



EYE CARE, WE CARE MORE
GRANDVISION ANNUAL REPORT 2015

GrandVision at a glance

GrandVision is a global leader in optical retailing and is committed to delivering high quality and affordable eye care to more and more people around the world.

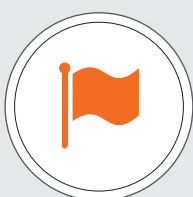
With 6,110 stores and online, we are present in 44 countries across Europe, the Americas and Asia. Our stores operate under well-known local retail banners, which are often the leaders in their respective countries.

We deliver expert optical services to our customers, and offer prescription glasses including frames and lenses, contact lenses and sunglasses, both plain and with prescription lenses, through a portfolio of optical retail banners.

EYE CARE, WE CARE MORE



6,110 stores



44 countries



34 retail banners



Over 500,000 store
visitors per day



14 million spectacles sold



1.5 million social media followers



Revenue €3,205 million



EBITDA* €512 million



Over 31,000 employees

*Adjusted EBITDA

Our vision, mission and strategy

Vision

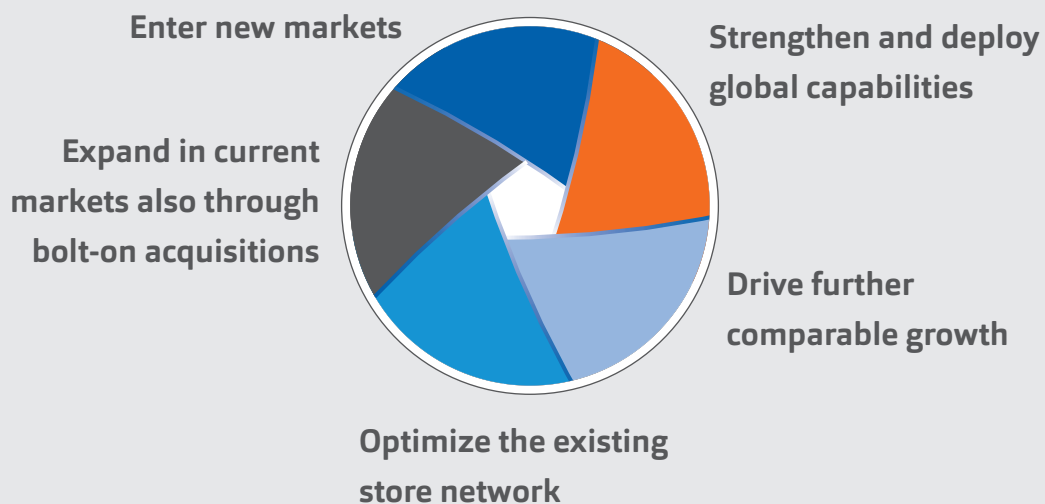
GrandVision has the vision to provide high quality and affordable eye care to more and more people around the world. By doing so, GrandVision aspires to help them realize their full potential in life. In EYE CARE, WE CARE MORE.

Mission

GrandVision is committed to growth and achieving a market leading position in each country it operates in, and thereby create value for all its stakeholders and foremost, its customers.

Strategy

GrandVision with its leading market position, global presence and capabilities, is uniquely positioned to respond to favorable market trends. The GrandVision global strategy is based on five strategic priorities:

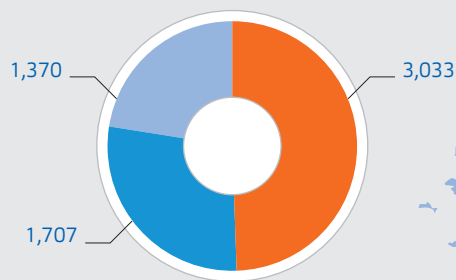


Our global scale and presence

Every day, more than 500,000 people visit our stores worldwide. Our more than 31,000 employees include highly qualified, dedicated vision experts who, next to best product advice, offer specialized services such as state-of-the-art eye testing, examinations and diagnostics.

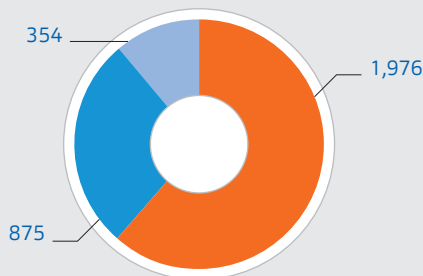
Number of stores in 2015

by segment



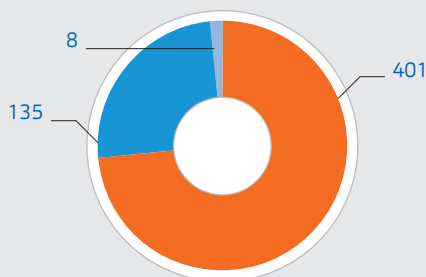
Revenue in 2015

by segment (in € million)



