current | Non-current |
| Trade receivables | | 158,020 | 10,793 | 165,044 | - |
| Less: provision for impairment of trade receivables | | - 17,257 | - | -15,861 | - |
| Trade receivables – net | | 140,763 | 10,793 | 149,183 | - |
| Finance lease receivables | 12 | 15,965 | 47,572 | 16,080 | 48,090 |
| Receivables related to consumer insurances | | 38,627 | - | 40,976 | - |
| Taxes and social security | | 27,319 | - | 30,089 | - |
| Supplier and other receivables | | 29,031 | 8,177 | 34,458 | 8,629 |
| Rental deposits | | 640 | 25,003 | 1,081 | 25,415 |
| Receivables from related parties | 30.1 | 2,733 | - | 4,165 | - |
| Less: provision for impairment of other receivables | | - 809 | - | -414 | - |
| Other financial assets measured at amortized cost - net | | 113,506 | 80,752 | 126,435 | 82,134 |
| Financial assets measured at amortized cost - total | | 254,269 | 91,545 | 275,618 | 82,134 |
| Financial assets at fair value through profit or loss | | - | 1,590 | - | 1,410 |
| | | 254,269 | 93,135 | 275,618 | 83,544 |

The carrying value less provision for impairment approximates the fair value of the assets.

Non-current trade receivables relate to optical subscriptions arrangements mainly in Sweden and Denmark. Current part of these arrangements is equal to €25.3 million (2019: €5 million) and included in current trade receivables.

**Impairment of Financial Assets**

The Group has two types of financial assets that are subjective to the expected credit loss model:

- Trade receivables
- Other financial assets measured at amortized cost

*Trade receivables*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss provision for trade receivables is determined as follows:

| in thousands of EUR | 31 December 2020 | | | 31 December 2019 | | |
|---|---|---|---|---|---|---|
| | Expected loss rate (%) | Gross Amount | Provision | Expected loss rate (%) | Gross Amount | Provision |
| Not past due | 0% | 126,475 | 582 | 0% | 130,716 | 59 |
| Past due up to 3 months | 32% | 13,819 | 4,382 | 10% | 15,681 | 1,587 |
| Past due between 3 and 6 months | 38% | 4,008 | 1,528 | 23% | 4,247 | 990 |
| Past due between 6 and 9 months | 64% | 4,767 | 3,068 | 79% | 3,596 | 2,854 |
| Past due after 9 months | 86% | 8,951 | 7,697 | 96% | 10,804 | 10,371 |
| | 11% | 158,020 | 17,257 | 10% | 165,044 | 15,861 |

*Other financial assets measured at amortized cost*

Other financial assets measured at amortized cost generally arise from transactions outside the trade activities of the Group and relate mainly to rental deposits, lease receivables, taxes and social security, other business receivables and loans to management. Business receivables include mainly receivables related to commissions earned on consumer insurances sold and supplier receivables.

Management considers these financial assets to have a low credit risk since based on limited historical credit losses, these financial assets have low risk of default and have a strong capacity to meet their contractual cash flow obligations in the near term. At reporting date, there is no significant increase of credit risk since initial recognition and as such, the Group measured the expected credit loss provision at an amount equal to 12-month expected credit losses.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Movements on the provision for the impairment of trade receivables and other financial assets measured at amortized cost are as follows:

| in thousands of EUR | Trade receivables | Other financial assets at amortized cost | Trade receivables | Other financial assets at amortized cost |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| **At 1 January** | **15,861** | **414** | **13,433** | **444** |
| Additions to provision for expected credit losses | 8,335 | 528 | 7,228 | - |
| Receivables written off during the year as uncollectible | - 2,681 | - 368 | -3,375 | - |
| Unused amounts reversed | - 3,233 | - 158 | -1,612 | - 28 |
| Exchange differences | - 1,025 | 393 | 187 | - 2 |
| **At 31 December** | **17,257** | **809** | **15,861** | **414** |

The carrying amounts of the Group's trade receivables, including provision, by currency :

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Euro (EUR) | 63,162 | 70,846 |
| Swedish Krona (SEK) | 20,845 | 11,583 |
| Danish Krone (DKK) | 17,925 | 10,003 |
| British Pound Sterling (GBP) | 6,764 | 15,101 |
| Norwegian Krone (NOK) | 6,114 | 6,783 |
| Turkish Lira (TRY) | 5,897 | 8,852 |
| Brazilian Real (BRL) | 5,085 | 4,415 |
| Chilean Peso (CLP) | 4,845 | 7,413 |
| Swiss Franc (CHF) | 2,470 | 1,980 |
| Other | 7,656 | 12,207 |
| Total | 140,763 | 149,183 |

## 17. Cash and Cash Equivalents

**Accounting Policy**
Cash and cash equivalents comprise bank balances including cash pool assets, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand. These are carried in the consolidated Balance Sheet at face value.

Cash and cash equivalents can be specified as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Cash at bank and in hand | 138,770 | 145,343 |
| Short-term bank deposits and marketable securities | 16,543 | 17,556 |
| | 155,313 | 162,899 |





Cash and cash equivalents by currency:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Euro (EUR) | 71,742 | 55,349 |
| British Pound Sterling (GBP) | 17,062 | 12,704 |
| Chilean Peso (CLP) | 15,991 | 10,104 |
| Mexican Peso (MXN) | 13,267 | 9,986 |
| Turkish Lira (TRY) | 10,230 | 12,379 |
| United States Dollar (USD) | 4,633 | 17,372 |
| Norwegian Krone (NOK) | 4,375 | 4,876 |
| Swiss Franc (CHF) | 3,206 | 12,588 |
| Brazilian Real (BRL) | 2,607 | 6,260 |
| Other | 12,200 | 21,281 |
| Total | 155,313 | 162,899 |

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

| in thousands of EUR | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| Cash and bank balances | | 155,313 | 162,899 |
| Bank overdrafts | 22 | - 2,577 | - 28,658 |
| | | 152,736 | 134,241 |

Bank overdrafts include drawings on the uncommitted bilateral overdraft and money market facilities.

## 18. Share Capital, Share Premium and Treasury Shares

**Accounting Policy**
Ordinary shares are classified as equity attributable to the equity holders. Costs directly attributable to the issuance of new shares are deducted from the proceeds and recognized in equity. Amounts received above the nominal is recorded as a share premium.

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled or re-issued. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in the shareholders' equity.

The movements in the number of shares outstanding and share capital can be specified as follows:

| | Number of shares outstanding at par value of EUR 0.02 | Share capital (in thousands of EUR) | Share premium (in thousands of EUR) | Treasury shares (in thousands of EUR) | Total (in thousands of EUR) |
|---|---|---|---|---|---|
| **At 1 January 2019** | **253,767,648** | **5,089** | **69,455** | **- 14,068** | **60,476** |
| Purchase of treasury shares | - 195,000 | - | - | - 3,814 | - 3,814 |
| Share-based payments | 82,330 | - | 3,125 | 1,647 | 4,772 |
| **At 31 December 2019** | **253,654,978** | **5,089** | **72,580** | **- 16,235** | **61,434** |
| | | | | | |
| **At 1 January 2020** | **253,654,978** | **5,089** | **72,580** | **- 16,235** | **61,434** |
| Share-based payments | 94,619 | | 2,957 | 1,892 | 4,849 |
| **At 31 December 2020** | **253,749,597** | **5,089** | **75,537** | **- 14,343** | **66,283** |

The authorized share capital consists of 254,443,840 ordinary shares at a par value of €0.02 each.

In 2020, the share-based payment plan movements within share premium of €4,849 relate to the periodic expenses and settlements of the share-based payment plans (2019: €4,772).

GrandVision transferred 94,619 shares to the eligible LTIP-participants in relation to the share-based payment plans following the vesting in 2020 (2019: 82,330 shares). The number of shares held in treasury at 31 December 2020 were 694,243 (2019: 788,862 shares).

## 19. Other Reserves

**Accounting Policy**
Other reserves include the cash flow hedge reserve, remeasurement of post-employment benefit obligations and the cumulative currency translation reserve.

The cash flow hedge reserve contains the effective part of the accumulated change in the fair value of cash flow hedges, net of tax, related to the foreign currency forwards and interest rate derivatives. See note 23 for more details on the Group's derivatives and hedge accounting. Transfer from the cash flow hedge reserve to the carrying value of inventory at initial recognition, is presented separately from consolidated Other Comprehensive Income.

Remeasurement of post-employment benefit obligations contains remeasurement of gains and losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions. See note 24 for more details on the Group's post-employment benefit obligations.

The cumulative currency translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities.