Adjusted EBITDA in 2015*

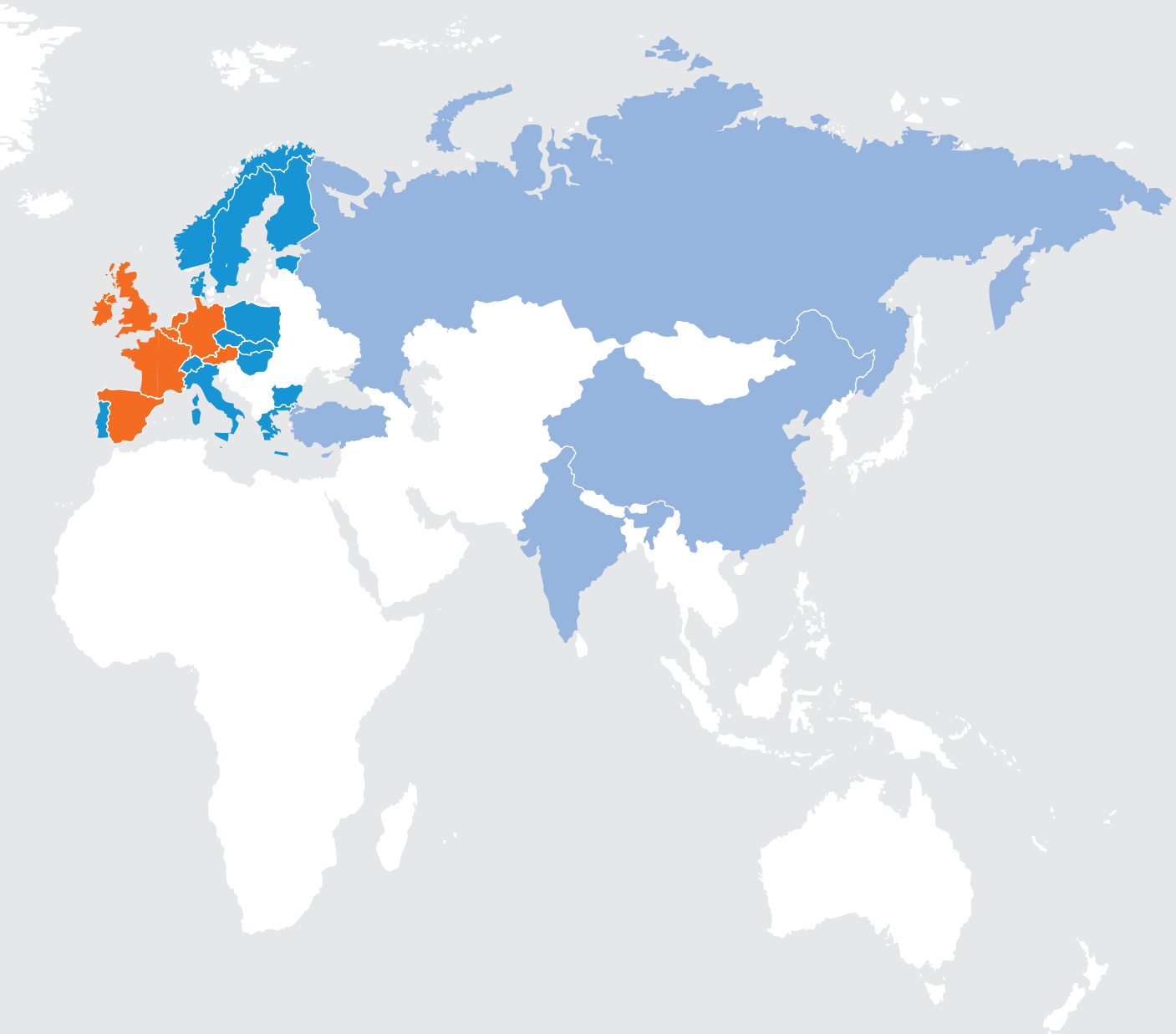
by segment (in € million)



*Excluding Other Reconciling Items

The key drivers of the optical retail sector are very similar in most markets around the world. We therefore strive to develop and deploy global capabilities, which also combine our operational leverage with local skills.

Our business is organized on a geographic basis and operates through three segments: G4, Other Europe and Americas & Asia.

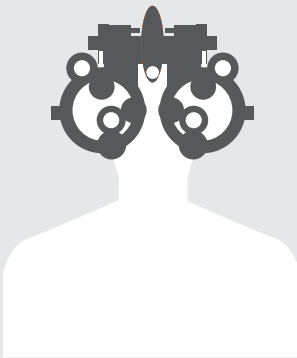


Our customer journey

We differentiate ourselves through our simple, safe and honest customer journey. The journey includes a clearly structured commercial offering, transparent features and pricing schedules, and a unique assortment focused fully on true customer benefits and quality.

1

Do your eye test



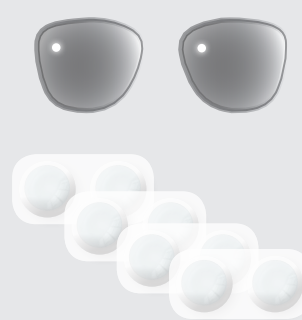
2

Select your complete pair or contact lenses



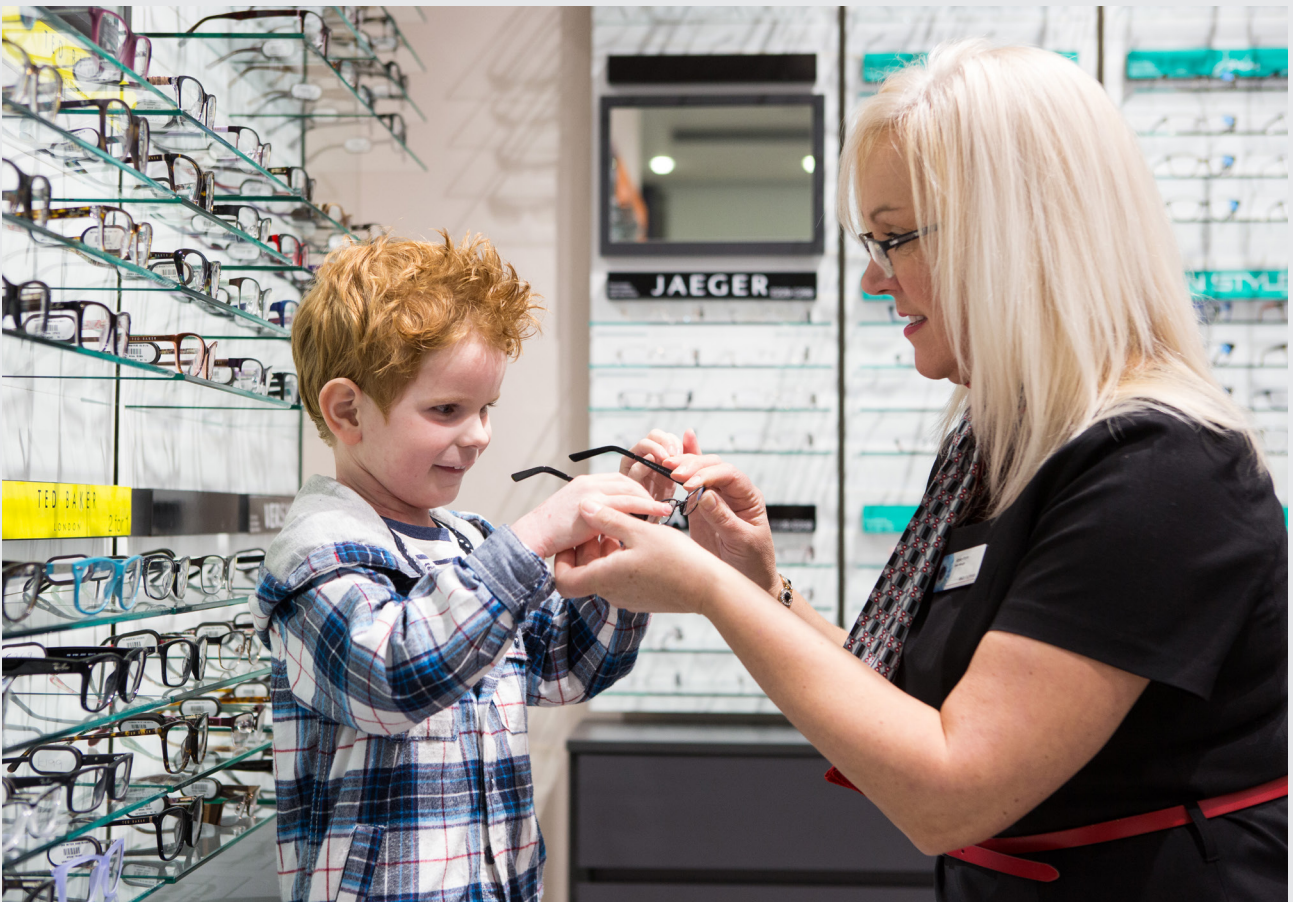
3

Select your lens or contact lenses package



4

Select your 2nd pair or contact lenses or sunglasses



Our people

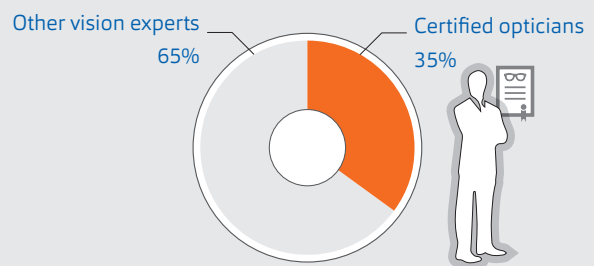
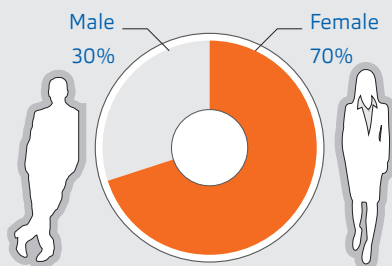
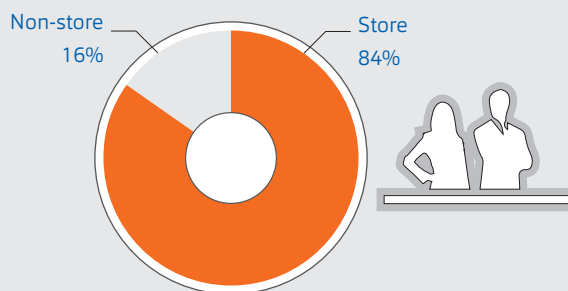
Our professional, highly qualified and dedicated vision experts are at the heart of GrandVision. They go the extra mile and prove every day that in EYE CARE, WE CARE MORE.

Our aim is to attract and nurture a passion for eye care and to help our people grow and develop their expertise and careers.

We operate a lean and decentralized organization, in which most of our employees are located in our stores and are entirely dedicated to servicing our customers.

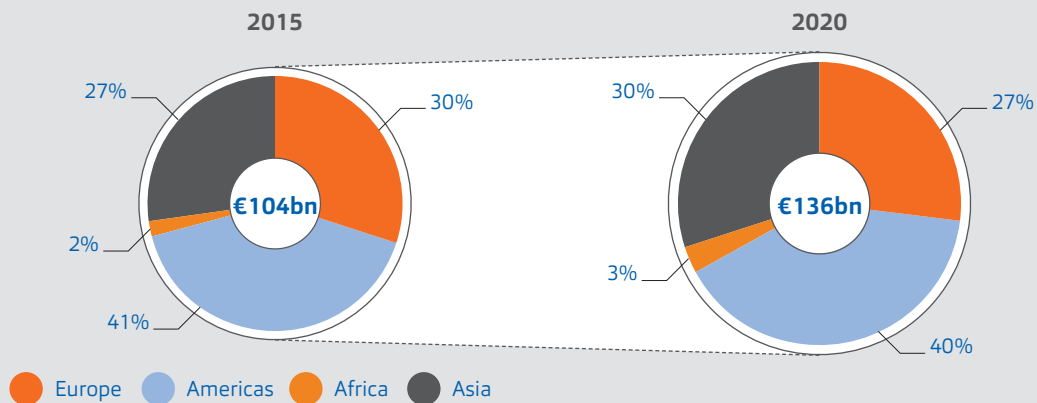


84% of our employees work in our stores



Our market

The global eyewear market is worth approximately €104 billion and is expected to see strong growth in the years ahead. This growth is driven by major demographic, customer and product trends in both mature and emerging markets.



Long-term socioeconomic drivers are expanding our markets worldwide. With greater access to affordable eye care, more people will be able to unleash their potential in school, at work, while driving, or at home.

Aging population

2.0 billion people

above 60 years by 2050



Under-penetration of eye care

1.1 billion people

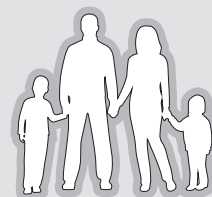
need glasses but don't have access to them



Emerging middle class

4.9 billion people

middle class population in 2030 (approx. 2 billion today)



Key performance indicators

	2015	2014	2013	2012	2011
Results					
Revenue (€ million)	3,205	2,817	2,620	2,518	2,396
Organic growth (%)	5.3%	5.7%	2.5%	3.0%	
Comparable growth (%)	4.1%	4.3%	1.6%	0.8%	
Adjusted EBITDA (€ million)	512	449	400	372	348
Adjusted EBITDA margin (%)	16.0%	16.0%	15.3%	14.8%	14.5%
Operating result (€ million)	353	289	270	231	222
Net result (€ million)	231	175	156	117	102
Earnings per share (in €)	0.84	0.64	0.56	0.40	0.39
Operational Information					
System wide sales (€ million)	3,541	3,145	2,927	2,822	2,686
Number of stores	6,110	5,814	4,993	4,876	4,646
Number of own stores	5,014	4,744	3,982	3,893	3,648
Number of franchise stores	1,096	1,070	1,011	983	998
Number of countries	44	43	40	40	40
Number of employees (average FTE)	27,510	25,776	22,235	21,487	20,211
Number of retail banners	34	33	25	24	24
Liquidity and Debt					
Free cash flow (€ million)	220	222	220	208	119
Capital expenditure (€ million)	162	158	113	114	133
Store capital expenditure (€ million)	122	117	84	91	
Non store capital expenditure (€ million)	40	41	29	23	
Net debt (€ million)	941	922	837	1,017	1,080
Net debt leverage (times)	1.8	2.1	2.1	2.7	3.1