The movements in Other Reserves can be specified as follows:

| in thousands of EUR | Cash flow hedge reserve | Remeasurement of post-employment benefit obligations | Cumulative currency translation reserve | Total Other reserves |
|---|---|---|---|---|
| **At 1 January 2019** | **- 2,567** | **- 9,355** | **- 145,126** | **- 157,048** |
| Other comprehensive income | - 3,269 | - 17,266 | 13,857 | - 6,678 |
| Hedge results transferred to the carrying value of inventory purchased during the year | - 3,896 | - | - | - 3,896 |
| **At 31 December 2019** | **- 9,732** | **- 26,621** | **- 131,269** | **- 167,622** |
| | | | | |
| **At 1 January 2020** | **- 9,732** | **- 26,621** | **- 131,269** | **- 167,622** |
| Other comprehensive income | - 2,143 | - 7,631 | - 46,361 | - 56,135 |
| Hedge results transferred to the carrying value of inventory purchased during the year | 59 | - | - | 59 |
| **At 31 December 2020** | **- 11,816** | **- 34,252** | **- 177,630** | **- 223,698** |

In 2020, the negative impact of exchange difference on the currency translation reserve resulted from the translation of the financial statements of foreign entities mainly in the UK (G4 segment), Mexico and Turkey (Americas & Asia segment).

The movement in the cash flow hedge reserve per risk category can be specified as follows:

| | Interest risk | Currency risk | Total | Attributable to the equity holders | Non- controlling interest |
|---|---|---|---|---|---|
| **At 1 January 2019** | **- 4,013** | **1,504** | **- 2,509** | **- 2,567** | **58** |
| Changes in fair value | - 8,931 | 1,504 | - 7,427 | - 7,415 | - 12 |
| Reclassified to profit or loss | 3,170 | 3 | 3,173 | 3,165 | 8 |
| Income tax | 1,472 | - 451 | 1,021 | 1,012 | 9 |
| Exchange differences | - | - 29 | - 29 | - 31 | 2 |
| **Other comprehensive income** | **- 4,289** | **1,027** | **- 3,262** | **- 3,269** | **7** |
| Amount transferred to the cost of inventory | - | - 5,503 | - 5,503 | - 5,289 | - 214 |
| Income tax | - | 1,428 | 1,428 | 1,393 | 35 |
| | - | - 4,075 | - 4,075 | - 3,896 | - 179 |
| **At 31 December 2019** | **- 8,302** | **- 1,544** | **- 9,846** | **- 9,732** | **- 114** |
| | | | | | |
| **At 1 January 2020** | **- 8,302** | **- 1,544** | **- 9,846** | **- 9,732** | **- 114** |
| Changes in fair value | - 3,296 | - 2,912 | - 6,208 | - 6,262 | 54 |
| Reclassified to profit or loss | 3,213 | 47 | 3,260 | 3,260 | - |
| Income tax | 20 | 878 | 898 | 897 | 1 |
| Exchange differences | | - 44 | - 44 | - 38 | - 6 |
| **Other comprehensive income** | **- 63** | **- 2,031** | **- 2,094** | **- 2,143** | **49** |
| Amount transferred to the cost of inventory | - | - 65 | - 65 | 166 | - 231 |
| Income tax | - | - 60 | - 60 | - 107 | 47 |
| | - | - 125 | - 125 | 59 | - 184 |
| **At 31 December 2020** | **- 8,365** | **- 3,700** | **- 12,065** | **- 11,816** | **- 249** |

## 20. Retained Earnings

### Accounting Policy

Dividends are recognized in equity in the reporting period in which they are declared.

The movements in Retained Earnings can be specified as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| **at 1 January** | **1,283,340** | **1,188,943** |
| Result for the year | - 66,893 | 178,483 |
| Share-based payments | - 256 | 43 |
| Dividends paid | - | - 83,743 |
| Acquisition of non-controlling interest | - | - 386 |
| **At 31 December** | **1,216,191** | **1,283,340** |

GrandVision will not propose at this time a dividend for the fiscal year 2020.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision confirms its intention to propose a dividend for the amount of €88,779 (€0.35 per share) for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

In 2019 , a total dividend of EUR 0.33 per share was paid out for a total of €83,743 for the year 2018.

## 21. Non-Controlling Interest

**Accounting Policy**
The transactions with non-controlling interests are accounted for as equity transactions.

### Significant Accounting Estimates and Judgments

**Consolidation of the Synoptik Group**
The Company's ownership interest in the Synoptik Group is 63.29%. The agreement between the Company and the partner stipulates that the partner has certain affirmative votes in order to protect the variable returns of their investment. Resulting from contractual arrangements between the Company and the partner on key operational, procurement and organizational activities, the Company has the ability to execute power over the relevant activities of Synoptik, which directly affects Synoptik's returns. Following this assessment, the Company concluded that it has control and the Synoptik Group is consolidated. At each reporting date this assessment is reconsidered.





The movements in Non-Controlling Interest can be specified as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| **at 1 January** | **87,109** | **88,384** |
| Result for the year | 22,171 | 16,888 |
| Dividends paid | - 10,747 | - 16,681 |
| Acquisition of non-controlling interest | - | - 33 |
| Remeasurement of post-employment benefit obligation | - 880 | - 2,955 |
| Cash flow hedge reserve | 49 | 7 |
| Hedge results transferred to the carrying value of inventory purchased during the year | - 184 | - 179 |
| Currency translation differences | - 1,774 | 1,678 |
| **At 31 December** | **95,744** | **87,109** |

The financial information for the Synoptik Group (non-controlling interest of 36.71%) is as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Summarized Balance Sheet: | | |
| Non-current assets | 184,565 | 181,891 |
| Current assets | 158,217 | 117,615 |
| Equity | 177,457 | 152,261 |
| Non-current liabilities | 66,625 | 69,332 |
| Current liabilities | 98,700 | 77,913 |

The accumulated non-controlling interest for the Synoptik Group amounts to €65,144 (2019: €55,895).

The financial information for operations in Switzerland (non-controlling interest of 21%) is as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Summarized Balance Sheet: | | |
| Non-current assets | 295,847 | 310,592 |
| Current assets | 28,140 | 36,632 |
| Equity | 34,551 | 46,211 |
| Non-current liabilities | 227,212 | 244,554 |
| Current liabilities | 62,224 | 56,459 |

The accumulated non-controlling interest in Switzerland amounts to €7,313 (2019: €9,778).

The financial information for operations in Mexico (non-controlling interest of 30%) is as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Summarized Balance Sheet: | | |
| Non-current assets | 76,987 | 98,210 |
| Current assets | 49,700 | 64,954 |
| Equity | 26,760 | 45,341 |
| Non-current liabilities | 49,403 | 62,931 |
| Current liabilities | 50,524 | 54,892 |

The accumulated non-controlling interest in Mexico amounts to €8,238 (2019: €13,856).

## 22. Borrowings

### Accounting Policy

#### Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently recognized at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated Income Statement during the term of the borrowing using the effective interest method. Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for, or the liability is due to be settled at least 12 months after the balance sheet date.

Borrowings of the Group are as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| **Non-current** | | |
| Bank and other borrowings | 326,206 | 385,817 |
| | 326,206 | 385,817 |
| **Current** | | |
| Bank overdrafts | 2,577 | 28,658 |
| Commercial paper | 345,000 | 453,000 |
| Bank and other borrowings | 2,448 | 35,672 |
| | 350,025 | 517,330 |
| **Total borrowings** | **676,231** | **903,147** |

**Bank facilities**

The Group has a committed Revolving Credit Facility (RCF) of €1.2 billion with maturity in July 2024, that can be extended two times by one year at the end of the first and second anniversary (5 + 1 + 1). The interest rate on the drawings consists of the margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent. In addition, a sustainability feature has been added to the facility, whereby the margins are linked to the Group's sustainability performance.

GrandVision also has a committed additional Liquidity Facility of €400 million, which will be available in the event that the RCF is fully drawn. The term is one year, with maturity in June 2021 with an additional year available at GrandVision's discretion. Under this facility the Group is restricted to pay a dividend to external shareholders upon consent from the banks.

In addition to the committed facilities, the Group has uncommitted bilateral overdraft and money market facilities for a total of €329 million (2019: €375 million).

At the end of 2020 the Group also had multiple bank guarantee facilities for a total amount of €70.1 million (2019: €58.1 million).

**Commercial paper**

GrandVision has a commercial paper program under which it can issue commercial paper up to the value of €500 million. As of 31 December 2020, the amounts outstanding under the commercial paper program totaled €345 million (2019: €453 million) and have maturity dates of less than 12 months.

Movements in liabilities from financing activities are as follows:

| in thousands of EUR | Bank borrowings | Commercial paper | Other borrowings | Interest derivatives | Total |
|---|---|---|---|---|---|
| At 1 January 2019 | 388,731 | 418,000 | 3,974 | 5,433 | 816,138 |
| **Changes from financing cash flows** | | | | | - |
| Proceeds from borrowings | 167,899 | 35,000 | 297 | - | 203,196 |
| Repayments of borrowings | - 141,152 | - | - 19 | - | - 141,171 |
| Interest swap payments | | - | - | - 3,126 | - 3,126 |
| Interest | - 1,921 | 952 | - | - | - 969 |
| **Other movements** | | | | | - |
| Acquisitions | 345 | - | - | - | 345 |
| Amortization/interest accrual | 2,612 | - 952 | 277 | 3,170 | 5,107 |
| Exchange differences | 208 | - | 238 | - | 446 |
| Other comprehensive income (before tax) | - | - | - | 5,761 | 5,761 |
| At 31 December 2019 | 416,722 | 453,000 | 4,767 | 11,238 | 885,727 |
| Non-current | 381,987 | - | 3,830 | 7,935 | 393,752 |
| Current | 34,735 | 453,000 | 937 | 3,303 | 491,975 |
| At 31 December 2019 | 416,722 | 453,000 | 4,767 | 11,238 | 885,727 |
| | | | | | |
| At 1 January 2020 | 416,722 | 453,000 | 4,767 | 11,238 | 885,727 |
| **Changes from financing cash flows** | | | | | |
| Proceeds from borrowings | 601,764 | - | 79 | - | 601,843 |
| Repayments of borrowings | - 695,989 | - 108,000 | - 332 | - | - 804,321 |
| Interest swap payments | - | - | - | - 3,218 | - 3,218 |
| Interest | - 3,412 | 302 | - | - | - 3,110 |
| **Other movements** | - | - | - | - | - |
| Amortization/interest accrual | 5,705 | - 302 | 182 | 3,213 | 8,798 |
| Exchange differences | - 330 | - | - 502 | - | - 832 |
| Other comprehensive income (before tax) | - | - | - | 83 | 83 |
| At 31 December 2020 | 324,460 | 345,000 | 4,194 | 11,316 | 684,970 |
| Non-current | 322,833 | - | 3,373 | 8,174 | 334,380 |
| Current | 1,627 | 345,000 | 821 | 3,142 | 350,590 |
| At 31 December 2020 | 324,460 | 345,000 | 4,194 | 11,316 | 684,970 |

The interest on commercial paper relates to the effect of negative effective interest rates. Interest paid in the consolidated Cash Flow Statement also includes commitment and utilization fees related to bank borrowings, interest paid related to overdraft and cash pool facility.

Movements in lease liabilities are disclosed in note 12.

The maturity of the borrowings of the Group is as follows:

| in thousands of EUR | Within 1 year | 1-2 years | 2-5 years | Total |
|---|---|---|---|---|
| **At 31 December 2020** | | | | |
| Borrowings | 5,025 | 3,204 | 323,002 | 331,231 |
| Commercial paper | 345,000 | - | - | 345,000 |
| | 350,025 | 3,204 | 323,002 | 676,231 |
| | | | | |
| **At 31 December 2019** | | | | |
| Borrowings | 64,330 | 3,477 | 382,340 | 450,147 |
| Commercial paper | 453,000 | - | - | 453,000 |
| | 517,330 | 3,477 | 382,340 | 903,147 |

The fair value of the borrowings is approximately equal to the carrying amounts since these loans have a floating interest rate.

The weighted average effective interest rates of the borrowings and the related hedges under the revolving credit facility, the commercial paper program and the bilateral overdraft and money market facilities for 2020 were 1.44% (2019: 0.70%)

Interest rates on variable-rate borrowings are mainly EURIBOR-based, increased by a certain margin. The margin is determined based on the leverage ratio (note 3.1.3) and can be further adjusted based on the yearly sustainability performance of the Group.

The Group has the following undrawn borrowing facilities:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| - Expiring within one year | 872,889 | 369,683 |
| - Expiring beyond one year | 875,000 | 815,000 |
| | 1,747,889 | 1,184,683 |

## 23. Derivatives

**Accounting Policy**
The Group uses derivatives in the management of its interest and foreign currency cash flow risks. Derivatives are only used for economic hedging purposes and not as speculative investments.

Derivatives are initially recognized in the consolidated Balance Sheet at fair value on the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is derived from valuations performed by financial institutions and other third parties, using valuation techniques such as mathematical models (Black-Scholes). The Group uses its judgment to make assumptions that are mainly based on market conditions existing at each reporting date.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized immediately in the consolidated Income Statement as finance income and finance costs.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**Hedge accounting**

The Group designates certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedges);
- hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges).

The Group assesses and documents, both at the inception of the transaction and on an ongoing basis through periodic prospective effectiveness assessments, the existence of an economic relationship between the hedging instrument and hedged item based on the amount and timing of the respective cash flows. The Group also documents its risk management objective and strategy for undertaking various hedge transactions.

When all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. The changes in the forward element of the foreign currency forwards are recognized in the consolidated Income Statement.

**Cash flow hedge**

On the date a derivative contract is entered into, the Group designates interest rate swaps and foreign currency forwards (hedge instruments) as a hedge of the exposure to the fluctuations in the variable interest rates on borrowings and foreign currency exchange rates on future transactions, respectively (hedged items).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the consolidated Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated Income Statement. Amounts accumulated in the consolidated Other Comprehensive Income are recycled in the consolidated Income Statement in the periods when the underlying hedged item affects profit or loss.

However, when the projected transaction that is hedged, results in the recognition of a non-financial asset (for example inventory), the gains and losses previously deferred in the consolidated Other Comprehensive Income are transferred from equity and included in the initial measurement of the cost of the asset as a basis adjustment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the consolidated Other Comprehensive Income at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated Income Statement or for a non-financial asset, within the cost of the asset. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in the consolidated Other Comprehensive Income is immediately transferred to the consolidated Income Statement in finance costs or finance income.

**Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated Income Statement as finance costs or finance income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of the derivatives is as follows:

| in thousands of EUR | 31 December 2020 | | 31 December 2019 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| **Non-current** | | | | |
| Interest rate derivatives – cash flow hedges | - | 8,174 | - | 7,935 |
| | - | 8,174 | - | 7,935 |
| **Current** | | | | |
| Interest rate derivatives – cash flow hedges | - | 3,142 | - | 3,303 |
| Currency derivatives – cash flow hedges | 728 | 7,246 | 1,581 | 2,803 |
| | 728 | 10,388 | 1,581 | 6,106 |
| **Total derivatives** | **728** | **18,562** | **1,581** | **14,041** |

The Group's risk management strategy has not changed due to the COVID-19 pandemic. During 2020, GrandVision considered the impact of COVID-19 on its existing hedges on a Group level, in particular, whether the currency derivatives continued to meet the criteria for hedge accounting. The accounting treatment depends on the conclusion on the probability of the forecasted transactions occurring. Based on the analysis, all the effectiveness criteria continued to be met and thus, GrandVision continued to apply Hedge Accounting for all the currency derivatives throughout the year.



In both 2020 and 2019, the derivatives met the requirements for hedge accounting in full. There has not been any ineffectiveness on the hedges in 2020 and 2019.

In note 3.1.3 the maturity of the expected cash flows of the derivatives to occur is shown.

### Interest rate derivatives

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's policy is to maintain a minimum of 60% of its net debt on a forward looking 12 months basis, related to interest rate risk at fixed rate, using floating-to-fixed interest rate swaps. The Group also uses 0% floors to hedge its exposure to negative interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the interest rate, reset dates, payment dates, maturities and notional amount. As the Group only hedges 60% of the cash flows related to interest rate risk, the hedged items are therefore identified as a proportion of the outstanding borrowings up to the notional amount of the swaps.

The nominal amount of the bank borrowings (see note 22) hedged by interest rate derivatives amounts to €425 million (2019: €475 million) which includes €325 million (2019: €375 million) of 0% floors to hedge the impact of negative interest rates.

The effects of the interest rate swaps on the Group's consolidated Balance Sheet and consolidated Income Statement are as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Carrying amount (liabilities) | - 11,316 | - 11,238 |
| Notional amount | 425,000 | 475,000 |
| Maturity Date | March 2021 - December 2026 | September 2020-December 2026 |
| Hedge ratio | 1:1 | 1:1 |
| Change in fair value of outstanding hedging instruments since 1 January | - 79 | - 5,805 |
| Change in value of hedged item used to determine hedge effectiveness | 79 | 5,805 |
| Weighted average hedged rate for the year | 0.60% | 0.59% |

### Currency derivatives

The Group has transactional cash flows relating to future commercial transactions and recognized assets and liabilities denominated in multiple currencies which are exposed to the volatility of these currencies against the euro. The treasury policy is to hedge between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast using foreign currency forward contracts. Foreign currency forwards are aimed at reducing the exposure to adverse currency change by hedging the spot component.

For hedges of foreign currency purchases, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the notional amounts, the foreign currency spot components, payment dates and maturities.