Definitions

Adjusted EBITDA:	EBITDA before non-recurring items.
Organic growth (%):	represents the change in revenue as compared to the prior period, excluding changes in revenue attributable to acquisitions and excluding the effect of fluctuations in foreign exchange rates.
Comparable growth (%):	represents the percentage change in revenue from comparable own stores at constant currency between two comparable financial periods. Comparable own stores for a given financial period under review represent the Group's own stores that have been opened at or before 1 January of the prior financial period and have not been permanently closed at the last day of the financial period.
System wide sales:	all revenue generated by sales of the Group's stores to customers, not only through the Group's physical and online stores, but also through the Group's franchise stores (excluding associates).
Free cash flow:	cash flow from operating activities minus capital expenditure not related to acquisitions.
Net debt leverage:	net debt expressed as a multiple of Adjusted EBITDA.

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Message from the CEO

Dear reader,

2015 was a successful year for GrandVision. Revenue grew by 13.8% to €3.2 billion or 13.2% at constant exchange rates. Comparable growth of 4.1%, network expansion (1.2%) and acquisitions (7.9%) contributed to this development. Adjusted EBITDA grew by 13.8%, to €512 million or 12.8% at constant exchange rates. Excluding acquisitions, our EBITDA margin expanded by 64 bps to 16.6%, and remained constant when including the diluting effect of the acquisitions.

GrandVision's G4 segment had a comparable growth of 4.1% and confirmed its best-in-class margin level and high cash flow generation. The Other Europe segment achieved comparable growth of 3.2%, as well as growth from acquisitions and network expansion, and saw good EBITDA growth. The Americas and Asia segment delivered the highest comparable growth of 6.6% driven by Latin America.

During 2015, the optical retail market expanded further. We increased our market positions in all segments with organic growth outperforming the underlying expansion of the market. Particularly good performances were achieved in Germany, Austria, Southern Europe, and Latin America. In times of weaker economic conditions, such as in the emerging markets which faced challenges in 2015, consumers generally become more price-sensitive, searching for high quality but at the same time, affordable offerings. This explains the resilience of our business model, which is focused on providing such offers.

We made progress in reaching our long-term strategic ambitions, as we continued to strengthen and leverage our capabilities globally. This enabled us to further enhance our customer promise to provide high quality and affordable eye care to more and more people around the world. I would like to highlight a few strategic and operational achievements:

We have further strengthened our global Supply Chain organization. For example, all Exclusive Brand frames and sunglasses are now purchased through the global Supply Chain company, allowing for faster times to market, better product availability, and streamlined logistics from our suppliers.

Our TechCenter production strategy has moved forward in line with expectations. These large-scale industrialized production facilities provide benefits in terms of quality, delivery speed, reliability, and cost, when compared to the traditional approach of producing and assembling spectacles in smaller labs or in-store. In 2015, more countries, including Spain, Portugal, Italy and Denmark, became connected to the TechCenter network.

Another milestone in the year was the successful launch of our new global ERP system in the Netherlands and Belgium, the United Kingdom and Ireland. Further international rollout will follow in the coming years until all countries will benefit from the global ERP system.

We advanced in the development of our omni-channel solution and went live with a first stage omni-channel customer experience in China. A seamlessly integrated customer journey is now being enabled across all channels in that country, which has served as an important incubator for our omni-channel innovation. This innovative retail approach will be further enhanced in the years ahead and rolled out globally.

At the same time, we have further improved the accessibility to our high quality and affordable eye care services and products by further optimizing and expanding our store network. At the end of 2015, GrandVision operated a total of 6,110 stores, a net increase of 296 from 5,814 at the end of 2014.

In December, we completed the acquisition of the U.S.-based optical retail chain For Eyes with an integrated network of over 100 stores. The United States is the world's largest and also a growing optical retail market. For Eyes is now being integrated into GrandVision and will be aligned with our overall business approach and growth strategy.

GrandVision serves customers in Europe, North America, Latin America and Asia. This global footprint provides a solid basis for future growth, even as we continue to explore opportunities for additional expansion, as we have done successfully in the past. We bring the benefits of our global capabilities to each of our businesses, including smaller countries, and maintain a focus on expansion in fast-growing markets.

The vision experts in our stores serve our customers in the best way and with the best products and services. They are at the core of our business. All other parts of our organization are focused on providing the best support to them. Therefore, continuous training and development of our staff will always be a top priority. With the GrandVision Academy we have

developed a comprehensive and long-term learning path for all store-based employees.

In summary, we have progressed on the journey to leverage our potential as a global leader in optical retailing for the benefit of our customers and our business.

Looking ahead, we will take the appropriate steps to continue on this journey, always with long-term value creation in mind. We will continue to enhance and internationally deploy our global capabilities, and improve the accessibility of our services and products to our customers.

I would like to thank all GrandVision employees for their passion and dedication in serving our customers, their determination in always searching for the better solution, and their commitment to further growing and improving our business. I look forward to delivering on our global vision as a strong team also in 2016. We will again demonstrate that in EYE CARE, WE CARE MORE.

Theo Kiesselbach, CEO



Offering high quality at affordable prices

Exclusive Brands for frames are an important part of our offering and our identity.

GrandVision has built a global portfolio of Exclusive Brands for frames based on the understanding of consumer preferences in the eyewear category. We have studied consumers across all our countries: who they are; where and when they shop; what they purchase, and especially what they expect.

Based on these insights, we have developed unique frame styles for each customer segment. Each style addresses distinct consumer needs, personalities, behaviors and expectations. We then created a complete portfolio of Exclusive Brands catering to every taste and requirement.

Our Exclusive Brands for frames offer customers high quality, innovative and distinct product features in terms of design and technology. They also provide a full range of more affordable alternatives at all levels, without compromising on quality.

Our strong assortment of Exclusive Brands for frames differentiates our offering and supports our vision to provide high quality and affordable eye care. It improves customer satisfaction and loyalty, and enables profitable growth.



Heritage

Our brand expression of luxury and timeless elegance

Heritage is the expression of luxury and timeless elegance. The brand targets both men and women looking for exclusive, quality products, who love to go beyond the day-to-day trends by selecting exclusive accessories.