The foreign currency related hedging instruments are as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Carrying amount (assets) | 728 | 1,581 |
| Carrying amount (liabilities) | - 7,246 | - 2,803 |
| Notional amount of outstanding foreign exchange contracts: | | |
| -United States Dollar (USD)/Euro (EUR) | 94,829 | 84,215 |
| -British Pound Sterling (GBP)/ Euro (EUR) | 19,148 | 22,986 |
| -Norwegian Krone (NOK)/Danish Krone (DKK) | 3,788 | 2,377 |
| -Swedish Krona (SEK)/Danish Krone (DKK) | 6,209 | 4,497 |
| -Other/Euro (EUR) | 45,593 | 88,405 |
| -Other /United States Dollar (USD) | 6,511 | 6,305 |
| Maturity Date | January 2021 - December 2021 | January 2020 - December 2020 |



The weighted average hedge rates for the 2020 and 2019 years can be specified as follows:

| | 2020 | 2019 |
|---|---|---|
| -United States Dollar (USD)/Euro (EUR) | 1.1654 | 1.1479 |
| -British Pound Sterling (GBP)/ Euro (EUR) | 0.9000 | 0.8937 |
| -Norwegian Krone (NOK)/Danish Krone (DKK) | 1.4474 | 1.3579 |
| -Swedish Krona (SEK)/Danish Krone (DKK) | 1.4035 | 1.4365 |

## 24. Post-Employment Benefits

**Accounting Policy**

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans as well as post-employment medical plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit of obligations at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms of maturity approximating the terms of the related pension obligation. Remeasurement of gains and losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions are recognized in equity in Other Comprehensive Income in the period in which they arise. Past service costs are recognized immediately in the consolidated Income Statement.

In a number of countries, the Group runs defined contribution plans, including a multi-employer plan in the Netherlands. The contributions are recognized as employee benefit expense when they are due. The Group has no further payment obligations once the contributions have been paid.

**Other post-employment obligations**

Some entities within the Group provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and includes the estimation that (former) employees will make use of this arrangement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as the defined benefit pension plans.

**Significant Accounting Estimates and Judgments**

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions are most sensitive for the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit pension obligations.

The Group determines the appropriate discount rate at year-end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds with a duration and currency consistent with the term and currency of the related defined benefit pension obligation.



The amounts recognized in the consolidated Balance Sheet are determined as follows:

| in thousands of EUR | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Present value of benefit obligation | 145,616 | 134,165 |
| Fair value of plan assets | - 82,582 | - 79,531 |
| Net position | 63,034 | 54,634 |
| Present value of unfunded obligation | 87,443 | 81,478 |
| Provision in the Balance Sheet | 150,477 | 136,112 |

The most recent actuarial valuations were performed in December 2020.

The defined benefit obligation of the unfunded plans mainly relates to:

- A pension arrangement, in addition to the state pension provided in Germany, for employees already employed with Apollo prior to 1994 (2020: €62.9 million; 2019: €60.5 million). Every service year of the employees in the plan adds an amount of 1% of their pensionable salaries to the plan. This occurs for a maximum of 25 years and is maximized in terms of pay-out.
- The Italian Trattamento di Fine Rapporto program (2020: €4.1 million; 2019: €4.3 million) for service years until 2012. For service years since 2013 the Trattamento di Fine Rapporto is paid to a pension fund or a state agency as a defined contribution.
- An end-of-employment plan for French employees (2020: €18.3 million; 2019: €16.4 million). This is based on service years and calculated according to the estimated remuneration in the last year of employment.

These plans are unfunded and thus both the pay-out and the actuarial risks are the responsibility of the Group.

The net defined benefit obligation of the funded plans mainly relates to the Swiss pension plan of €57.7 million (2019: €48.8 million). The assets of the plan at 31 December 2020 are €79.8 million (2019: €76.4 million) and the obligations of the plan at 31 December 2020 are €137.5 million (2019: €125.2 million). The pension arrangements (occupational pension plans) of Swiss activities are funded plans, providing benefits upon retirement, death, disability and termination. Those arrangements are the base of the second pillar of the Swiss social security system. Both employer and employees pay contributions to the pension plan. To comply with legal requirements Visilab and McOptic are affiliated to the Fondation BCV deuxième pilier ("the Foundation") which is a collective pension fund (group administration plan) under the supervision of the Supervisory Authority in the canton of Vaud. Pension arrangements are subject to the mandatory insurance requirements according to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Funds (LPP/BVG). Should the Foundation become underfunded according to Swiss Law, the Foundation Board must decide on recovery measures that will allow the coverage ratio to return to 100% within an appropriate time horizon. The latest known coverage ratio of the Foundation was 108.6% as at 31 December 2019 (102.6% as at 31 December 2018).

The remainder of the assets and obligations of the funded plans mainly relate to defined benefit plans in Mexico.

The risks of these plans are mainly related to changes in the discount rate applied to determine the defined benefit obligation.

The amounts recognized in the consolidated Income Statement are as follows:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Current service costs | | 9,162 | 5,919 |
| Interest expense | | 1,232 | 1,818 |
| Plan amendments/curtailments/settlements | | - 811 | - 1,720 |
| Other | | 370 | 342 |
| Total defined benefit costs | 6 | 9,953 | 6,359 |

The movement in the defined benefit obligation over the year was as follows:

| in thousands of EUR | Present value of obligation | Fair value of plan assets | Total |
|---|---|---|---|
| **At 1 January 2019** | **145,028** | **- 48,829** | **96,199** |
| Acquisitions | 32,880 | - 21,906 | 10,974 |
| Current service costs | 5,919 | - | 5,919 |
| Interest expense/ (income) | 2,436 | - 618 | 1,818 |
| Employee contributions | 2,487 | - 2,487 | - |
| Employer contributions | - | - 3,005 | - 3,005 |
| Experience adjustments | 120 | - | 120 |
| Change in financial assumptions | 25,816 | - | 25,816 |
| Change in demographic assumptions | 1,926 | - | 1,926 |
| Plan amendments and curtailments | - 1,750 | 30 | - 1,720 |
| Return on plan assets, excluding amounts in interest | - | - 1,762 | - 1,762 |
| Benefits paid | - 3,362 | 1,322 | - 2,040 |
| Reclassification | - | 266 | 266 |
| Exchange effect | 4,143 | - 2,542 | 1,601 |
| **At 31 December 2019** | **215,643** | **- 79,531** | **136,112** |
| | | | |
| **At 1 January 2020** | **215,643** | **- 79,531** | **136,112** |
| Current service costs | 9,162 | - | 9,162 |
| Interest expense/ (income) | 1,383 | - 151 | 1,232 |
| Employee contributions | 3,273 | - 3,273 | - |
| Employer contributions | - | - 3,753 | - 3,753 |
| Experience adjustments | 137 | - | 137 |
| Change in financial assumptions | 7,285 | - | 7,285 |
| Change in demographic assumptions | 4 | - | 4 |
| Plan amendments and curtailments | - 811 | - | - 811 |
| Return on plan assets, excluding amounts in interest | - | 3,380 | 3,380 |
| Benefits paid | - 2,411 | 539 | - 1,872 |
| Reclassification | - | 352 | 352 |
| Exchange effect | - 606 | - 145 | - 751 |
| **At 31 December 2020** | **233,059** | **- 82,582** | **150,477** |

## Assumptions

The principal actuarial assumptions used were as follows on a weighted average basis:

| | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.5% | 0.7% |
| Expected return on plan assets | 0.05% | 0.1% |
| Future salary increases | 1.6% | 1.6% |
| Future inflation | 1.3% | 1.4% |

In 2020 and 2019 the expected return on plan assets relates mainly to the post Swiss employment benefit plan. The difference between the discount rate and the expected return on plan assets was caused by the weighted impact of funded and unfunded plans.

The most recent available mortality tables have been used in determining the pension liability. Experience adjustments have been made. The assumptions are based on historical experiences. The expected return on plan assets is based on the expected return on high-quality corporate bonds.

The below sensitivity analyses are based on changing one assumption while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Sensitivity analyses :

| Assumptions | Increase (+)/ decrease (-) in defined benefit obligation |
|---|---|
| Change in discount rate of +1.00% | -17% |
| Change in discount rate of -1.00% | +23 |
| Change in salary of +0.25% | +1% |
| Change in life expectancy of +1 year | +2% |
| Change in inflation of +1% | +7% |

Plan assets are comprised as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Insurance contracts | 81,782 | 78,285 |
| Debt instruments | 677 | 1,058 |
| Equities | 123 | 188 |
| Total | 82,582 | 79,531 |

The plan assets for the Swiss pension plan qualify for the level 2 fair value category. See note 3.3 for a description of the different levels of valuation categories.

The expected maturity of the undiscounted pension and post-employment benefits is:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Less than 1 year | 9,118 | 7,325 |
| Between 1 and 2 years | 7,596 | 8,157 |
| Between 2 and 5 years | 17,849 | 17,776 |
| Over 5 years | 247,309 | 238,945 |
| Total | 281,872 | 272,203 |

The expected contributions in 2021 to the defined benefit plans amount to €3,753.

## 25. Share-based Payment Plans

**Accounting Policy**
Certain members of senior management participate in share-based payment plans. The Group operates the following types of share-based payment plans.

**Equity plan**

The equity plan provides for the purchase of shares in the Company by eligible participants and is subject to a vesting term and holding conditions. Vesting of awards made under the equity plan is subject to a service condition that can vary between 3-5 years following the date of grant. The plan has been classified as an equity-settled share-based payment arrangement.

The equity plans are no longer granted since the listing of the Company's shares. In 2019 the last outstanding shares have been settled and became unrestricted.