Fuzion

Our avant-garde design brand with a stylish and unconventional look

Fuzion has a creative soul, where stylish colors and patterns meet innovative technologies. Fuzion goes beyond the conventional.



Julius

Our new-age business brand inspired by technology

Julius exudes business efficiency with charisma – the perfect synergy of innovative technology and elegance. Its city-slick designs and finishing touches reflect technology and masculinity through elegant colors and modern shapes.



LightFly

Our comfortable eyewear brand that is so light you forget you are wearing it

Light technology and minimal design rule the LightFly atmosphere. This range is all about a smart and invisible look, the perfect balance of comfort and performance.



Miki Ninn

Our trendy fashion eyewear brand to express the colors inside you

Miki Ninn is the expression of colors. It is about fashion, trendy styles, and a young and expressive look. Miki Ninn has easy-to-wear styles, cool shapes, fresh colors and decorations.



IN STYLE

Our on-trend brand born from street fashion

IN STYLE is about the hottest trends emerging from the coolest streets around the world. It is designed to appeal to the 'connected' and dynamic men and women who like to experiment and be on top of the latest styles in high-street fashion.

Business and strategy

As a global leader in optical retailing, GrandVision has the vision to provide high quality and affordable eye care to more and more people around the world, thereby helping them realize their full potential in life. In EYE CARE, WE CARE MORE.

With over 6,100 stores in 44 countries across Europe, the Americas and Asia, GrandVision operates 34 leading retail banners. We offer the widest access to expert vision services and products, which include prescription glasses, contact lenses and care products, and sunglasses both with and without prescription lenses.

GrandVision employs more than 31,000 employees, including highly qualified, dedicated vision experts who, next to best product advice, offer specialized services such as state-of-the-art eye testing, examinations and diagnostics.

As part of our mission, we are committed to growth and the achievement of a market-leading position in each country we operate in, thereby creating value for all our stakeholders and foremost, our customers. We are pursuing a strategy to further expand our global presence and develop and deploy our leading-edge global capabilities.



Customer-centric business model

GrandVision differentiates itself by offering a simple, safe and honest customer journey. The customer-oriented assortment together with a complete range of optical services are available through any of our 34 retail banners.

This harmonized approach aims to significantly improve the customer experience, with a focus on higher in-store conversion and customer satisfaction, resulting also in stronger customer loyalty. The journey includes a clearly structured commercial offering, transparent product features and pricing schedule, and a unique assortment focused fully on true customer benefits and quality. It is also increasingly supplemented by omni-channel features.

GrandVision primarily addresses the large and fast-growing mass-market segments with high quality and affordable eye care, complemented by sophisticated optical services, and comprehensive after-sales customer care.

With its simple and transparent value-for-money proposition, GrandVision offers well known international brands, as well as more affordable exclusive and high-quality in-house brands. The customer-centric approach is characterized by a number of key competitive advantages that are often based on the company's scale and global reach.

GrandVision operates a 'retail-only' model that makes it highly flexible and able to provide a wide and solely customer-oriented assortment of products and brands. The close customer proximity of its strong local networks allows it to identify new trends at an early stage. Without the constraints of an own production base and due to its unique distribution power, the company can quickly follow these trends and introduce the benefits of the latest service, product and production innovations to its customers.

At the same time, the scale and global reach of GrandVision leads to procurement advantages in terms of product range, quality and purchase prices, providing a more competitive range at more affordable retail prices. Distribution and marketing capabilities also enable strong and effective communication that creates brand awareness and customer loyalty in each of our local markets.

Affordable Exclusive Brands

GrandVision's Exclusive Brands offer high quality and distinct product features in terms of design and technology. GrandVision's exclusive portfolio includes the following brands:

Exclusive Brands

Frames

5th Avenue
Activ
BeBright
C-line
DbyD
Enzzo
Fuzion
Go Green
Heritage
Julius
IN STYLE
iSwitch
LightFly
Miki Ninn
Play!
Seen
Sensaya
The one
twiins

Sunglasses

Heritage
Seen
Solaris
Unofficial

Lenses

LightView
VariView

Contact Lenses

Eyexpert
iWear

The global assortment of Exclusive Brands covers the full consumer spectrum and is supported by global and in-store marketing to communicate the brand identities and specific customer benefits. The harmonization of both products and suppliers allows for a stronger value proposition and positioning of each Exclusive Brand, faster replenishment cycles, greater delivery reliability, higher quality and lower cost.

Retail banners

GrandVision operates 34 retail banners which target the mass-market segment in their respective country. In some countries GrandVision operates multiple banners and addresses the mid-to-high market segment with a separate banner.



In addition, we operate the international sunglasses banner Solaris. The reputation and consumer awareness of our retail banners contributes to their success and performance.

High brand awareness of these local banners generates traffic into stores, encourages potential purchases and helps build and maintain customer loyalty. Some of our most prominent retail banners are listed in the table below:

Retail banner	Country
Apollo-Optik	Germany
Générale d'Optique	France
GrandOptical	Belgium, Cyprus, Czech Republic, France, Greece, Hungary, Portugal, Slovakia
GrandVision	China, Italy, Peru
Pearle	Austria, Belgium, Netherlands
Vision Express	Bahrain, Hungary, India, Ireland, Kuwait, Oman, Poland, Qatar, Saudi Arabia, United Kingdom

Solaris

Sunglasses have traditionally been marketed as a fashion item rather than an eye care product. They provide several functional benefits, including protection against ultraviolet radiation and glare, and improved vision in various situations, such as driving and sports.

Standard sunglasses are generally not suitable for the large portion of the population that required eyesight correction, and only approximately 17% of sunglasses sold have prescription lenses. GrandVision addresses this gap in the market for sunglasses with optical benefits through its innovative Solaris format.



By the end of 2015, Solaris had 1,201 points of sale, mostly as corners in GrandVision's stores. They give customers who buy a new pair of prescription glasses or contact lenses, the opportunity to also choose a pair of sunglasses that meets their needs. Solaris offers customers a complete product range in terms of price, brand variety and functionality. In addition, more than 70% of Solaris' sunglass frames can be fitted with prescription lenses.

Omni-channel strategy

In optical retailing, personal interaction with a vision expert remains necessary in order to, for example, administer eye tests and examinations, and to fit prescription eyeglasses. This represents a barrier for pure online retailers to penetrate the market on a broad scale.