**Long-term incentive plan (LTIP) – cash settled**

In 2018, a new cash-settled plan was issued in a subsidiary to qualifying employees, representing conditional option awards. These option awards are in the form of cash-settled share appreciation rights, meaning that at exercise the participant receives cash which is in total equal in value to the total value of the exercised options.

For cash-settled share-based payment transactions, the fair value of the liability for the awards made is measured at each reporting date and at the settlement date. The fair value is recognized over the vesting period. The amount of expense recognized takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions underlying each share and option award granted.

**Long-term incentive plan (LTIP) – equity settled**

LTIP awards can consist of shares and/or options, which contain a service condition of 3-5 years and can contain additional performance conditions based on the results of certain predetermined Group related financial performance targets, which are treated as non-market vesting conditions. The option awards have a maximum term of 5 years.

The long-term incentive plan (LTIP) represents conditional share and option awards. Option awards are in the form of equity-settled share appreciation rights, meaning that at exercise the participant receives shares which are in total equal in value to the total value of the exercised options.

The fair value at grant date of equity-settled share-based payment transactions is expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate of the number of shares expected to vest under the service and performance conditions.

The table below shows the total expense of the share-based payment plans as well as the movements in liability and equity.

| in thousands of EUR | Long-term incentive plan | | Equity plan |
|---|---|---|---|
| | Liability | Equity | Equity |
| **At 1 January 2019** | **786** | **5,536** | **2,529** |
| Charges to Income Statement | - 609 | 5,636 | - |
| Settlements/ Vesting | - | - 2,913 | - 2,529 |
| Exchange differences | 17 | - 10 | - |
| **At 31 December 2019** | **194** | **8,249** | **-** |
| | | | |
| **At 1 January 2020** | **194** | **8,249** | **n.a** |
| Charges to Income Statement | - 191 | 5,868 | - |
| Settlements/ Vesting | - | - 3,574 | - |
| Exchange differences | - 3 | - 4 | - |
| **At 31 December 2020** | **-** | **10,539** | **n.a** |

The number of participants of the share-based payment plans per year-end 2020 is 175 (2019: 160).

The table shows the valuation method of the Group's share-based payment plans:

| Classification | Share awards | Option awards | Equity plan |
|---|---|---|---|
| Cash-settled | Share price at 31 December | Black-Scholes-Merton option model | n/a |
| Equity-settled | Share price at grant date | Black-Scholes-Merton option model | Share price at grant date |

## Equity plan

During 2019 the full balance of equity plan of employees was settled.

| | Employees |
|---|---|
| **At 1 January 2019** | **145,410** |
| Settled | - 145,410 |
| **At 31 December 2019** | **-** |

## Long-term incentive plan (LTIP)

The plan includes a clause governing the consequences of a change of control event: If a fundamental change takes place in the management and structure of GrandVision, due to a merger, acquisition, sale or similar transaction, the awards shall vest on a pro rata basis for the period from the commencement of the LTIP until the date that the transaction is completed definitely. Following the announced acquisition of GrandVision shares by EssilorLuxottica the company applied this clause to the non-vested LTIP, resulting in additional expenses in 2020 of €522 (2019: €1,379).

The table below shows the movements in the long-term incentive plan for (former) key management and employees:

| | Management Board | Management Board (former members) | Employees | Total LTIP awards |
|---|---|---|---|---|
| **At 1 January 2019** | **120,538** | **144,461** | **1,166,965** | **1,431,964** |
| Granted | 60,421 | - | 395,779 | 456,200 |
| Settled | - | - 7,935 | - 112,354 | - 120,289 |
| Forfeited | - | - 136,526 | - 211,046 | - 347,572 |
| **At 31 December 2019** | **180,959** | **-** | **1,239,344** | **1,420,303** |
| | | | | |
| **At 1 January 2020** | **180,959** | **-** | **1,239,344** | **1,420,303** |
| Granted | 50,780 | - | 364,953 | 415,733 |
| Settled | - | - | - 198,074 | - 198,074 |
| Forfeited | - | - | - 187,209 | - 187,209 |
| **At 31 December 2020** | **231,739** | **-** | **1,219,014** | **1,450,753** |





The table below shows the movements in the number of awards of the long-term incentive plan:

| | Share awards | Option awards | Weighted average exercise price in EUR per share (equity settled) | Weighted average exercise price in EUR per share (cash settled) |
|---|---|---|---|---|
| **At 1 January 2019** | **696,356** | **735,608** | **24.05** | **242.43** |
| Granted | 456,200 | - | - | - |
| Settled | - 120,289 | - | - | - |
| Forfeited | - 115,651 | - 231,921 | 24.45 | 247.09 |
| **At 31 December 2019** | **916,616** | **503,687** | **23.87** | **247.09** |
| | | | | |
| **At 1 January 2020** | **916,616** | **503,687** | **23.87** | **247.09** |
| Granted | 415,733 | - | | |
| Settled | - 144,383 | - 53,691 | 24.59 | |
| Forfeited | - 87,248 | - 99,961 | 26.41 | 226.21 |
| **At 31 December 2020** | **1,100,718** | **350,035** | **23.87** | **226.21** |

In 2020 option awards of LTIP 2015 plan have been exercised. The weighted average share price used for the exercise of the option awards during 2020 was 24.59. Of those option awards outstanding at 31 December 2020, none were exercisable (2019: none).

As at 31 December 2020 the weighted average remaining contractual life for outstanding option awards was 1.8 years (2019: 2.4 years). No option awards are granted from 2019 onwards.

As a result of LTIP plans being settled,145,370 shares were delivered to participants or became unrestricted in 2020 (2019:270,507).

### Fair value measurement

The fair value of the option awards is based on the Black-Scholes-Merton option pricing model. The following assumptions were used:

| Option awards | LTIP 2015 (equity settled) | LTIP 2016 (equity settled) | LTIP 2017 (equity settled) | LTIP 2018 (equity settled) |
|---|---|---|---|---|
| Number of options outstanding | - | 48,048 | 103,806 | 192,171 |
| Exercise price in EUR | 24.59 | 27.47 | 25.43 | 20.61 |
| Share price in EUR | 22.72 | 23.32 | 23.50 | 20.80 |
| Volatility | 24.0% | 25.2% | 24.1% | 23.7% |
| Dividend yield | 1.4% | 1.6% | 1.7% | 1.9% |
| Expected remaining option life in years | 0.00 | 0.37 | 1.37 | 2.37 |
| Annual risk-free interest rate % | 0.15% | -0.36% | -0.28% | -0.07% |

The option awards can only be exercised at vesting and at distinct moments 1 and 2 years after vesting. Therefore, no impact of early exercise is included in the valuation model. Volatility is determined by calculating a weighted average of historical volatility of closing prices of the company itself and, due to limited historical share price data of GrandVision N.V., its peer group.

Since 2019 no new option awards have been granted at corporate level. The weighted average fair value of the option awards granted at corporate level in 2018 at grant date is €3.32. The weighted average fair value of the option awards granted at subsidiary level in 2018 at grant date is €333.73.

The weighted average fair value of the share awards granted in 2020 at grant date is €23.58 (2019: €19.30).

The cash-settled option awards relate to a share-based payment plan of a subsidiary of the Group. The main inputs used in the fair value measurement include the number of options outstanding of 6,000 with an expected remaining option life of 1.36 years, share price and exercise price of €162,99 and €226,21 respectively, as well as assumptions on certain future performance conditions. The share price and exercise prices represent those of the underlying subsidiary.

The table below shows the terms and conditions of outstanding share-based awards:

| Outstanding share-based awards | Award | Status per 31 December 2020 | Vesting year | Holding period end | Performance conditions |
|---|---|---|---|---|---|
| GrandVision NV - LTIP 2017 | Shares | Conditional | 2020 | 2022 | 0-150% on Rev/EPS 2017-2019 |
| GrandVision NV - LTIP 2017 | Options | Unconditional | 2022 | - | No |
| GrandVision NV - LTIP 2018 | Shares | Conditional | 2021 | 2023 | 0-150% on Rev/EPS 2018-2020 |
| GrandVision NV - LTIP 2018 | Options | Unconditional | 2023 | - | No |
| GrandVision NV - LTIP 2019 | Shares | Conditional | 2022 | 2024 | 0-150% on Rev/EPS 2019-2021 |

The option awards under GrandVision NV - LTIP 2018 and GrandVision NV - LTIP 2017 are not conditional on meeting performance targets.

## 26. Provisions and Contingent Liabilities

**Accounting Policy**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to postpone settlement for, or the provision is due to be settled at least 12 months after the balance sheet date.

**Legal and regulatory provisions**

Legal and regulatory provisions are recognized for possible claims mainly related to governmental institutions.

**Warranty provisions**

Provisions for rectifying and replacement defects are classified as warranty provisions. The provision is based on past experience and future expectations of warranty claims. Warranty costs are recognized in the consolidated Income Statement under cost of sales and directly related costs.