Nevertheless, consumers around the world increasingly prefer to efficiently and effectively conduct at least parts of their customer journey online. They therefore expect retailers to provide more flexible forms of retail interaction and service. To serve this demand, GrandVision is establishing an omni-channel route to market and is offering a range of services through the websites of its retail banners. These services include store locators, appointment booking systems and the pre-selection of frames. Some of our retail banners also offer customers the ability to purchase sunglasses or contact lenses online, thereby competing directly with online players. In addition, in-store features are also being enabled with new technologies.

To facilitate the development of omni-channel activities in different markets and ensure consistency across the group, GrandVision is developing a single global omni-channel platform. In 2015, China became the first GrandVision market to go live. A seamlessly integrated customer journey is now being enabled across all channels in that country, which has served as an important incubator for GrandVision's omni-channel innovation. This innovative retail approach will be further enhanced in the years ahead and rolled out globally.

GrandVision's retail banners are active in social media. As media consumption of customers is shifting online, nearly all retail banners interact with their customers through social media in addition to traditional advertising on TV, radio and print. The total number of social media followers of GrandVision's retail banners on channels such as Facebook, Twitter and Instagram was 1.5 million at the end of 2015.



Business environment

The global eyewear market is expected to grow annually by mid-to-high single digits in the period 2015 - 2020. Market growth is driven by a number of demographic trends as well as key product and market trends, in both mature and emerging markets. Given that eye care is a basic need for so many people around the world, the optical retail sector is also known to be comparatively resilient to macroeconomic trends and characterized by steady repurchase cycles.

Retail competition is generally on a national level and is driven by local competitors and local banners, which are easily identifiable for consumers in those markets. GrandVision operates the largest global network of optical retail stores.

National competition is generally characterized by a high degree of fragmentation with a large portion of market share still held by independent retailers. This is primarily due to traditionally high levels of regulation and subsidization in local eyewear markets which tend to protect smaller but also less efficient players. The market share held by independents differs by country but remains above 50% in most of GrandVision's markets even though it is generally decreasing over time.

There are many regional and national optical retail chains, but only a few multi-country and even less truly international chains.

With its leading market position, size, global presence, and advanced capabilities, GrandVision is well positioned to tap the growth potential of its markets, by responding to the favorable trends. These trends include:

Long-term growth drivers

Population growth

An estimated 60% of the current global population requires some form of vision correction. This represents more than 4 billion people. As populations continue to expand, the addressable global market for eyewear grows. Growth projections vary per region, with higher growth rates in Latin America and Asia compared to Europe and North America.

Aging

Aging populations are more prone to visual disorders, which stimulates demand for vision correction and also more complex solutions. Until 2030, the percentage of the population over 60 years old is expected to increase two to three times faster than the rate of global population growth. This is particularly true in Europe and North America, but also in emerging markets and highly populated countries such as China and India. The number of individuals requiring eyesight correction and the demand for more complicated and higher-value solutions such as multi-focal lenses is expected to increase.

Under-penetration of eyesight correction

There is a strong potential for eyewear providers to address the under-penetration of eyesight correction, particularly in emerging markets. Growth of the global eyewear market in the short-to-medium term is expected to be strongly fueled by these markets. Not only do they account for the vast majority of the global population, the penetration of eyesight correction in these countries is also still significantly lower.

Emerging middle classes

The size of the eyewear market and its development is highly correlated to economic development. As economic activity and wealth increases in emerging markets such as Latin America and Asia, the intrinsic need for eyesight correction and eye protection translates into active consumer demand.

Higher value propositions

Technical innovations in the eyewear market include both innovations in quality of lens material as well as functionality and design features. Growing awareness and penetration of these innovations contribute to increased demand for higher value eyewear products. Additionally, needs for vision correction increase in complexity as a person ages. This leads to a demand for higher value solutions such as multi-focal lenses. These generally have a higher retail price and generate higher profit margins but also require higher service levels.

Product trends

In addition to long-term socio-demographic changes, the global eyewear market is experiencing a number of product-driven trends. These include:

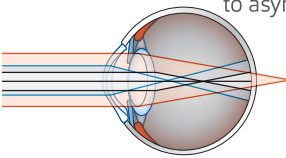
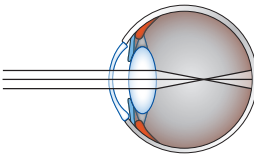
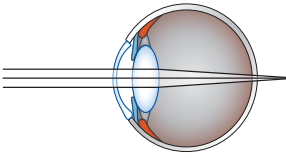
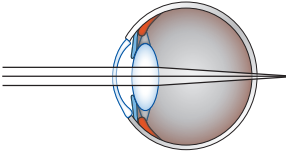
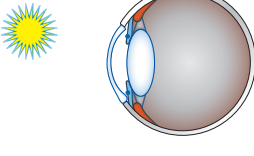
Shift to higher value eyewear products

Increasing awareness and penetration of technical innovations in the eyewear market is contributing to a greater demand for higher value eyewear products. Innovations relate to the quality of lens material as well as to functionality and design features (e.g., progressive, individualized lens designs, improved fields of vision, light, thin, antireflective, shockproof, photochromatic,

scratch resistant, anti-dirt and anti-fog, polarized and ultraviolet protective lenses). In addition, the need for vision correction increases in complexity as a person ages.

Growth of the contact lens category

The global market for contact lenses and especially disposable contact lenses is increasing, also due to their inherently shorter repurchase cycle. However, sales of contact lenses as a proportion of total eyewear sales still vary considerably across different markets. The average annual spend for contact lenses is higher per customer than it is for prescription eyeglasses. In addition, contact lens customers also tend to purchase prescription glasses and sunglasses. Furthermore, consumer