**Employee-related provisions**

Employee-related provisions are mainly related to jubilee, termination benefits and retention bonuses. Jubilee benefits are paid to employees upon completion of a certain number of years of service. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

**Other provisions**

Other provisions are mainly related to restructuring provisions.

Restructuring provisions comprise costs related to returning a store or office to its original state.

Bank borrowings to franchisees of the Group are often secured by a guarantee given by the Group to the landlord. The guarantees given are secured by the activities, store rental contracts, the inventories and store furniture of the franchisees. When a cash outflow is likely, a provision is recognized, being the present value of the expected cash outflow. If a cash outflow is not likely, the guarantee is included in the contingent liabilities.

**Contingent liabilities**

Contingent liabilities are possible or present obligations of sufficient uncertainty that it does not qualify for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

### Significant Accounting Estimates and Judgments

The recognition of provisions requires estimates and judgment regarding the timing and the amount of outflow of resources. The main estimates relate to the probability ('more likely than not') of the outflow of resources. If the outflow of resources is 'more likely than not' a best estimate of the outflow is recognized. Otherwise, it is disclosed as a contingency.

If a provision is recognized, it is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The expected expenditures are uncertain future cash flows for which management uses its knowledge, experience and judgment to determine if a corresponding provision should be recognized.

Movements in provisions are as follows:

| in thousands of EUR | Legal and regulatory | Warranty | Employee-related | Share based payments | Other | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2019** | **18,514** | **3,727** | **8,932** | **786** | **1,710** | **33,669** |
| **Movements in 2019** | | | | | | |
| Addition to provision | 2,142 | 3,140 | 8,715 | 149 | 3,555 | 17,701 |
| Reversal of provision | - 490 | - 162 | - 1,241 | - 758 | - 379 | - 3,030 |
| Utilized during the year | - 375 | - 2,630 | - 2,180 | - | - 655 | - 5,840 |
| Exchange differences | - 135 | 8 | - 163 | 17 | - | - 273 |
| **At 31 December 2019** | **19,656** | **4,083** | **14,063** | **194** | **4,231** | **42,227** |
| Non-current | 11,257 | 355 | 5,974 | 194 | 413 | 18,193 |
| Current | 8,399 | 3,728 | 8,089 | - | 3,818 | 24,034 |
| **At 31 December 2019** | **19,656** | **4,083** | **14,063** | **194** | **4,231** | **42,227** |
| | | | | | | |
| **At 1 January 2020** | **19,656** | **4,083** | **14,063** | **194** | **4,231** | **42,227** |
| **Movements in 2020** | | | | | | |
| Addition to provision | 2,970 | 2,824 | 14,759 | - | 1,684 | 22,237 |
| Reversal of provision | - 145 | - 77 | - 1,565 | - 194 | - 95 | - 2,076 |
| Utilized during the year | - 135 | - 3,052 | - 3,515 | - | - 3,405 | - 10,107 |
| Exchange differences | - 436 | - 8 | - 92 | - | - 295 | - 831 |
| **At 31 December 2020** | **21,910** | **3,770** | **23,650** | **-** | **2,120** | **51,450** |
| Non-current | 12,619 | 340 | 8,891 | - | 809 | 22,659 |
| Current | 9,291 | 3,430 | 14,759 | - | 1,311 | 28,791 |
| **At 31 December 2020** | **21,910** | **3,770** | **23,650** | **-** | **2,120** | **51,450** |

### Legal and regulatory

Legal and regulatory provision mainly relates to the investigation initiated by a dawn raid undertaken by the French Competition Authority (Autorite de la Concurrence or ADLC) of the GrandVision France offices on June 24, 2009. Solaris was not part of the dawn raid. The ADLC also raided suppliers (e.g. Luxottica, Safilo) and other distributors (e.g. Afflelou, Centrale des Opticiens, Alliance Optique, Optic 2000, Krys). The ADLC was looking for information on resale price maintenance. In Sept/Oct 2011 a number of GrandVision employees were heard and some documents were provided to the ADLC. After a long silence, we received a questionnaire from the ADLC in this matter on May 9, 2014 and provided our answers on September 29, 2014, in accordance with the deadline imposed by the ADLC. On May 27, 2015 we were formally served with a Notice of Objections from the ADLC, formally accusing us, and all other defendants, of resale price maintenance in France during 2004-2009. The Notice of Objections is a confidential document and does not contain a fine. We submitted an initial response to this Notice of Objections on July 27, 2015 with the assistance of Linklaters France. On July 22, 2016 we received the official Rapport, which is the next procedural step, from the ADLC. The Rapport did not contain any surprises and confirmed our assumptions with respect to the calculation of the fine. We submitted our official response to this Rapport on October 26, 2016. An Audience (confidential hearing) was held by the ADLC on December 15, 2016 allowing the defendants to defend their legal position. On February 24, 2017, the College of the ADLC sent the matter back to the case handlers. After a long period of inaction, on April 19, 2019 an additional Notice of Objections was received by a number of defendants, not including GrandVision. Another Audience was held before the ADLC on January 13, 2021. The ADLC has not yet reached a decision following this Audience.

Secondly, the provision relates mainly to the Group's ongoing tax risk management process in which it determines potential fiscal claims on VAT and other taxes in various countries. The additions in 2019 mainly relate to VAT and other tax risks in Germany and Austria.

**Employee-related**
The additions in 2020 and 2019 relate mainly to jubilee benefits to employees upon completion of a certain number of years of service, employee expenses related to the announced acquisition of GrandVision shares by EssilorLuxottica and severance costs of certain employees as a part of restructuring activities.

**Other**
In 2020, provision related to restructuring of activities in China, recognized in 2019, was utilized.

**Summary of Group's contingent liabilities**

As a multinational company being present in many jurisdictions the Group is involved in a number of tax proceedings. One of such proceedings is that in November 2015 the Group received a report from the German tax authorities following their tax audit covering Apollo-Optik in the years 2008-2012. This report included findings and viewpoints of the tax authorities on German VAT aspects. The Group is contesting the viewpoints of the German tax authorities on the tax position and will defend its position vigorously, if needed in court. As the Group is sufficiently confident to sustain its position on this matter, no provision has been recognized in the consolidated financial statements. If the Group is unsuccessful in resolving this matter, the exposure, including the period after 2012, is €34.5 million. The matter remains pending while formalities have not been further processed by authorities during 2020.





## 27. Trade and Other Payables

**Accounting Policy**
Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade and Other Payables can be specified as follows:

| in thousands of EUR | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| Trade payables | | 191,306 | 207,979 |
| Accrued expenses | | 124,828 | 104,588 |
| Employee related payables | | 115,371 | 116,087 |
| Other taxes and social security | | 88,591 | 74,765 |
| Payables to related parties | 30.1 | 7,374 | 9,242 |
| Contingent consideration | | 1,700 | 1,943 |
| Other payables | | 50,996 | 55,024 |
| | | 580,166 | 569,628 |

In 2020, increase in Other taxes and social security mainly relate to deferrals of payroll tax liability in Sweden and Denmark in line with the local government tax ruling, which is being partially settled every month as from August 2020.

In 2019, a contingent consideration of €19,540 (CHF 21,714) was paid in July 2019 in relation to the increase of the Group's shareholding in Visilab S.A. from 70% to 79%.

The carrying value of the items in the above table is assumed to approximate the fair value due to their short-term nature.

## 28. Cash Generated from Operations

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Result before tax | | 9,232 | 274,548 |
| Adjusted for: | | | |
| Depreciation and impairments | 11, 12 | 510,002 | 488,833 |
| Amortization and impairments | 13, 14 | 177,655 | 143,272 |
| Share-based payments expense | 25 | 5,677 | 5,027 |
| Rent reductions | | - 33,122 | - |
| Result from sale of (in)tangibles | | 2,830 | 27 |
| Net financial result | 8 | 50,360 | 49,421 |
| Other non- cash adjustments | | - 567 | 511 |
| Changes in working capital: | | | |
| - Inventories | | 28,146 | - 11,710 |
| - Trade and other receivables | | - 6,589 | 5,507 |
| - Trade and other payables and contract liabilities | | 46,598 | 44,089 |
| Changes in provisions | | 4,321 | 1,338 |
| Cash generated from operations | | 794,543 | 1,000,863 |

Changes in working capital and provisions exclude exchange differences and the effect of acquisitions.

## 29. Auditor Fees

The general and administrative expenses include the fees and services provided by PricewaterhouseCoopers Accountants N.V. and its member firms. Fees for audit services include the audit of GrandVision N.V. consolidated and parent company financial statements, as well as the statutory financial statements of subsidiaries.

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Audit fees | 3,954 | 3,924 |
| Tax advisory fees | 29 | 71 |
| Other non-audit fees | 79 | 59 |
| | 4,062 | 4,054 |

## 30. Related Parties

### 30.1. Transactions and positions with Related Parties

During 2020 GrandVision acquired goods from Safilo (a group company of HAL Holding N.V.) for an amount of €43,827 (2019: €55,215).

Other positions with Related Parties are as follows:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **Other receivables:** | | | |
| Safilo | | 2,733 | 4,165 |
| | 16 | 2,733 | 4,165 |
| **Trade and other payables:** | | | |
| Safilo | | 5,017 | 7,097 |
| HAL Optical Investments B.V. | | 1,886 | 1,886 |
| Other HAL subsidiaries | | 471 | 259 |
| | 27 | 7,374 | 9,242 |

### 30.2. Loans to/ from Related Parties

No advance payments, guarantees or other loans have been provided to key management.

The Group has received loans from non-controlling interests holders of €3,373 (2019: €3,830), with interest rates ranging between 3.0% and 6.7%.

### 30.3. Remuneration

#### Management Board

Key management includes the Management Board, which consists of the CEO (S. Borchert) and CFO (W. Eelman).

The remuneration for (former) key management:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Salary and other short-term benefits | 1,452 | 1,470 |
| Post-employment benefits | 30 | 70 |
| Short-term variable remuneration | 673 | 788 |
| Share-based payments | 379 | 201 |
| Other short-term benefits | 2,744 | 551 |
| | 5,278 | 3,080 |

Share-based payment plan benefits represent the amounts recognized in the consolidated Income Statement. For the movements in the share-based payment plan please refer to note 25.



Other short-term benefits relate to retention bonuses for management. For more information in relation to the retention bonuses please refer to note 26.



#### Supervisory Board Remuneration

The total remuneration paid or payable to the Supervisory Board amounted to €303 (2019: €346), which comprises short-term benefits. No loans, advance payments or guarantees have been provided to the Supervisory Board.

## 31. Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITA and adjusted EBITA (refer to note 4). These are non-GAAP measures not calculated in accordance with IFRS.

The table below presents the relationship with IFRS measures, the operating result and GrandVision non-GAAP measures, i.e. EBITA.

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Adjusted EBITA | **266,380** | **475,195** |
| Non-recurring items | - 63,097 | - 62,632 |
| EBITA | **203,283** | **412,563** |
| Amortization & impairments | - 143,691 | - 88,594 |
| Operating result | **59,592** | **323,969** |
| | | |
| Adjusted earnings per share, basic (in EUR per share) | - 0.07 | 0.91 |
| Adjusted earnings per share, diluted (in EUR per share) | - 0.07 | 0.90 |

Adjusted earnings per share is calculated by dividing the result for the year excluding the effect of non-recurring items (net of tax) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 32. Principal Subsidiaries, Joint Ventures and Associates

The indicated shareholding reflects the legal ownership of the shareholding by GrandVision N.V. directly or indirectly in the subsidiary and joint venture.

| Company | 2020 | 2019 | Country of incorporation |
|---|---|---|---|
| La Optica S.A. | 100% | 100% | Argentina |
| Pearle Österreich GmbH | 100% | 100% | Austria |
| Grand Opticiens Belgium N.V. | 100% | 100% | Belgium |
| Fotoptica Ltda | 100% | 100% | Brazil |
| Superlente Franqueadora Ltda | 100% | 100% | Brazil |
| VE Bulgaria EOOD | 100% | 100% | Bulgaria |
| Opticas GrandVision Chile Ltda. | 100% | 100% | Chile |
| LAFAM S.A.S. | 100% | 100% | Colombia |
| GrandVision Cyprus Ltd. | 100% | 100% | Cyprus |
| GV CZ s.r.o. | 100% | 100% | Czech Republic |
| Synoptik A/S | 63.29% | 63.29% | Denmark |
| Instrumentarium Optika OÚ | 100% | 100% | Estonia |
| Instru Optiikka Oy | 100% | 100% | Finland |
| GrandVision France S.A.S. | 100% | 100% | France |
| Solaris S.A.S. | 100% | 100% | France |
| Apollo Optik Holding GmbH & Co KG ** | 100% | 100% | Germany |
| GrandVision TechCentre Deutschland GmbH ** | 100% | 100% | Germany |
| Robin Look GmbH ** | 100% | 100% | Germany |
| GrandVision Hellas S.A. | 100% | 100% | Greece |
| LGL Ltd. | 100% | 100% | Guernsey |
| GrandVision Hungary Kft. | 100% | 100% | Hungary |
| Reliance-Vision Express Private Ltd* | 50% | 50% | India |
| Vision Express Ireland Ltd. | 100% | 100% | Ireland |
| GrandVision Italy Srl. | 100% | 100% | Italy |
| GrandVision Luxembourg S.a.r.l. | 100% | 100% | Luxembourg |
| Administradora Lux, S.A de C.V. | 70% | 70% | Mexico |
| GVMV, S.A de C.V. | 70% | 70% | Mexico |
| Optica Lux, S.A de C.V. | 70% | 70% | Mexico |
| Precision Optica, S.A. | 70% | 70% | Mexico |
| Tide Ti, S.A. de C.V. | 70% | 70% | Mexico |
| GrandOptical Monaco S.a.r.l. | 100% | 100% | Monaco |
| Solaris Monaco S.a.r.l. | 100% | 100% | Monaco |
| Brilleland AS | 63.29% | 63.29% | Norway |
| Interoptik AS | 63.29% | 63.29% | Norway |
| Topsa Peru SAC | 100% | 100% | Peru |
| Vision Express SP Sp.z.o.o. | 100% | 100% | Poland |
| GrandOptical Portugal S.A. | 100% | 100% | Portugal |
| GrandVision Portugal, Unipessoal Lda. | 100% | 100% | Portugal |
| GrandVision Supply Chain (Portugal) S.A. | 100% | 100% | Portugal |
| Solaris Portugal S.A. | 100% | 100% | Portugal |
| Lensmaster OOO | 100% | 100% | Russia |
| GrandOptical Slovakia s.r.o. | 100% | 100% | Slovakia |
| GrandVision Spain Grupo Optico S.A.U. | 100% | 100% | Spain |
| Synoptik Sweden AB | 63.29% | 63.29% | Sweden |
| VisilabGroup S.A. | 79% | 79% | Switzerland |
| Visilab Magasins S.A. | 79% | 79% | Switzerland |
| Kochoptik GmbH | 79% | 79% | Switzerland |
| Mc Optik (Schweiz) AG | 79% | 79% | Switzerland |
| Brilmij Groep B.V. | 100% | 100% | Netherlands |

| Company | 2020 | 2019 | Country of incorporation |
|---|---|---|---|
| GrandVision Finance B.V. | 100% | 100% | Netherlands |
| GrandVision IT Services B.V. | 100% | 100% | Netherlands |
| GrandVision Retail Holding B.V. | 100% | 100% | Netherlands |
| GrandVision Supply Chain B.V. | 100% | 100% | Netherlands |
| Optical Retail Group B.V. | 100% | 100% | Netherlands |
| Charlie Temple Europe B.V. | 67% | 67% | Netherlands |
| Vision Ventures B.V. | 100% | 100% | Netherlands |
| Atasun Optik Perakende Ticaret Anonim Şirketi | 100% | 100% | Turkey |
| GrandVision Tech Centre UK Ltd. | 100% | 100% | United Kingdom |
| Vision Express (UK) Ltd. | 100% | 100% | United Kingdom |
| For Eyes Optical Co. of California, Inc. | 100% | 100% | United States |
| For Eyes Optical Co. of Coconut Grove, Inc | 100% | 100% | United States |
| For Eyes Optical Co., Inc. | 100% | 100% | United States |
| GrandVision USA Retail Holding Corporation | 100% | 100% | United States |
| Insight Optical Manufacturing Co. of Florida, Inc. | 100% | 100% | United States |
| Tylor S.A. | 100% | 100% | Uruguay |



* joint venture

** Apollo-Optik Holding GmbH & Co. KG (Schwabach), GrandVision TechCentre Deutschland GmbH (Schwabach) and Robin Look GmbH (Berlin) are included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provisions of Section 264 b HGB (German Commercial code) and Section 264 Abs. 3 Nr. 5 HGB (German Commercial code) for financial year 2020. The statutory duty to prepare consolidated financial statements and a group management report does not apply to the subgroup of Apollo-Optik Holding GmbH & Co. KG pursuant to Section 291 HGB in conjunction with Section 1 et seqq. KonBefrV because Apollo-Optik Holding GmbH & Co. KG and its subsidiaries (GrandVision TechCentre Deutschland GmbH and Robin Look GmbH) are included in the consolidated financial statements of GrandVision N.V.

# Parent Company Financial Statements

## Income Statement

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| Net income | 2 | 6,539 | 6,047 |
| General and administrative costs | 3 | - 6,539 | - 6,291 |
| Operating result | | - | - 244 |
| Net financial result | 4 | -1,950 | - 742 |
| Result before tax | | -1,950 | - 986 |
| Income tax | | -455 | 1,029 |
| Result from subsidiaries after income tax | | - 64,488 | 178,440 |
| **Result for the year** | | -66,893 | 178,483 |

The accompanying notes are an integral part of these parent company financial statements.