	% of population	Issue	Solution
Astigmatism 		Blurred vision due to asymmetric eye An optical system with astigmatism is one where rays that propagate in two perpendicular planes have different focus. If an optical system with astigmatism is used to form an image of a cross, the vertical and horizontal lines will be in sharp focus at two different distances	<ul style="list-style-type: none"> • Single vision lenses • Contact lenses • Laser surgery
Myopia 	Nearsightedness ~30%	Condition of the eye where the light that comes in does not directly focus on the retina but in front of it, causing the image that one sees when looking at a distant object to be out of focus, but in focus when looking at a close object	<ul style="list-style-type: none"> • Single vision lenses • Contact lenses • Laser surgery
Hyperopia 	Farsightedness ~15%	Imperfection in the eye (often when the eyeball is too short or the lens cannot become round enough), causing difficulty in focusing on near objects, and in extreme cases leading to an inability to focus on objects at any distance.	<ul style="list-style-type: none"> • Single vision lenses • Contact lenses • Laser surgery
Presbyopia 	Short arms / ageing eye ~17%	A condition associated with aging in which the eye exhibits a progressively diminished ability to focus on near objects.	<ul style="list-style-type: none"> • Ready readers • Multifocal lenses • Contact lenses • Lens transplant
UV burn and glare 		Eyes, particularly the cornea (the clear window of tissue on the front of the eyeball), can be easily damaged by exposure to ultraviolet radiation from the sun and from other sources of ultraviolet light, such as a welder's arc, a photographer's flood lamps, a sun lamp, or even a halogen desk lamp	<ul style="list-style-type: none"> • Sunglasses with tinted and polarized lenses • Prescription eyeglasses and contact lenses with UV protection

engagement is generally higher for contact lenses, which also increases the potential for customer engagement and loyalty.

Demand for quality sunglasses

The current penetration of eyesight protection from ultraviolet radiation is relatively low in both mature and emerging markets. The growth of the sunglass market is driven by an increased awareness of the harm caused by ultraviolet radiation, an increased demand for prescription sunglasses, and the increased popularity of sunglasses as a fashion item. As this awareness increases, it is expected that demand for high quality sunglasses, including ultraviolet protective prescription sunglasses, such as those offered by GrandVision under its Solaris banner, will also grow. The shift to quality sunglasses and the constant innovation of both design and lenses, including light weight and polarized lenses, contribute to a shorter average repurchase cycle of sunglasses.

Market trends

Several market trends are creating favorable conditions for GrandVision's business. Most notable are the general decrease in market regulations, the fragmented nature of most optical retail markets, and the growing online market for eyewear. The main market trends in global optical retail include:

Deregulation benefits optical retail chains

Market regulation has decreased in various countries in recent decades and this trend is set to continue. The easing of restrictions on eye test and measurement services, and on the cooperation between optometrists and opticians is facilitating market access by full service optical retailers, including optical retail chains such as GrandVision. In addition, changes to social security and health insurance reimbursement systems are increasing price competition, as the implied subsidies for smaller optical retailers are being reduced.

Fragmented markets to further consolidate

Given the high level of fragmentation of the global eyewear market, consolidation is expected to continue and drive the growth of more effective and efficient retail formats. Large multinational players in the eyewear market have a more substantial resource base. This supports the development of retail best practices and customer service concepts that have a positive impact on customer loyalty. Competitive advantages for large optical retail players such as GrandVision include greater purchasing power with suppliers and the possibility to develop much more efficient supply chains – both leading to price reductions for the consumers, the development of best practices in customer service and assistance, the attraction and retention of talent, and significant economies of scale, such as the development of centralized product finishing facilities and larger marketing campaigns.

Emerging online eyewear market

The online eyewear market has grown to represent approximately 4% of global eyewear sales, which remains below the online penetration levels of other retail segments. Generally, contact lenses, ready readers and plain sunglasses are more suitable for purchase through pure online channels. However, the need for personal interaction of consumers with vision experts to administer eye tests and examinations, the high degree of product individualization and the requirement to fit the finished prescription eyeglasses, creates a barrier that limits penetration by pure online players.

Consumers generally prefer to select and try optical products in the store where personal contact with opticians and optometrists creates trust and loyalty. However, today's consumers also expect broader and more flexible forms of retail interaction and service.

To address this opportunity, GrandVision is establishing an omni-channel route to market, where online services such as preselecting frames, booking appointments and the replenishment of contact lenses, are integrated in the services provided in store.

Scale benefits of optical retailers

As a result of consolidation and professionalization, some optical retailers have become larger and have developed considerable scale advantages including better procurement opportunities and a more efficient supply chain. This scale advantage results in further efficiency gains. In addition, large optical retailers increasingly create and source their own in-house branded products from alternative suppliers, contributing to increased competitive pressure in the eyewear suppliers market.



Strategy and objectives

GrandVision's vision is to provide high quality and affordable eye care to more and more people around the world. To realize this vision, GrandVision's mission is to further grow and achieve a market-leading position in each country in which it operates, and thereby create value for its stakeholders and foremost, its customers.

GrandVision's strategy enables us to compete in local markets with unrivaled global capabilities for the benefit of our customers. We enhance profitability through operating leverage and efficiency initiatives, with strong cash generation and resilient growth. At GrandVision's core is the ability to differentiate through a perfectly delivered customer-centric proposition. The strategy is based on the five following strategic priorities, which are explained in further detail below:

1. Strengthen and deploy GrandVision's global capabilities
2. Drive further comparable growth
3. Optimize the existing store network
4. Expand in current markets, also through bolt-on acquisitions
5. Enter new markets

1. Strengthen and deploy global capabilities

While GrandVision observes unique local characteristics in every retail market, the underlying customer needs and key drivers are very similar in most markets around the world. Based on this insight, GrandVision has developed and is internationally deploying a range of global capabilities.

By further enhancing its operational leverage through efficiency improvements and an ongoing focus on reducing complexity, the company will allow for a faster and more cost-effective development of its business. GrandVision is leveraging its global capabilities in all markets, including those which it would have found difficult to develop on a local level, due to either their size or maturity.

2. Drive further comparable growth

GrandVision considers comparable growth to be the most sustainable and profitable source of growth, as it leverages its existing operating cost base. The underlying drivers of comparable growth are:

- Volume growth in prescription eyeglasses based on increased store traffic and conversion rates
- Improved value-for-money propositions in exclusive brands, driving volume and gross margin at the same time
- Growth in the sales of contact lenses and sunglasses
- Increased average consumer spend through value-added products and up- and cross-selling
- Transition to an omni-channel approach
- Improvement of customer loyalty

Based on these drivers, GrandVision is pursuing the following strategic initiatives:

Professionalized customer journey:

GrandVision has developed a professionalized customer journey. This harmonized concept delivers an improved customer experience, with a focus on higher conversion and customer satisfaction, resulting in greater customer loyalty. The concept includes a clearly structured commercial offering, a transparent product feature and pricing schedule, and an assortment focused on functionality and quality. This customer journey is increasingly supplemented by omni-channel features. For its prescription eyeglasses category, GrandVision predominately targets volume growth and therefore market share growth, also by establishing a price-leading position.