# Balance Sheet (Before Appropriation of Result)

| in thousands of EUR | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 5 | 4,000 | 4,405 |
| Financial fixed assets | 6 | 1,144,956 | 1,265,520 |
| Deferred income tax assets | | 1,177 | 1,122 |
| | | 1,150,133 | 1,271,047 |
| **Current assets** | | | |
| Trade and other receivables | 7 | 65,733 | 55,702 |
| Current income tax receivables | | 10,037 | 5,261 |
| Cash and cash equivalents | | 18 | 567 |
| | | 75,788 | 61,530 |
| **Total assets** | | **1,225,921** | **1,332,577** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 8 | 5,089 | 5,089 |
| Share premium | 8 | 62,362 | 59,405 |
| Treasury shares | 8 | - 14,343 | - 16,235 |
| Legal reserves | 8 | - 118,285 | - 121,759 |
| Retained earnings | 8 | 1,190,846 | 1,072,169 |
| Result for the year | 8 | - 66,893 | 178,483 |
| | | 1,058,776 | 1,177,152 |
| **Non-current liabilities** | | | |
| Lease liabilities | 5 | 3,655 | 4,110 |
| Deferred income tax liabilities | | 1,000 | 978 |
| | | 4,655 | 5,088 |
| | | | |
| **Current liabilities** | | | |
| Lease liabilities | 5 | 812 | 773 |
| Other liabilities | 11 | 161,678 | 149,564 |
| | | 162,490 | 150,337 |
| **Total equity and liabilities** | | **1,225,921** | **1,332,577** |

The accompanying notes are an integral part of these parent company financial statements.

# Notes to the Parent Company Financial Statements

## 1. Accounting Principles

The parent company financial statements of GrandVision N.V. have been prepared in accordance with Generally Accepted Accounting Principles in The Netherlands and compliant with the requirements included in Part 9, Book 2 of the *Dutch Civil Code*.

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its parent company financial statements, GrandVision makes use of the option provided in Article 362(8) of Part 9, Book 2 of the *Dutch Civil Code*. This means that the principles for recognition and measurement of the parent company financial statements are the same as those applied for the consolidated IFRS financial statements.

Investments in consolidated subsidiaries are stated at net asset value. Net asset value is based on the measurement of assets (including goodwill), provisions, and liabilities and the determination of profit based on the principles applied in the consolidated financial statements.

For the accounting policies for the company Balance Sheet and Income Statement, reference is made to the notes to the consolidated Balance Sheet and Income Statement.

All amounts are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated.

## 2. Net Income

Net income relates to management fees received from subsidiaries.

## 3. General and Administrative Costs

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| Salaries & wages | 2,913 | 3,185 |
| Share-based payments | 295 | 418 |
| Social security | 46 | -33 |
| Pension costs | 45 | 86 |
| Other employee-related costs | 803 | 289 |
| Professional fees | 1,325 | 1,593 |
| Depreciation | 784 | 686 |
| Other costs | 328 | 67 |
| | 6,539 | 6,291 |

## 4. Net Financial Result

The interest expense relating to subsidiaries amounts to €1,939 (2019: €1,327).

## 5. Leases

For the accounting principles for Lease liabilities and Right-of-use assets, refer to note 12 to the consolidated financial statements for more details.

The lease contract relates to several floors in an office building.

The movements in the Right-of-use Assets are as follows:

| in thousands of EUR | Notes | 2020 | 2019 |
|---|---|---|---|
| **At 1 January** | | | |
| Cost | | 5,091 | 5,802 |
| Accumulated depreciation and impairment | | - 686 | - |
| Carrying amount | | 4,405 | 5,802 |
| **Movements** | | | |
| Additions | | 422 | 374 |
| Reassessments/modifications | | - 43 | - 1,085 |
| Depreciation charge | | - 784 | - 686 |
| **At 31 December** | | **4,000** | **4,405** |
| Cost | | 5,470 | 5,091 |
| Accumulated depreciation and impairment | | - 1,470 | - 686 |
| Carrying amount | | 4,000 | 4,405 |

The movements in the Lease liabilities are as follows:

| in thousands of EUR | 2020 | 2019 |
|---|---|---|
| **At 1 January** | 4,883 | 6,313 |
| Additions | 422 | 355 |
| Reassessments/modifications | - 43 | - 1,085 |
| Payments | - 773 | - 762 |
| Rent reductions | - 82 | - |
| Accrued interest | 60 | 62 |
| **At 31 December** | **4,467** | **4,883** |
| Non-current | 3,655 | 4,110 |
| Current | 812 | 773 |
| **At 31 December** | 4,467 | 4,883 |

## 6. Financial Fixed Assets

The movements in financial fixed assets are as follows:

| in thousands of EUR | Investments in consolidated subsidiaries |
|---|---|
| **At 1 January 2020** | 1,265,520 |
| Movements in 2020 | |
| Exchange differences | - 46,361 |
| Other Comprehensive Income | - 9,715 |
| Net result for current year | - 64,488 |
| **At 31 December 2020** | **1,144,956** |

The Company's direct investments in subsidiaries consist of the following:

| Company | 2020 | 2019 |
|---|---|---|
| GrandVision Group Holding B.V., the Netherlands | 100% | 100% |
| Central Vision II B.V., the Netherlands | 100% | 100% |
| GrandVision France S.A.S, France | 100% | 100% |

## 7. Trade and other receivables

Trade and other receivables include receivables from subsidiaries for amount of €65,375.

## 8. Shareholders' Equity

The shareholders' equity in the parent company financial statements equals the shareholders' equity presented in the consolidated financial statements, except that legal reserves and undistributed result are presented separately.

| in thousands of EUR | Share capital | Share premium | Treasury shares | Legal reserve | Retained earnings | Result for the year | Total |
|---|---|---|---|---|---|---|---|
| **At 1 January 2020** | **5,089** | **59,405** | **- 16,235** | **- 121,759** | **1,072,169** | **178,483** | **1,177,152** |
| Appropriation of the result | | | | | 178,483 | - 178,483 | - |
| Result for 2020 | | | | | | - 66,893 | - 66,893 |
| Dividends paid | | | | | | | |
| Purchase of treasury shares | | | | | | | |
| Other direct equity movements | | | | 3,474 | - 59,550 | | - 56,076 |
| Share-based payments | | 2,957 | 1,892 | | - 256 | | 4,593 |
| Total movements | - | 2,957 | 1,892 | 3,474 | 118,677 | - 245,376 | - 118,376 |
| **At 31 December 2020** | **5,089** | **62,362** | **- 14,343** | **- 118,285** | **1,190,846** | **- 66,893** | **1,058,776** |

For the share-based payment plan refer to note 25 to the consolidated financial statements. Refer to note 18 to the consolidated financial statements for details on the number of issued shares.

The legal reserve cannot be used for dividend distribution and consists of reserves of subsidiaries.

## 9. Appropriation of Result

GrandVision will not propose at this time a dividend for the fiscal year 2020.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision confirms its intention to propose a dividend for the amount of €88,779 (€0.35 per share) for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

For 2018, a total dividend of EUR 0.33 per share was paid out in the first half year of 2019 for a total of €83,743.

## 10. Borrowings

The borrowings relate to the bank overdraft.

## 11. Other liabilities

Other liabilities include liabilities to subsidiaries for amount of €159,773.

## 12. Employees

The average number of employees of the Company in full-time equivalents during 2020 was 4.0 (2019: 4.4). Of these employees, none were employed outside the Netherlands (2019: none).

## 13. Contingencies

The Company is liable, as intended in Article 403, Book 2, of the *Dutch Civil Code* for:

| List of subsidiaries | |
|---|---|
| Brilmij Groep B.V. | GrandVision Supply Chain B.V. |
| Central Vision II B.V. | GrandVision Turkey B.V. |
| GrandVision Baltics B.V. | Optical Retail Group B.V. |
| GrandVision Benelux B.V. | The Vision Factory B.V. |
| GrandVision Finance B.V. | GrandVision Argentina & Uruguay B.V. |
| GrandVision Group Holding B.V. | GrandVision Brazil B.V. |
| GrandVision India B.V. | GrandVision Chile B.V. |
| GrandVision IT Services B.V. | GrandVision Colombia B.V. |
| GrandVision Italy B.V. | GrandVision Latam B.V. |
| GrandVision Portugal B.V. | GrandVision Mexico B.V. |
| GrandVision Retail Holding B.V. | GrandVision Peru B.V. |
| | Vision Ventures B.V. |



The Company forms an income tax group with all the entities above, except for GrandVision Baltics B.V. Under the standard conditions, the members are liable for income taxes payable by the income tax group.

For bank guarantee facilities refer to note 22 of the consolidated financial statements.

Schiphol, 25 February 2020

**Management Board**
S. Borchert, CEO
W. Eelman, CFO

**Supervisory Board**
C.J. van der Graaf (Chairman)
M.F. Groot (Vice-Chairman)
P. Bolliger
J.A. Cole
R. Meijerman

# Subsequent events

On 22 February 2021, the public hearing in the appeal case of EssilorLuxottica against decision of the District Court made on 24 August 2020, was held at the Amsterdam Appeal Court.