Cross-selling initiatives: Contact lens sales have proven to be a strong driver of customer loyalty due in part to the higher repurchase frequency of disposable contact lenses, and greater opportunities to cross-sell. Market penetration in this category differs considerably between countries. GrandVision is implementing an approach for this category that is comparable to the professionalized customer journey for prescription eyeglasses, which includes a new way of merchandising, presenting and selling contact lenses.

Unlocking sunglass market potential:

Sunglasses is an underdeveloped category from an optical perspective, as sunglasses are generally marketed as an accessory or fashion item. To systematically strengthen the sunglass business, the Solaris banner offers customers a complete product range in terms of price depth, brand variety and functionality, ranging from high quality, affordable exclusive brands to well-known non-exclusive fashion brands.

Omni-channel customer journey: GrandVision is pursuing an omni-channel approach by integrating new technologies and applications for customer engagement and interaction, both online and in-store. This is enabled by a seamless technology platform including in-store functionalities and design that can be leveraged and deployed globally. The omni-channel customer journey will help GrandVision to remain aligned to changing customer behaviors and preferences, while further enhancing its customer journey concept and driving comparable growth.

3. Optimizing the store network

Market share growth is one of GrandVision's key ambitions. Expansion of the store network through the opening of new stores is a key element for achieving this goal. GrandVision's approach includes targeted store openings, relocations, and refurbishments, but also store closures, in places where customer traffic patterns have changed.

GrandVision generally pursues the expansion of its store network in countries where there is a proven and profitable store format, a relatively low density of stores, and in countries where there is a strategic growth ambition. In other countries, store openings and acquisitions are more selective and limited to when 'white spot' opportunities become available. As a prerequisite for expanding its store portfolio, GrandVision carefully assesses each business case. It also ensures that the operational and organizational platform is in place to support growth, as well as the financial and internal controls, and governance practices.

4. Expand in current markets, also through bolt-on acquisitions

The national optical retail markets are still highly fragmented, with a significant proportion of independent retailers operating either relatively small chains or single stores. This provides the opportunity to expand through bolt-on acquisitions of such businesses in existing markets, and to then integrate these into the existing GrandVision network.

GrandVision continuously reviews potential acquisition opportunities both in mature and emerging markets, and pursues these once a sound business case has been established. It also considers pure-play online propositions, such as the 2014 acquisition of Lenstore.co.uk in the United Kingdom, if and when there is added value to offer its customers, synergies with the existing business, and service and quality levels are not compromised.

5. Enter new markets through acquisitions or greenfields

While GrandVision currently has a presence in 44 countries, it is always exploring further expansion to new markets. In 2015, GrandVision acquired the U.S.-based optical retail chain For Eyes, which operates through a network of 116 own stores in the metropolitan areas of Chicago, Washington DC and Philadelphia, as well as in Florida and California.

GrandVision continuously evaluates the attractiveness of potential new markets by looking at macroeconomic factors, market growth and the conditions of operating an optical retail chain.

GrandVision's people

At GrandVision, we understand the importance of providing our customers with the best possible service and quality in eye care. That is why we continuously invest in the expertise and capabilities of our people, and make every effort to ensure they can meet the individual eye care needs of our customers. It is the high qualifications and passion of our people that makes the greatest difference each day, across our stores and TechCenters.

All GrandVision employees are encouraged to care about customers, quality and service, and to go the extra mile in everything they do. Our people strategy is designed to attract and nurture this passion for quality in eye care by developing our employees' skills and knowledge, and fostering their professional growth.

Over the last year, the average number of full time employees (FTEs) increased by 1,734 to 27,510, due to acquisitions, as well as the expansion of our network. Including part-time employees, the total number of employees reached over 31,000 in 2015.

Average number of FTEs by segment

	2015	2014
Total	27,510	25,776
G4	12,576	12,147
Other Europe	7,620	7,415
Americas & Asia	7,176	6,120
Corporate, Other	138	94



Our people journey

To meet its people objectives and support its global expansion, GrandVision is working on the deployment of a new set of human resources capabilities. These initiatives aim to continuously improve staff efficiency, align human resources efforts, strengthen our people policies and practices, invest in common enablers, and generate savings across the organization.

As part of this journey, GrandVision has implemented best practices at all levels of the organization while simultaneously developing a single, cohesive HR approach across all countries and retail banners. This ensures common HR operating principles and KPIs, and strong governance across all geographies.

Our immediate priority has been to focus on activities that strengthen our business performance. This comprises globally leveraged services that are provided to employees, managers and applicants, with enhanced operational support and easy-to-use tools, as well as the sharing of best practice and business partnering capabilities. This also includes the

deployment of functional training programs built around a common framework.

Training and learning

GrandVision is committed to helping its people develop and grow so that they fulfill their true potential. The GV Academy is our international center of excellence for continuous training and learning for all employees, and ensures delivery in a consistent and effective manner. The GV Academy establishes a common training framework and operational model with a focus on commercial and retail staff expertise, commercial abilities, and career development and retention. All these areas also result in productivity improvements.



The learning offered in multiple disciplines by the GV Academy emphasizes functional skills, technical expertise and leadership development. These have been developed with the needs of the business in mind and are offered through a mix of online, social learning and classroom channels.

Over the course of 2015, more than 38,000 days of training were conducted by the GV Academy. This has allowed us to:

- Differentiate GrandVision as an optical retail employer with clear career steps and development opportunities for people
- Improve effectiveness in developing training content using shared resources
- Improve productivity of the business
- Increase employee retention

Careers

In addition to store managers and employees who combine strong optical and sales abilities with a passion for high quality and customer care, GrandVision values the knowledge, expertise and experience of qualified opticians and optometrists. They bring the highest standards of professional care to our customers, and thereby deliver the retail promise of better eye care for customers across our stores worldwide.

Diversity

At GrandVision we aspire to reflect the diversity of communities in which we work. We are therefore committed to an equal opportunities policy that covers our recruitment and selection process, as well as our everyday operations.

To this end, we promote a healthy working environment in which everyone is offered an equal opportunity to achieve their potential. This means that we uphold a working environment that is free from discrimination, harassment and victimization on the basis of:

- Gender, sexual orientation, marital or civil partnership status, gender reassignment
- Race, color, nationality, ethnic or national origin
- Hours of work
- Religious or political beliefs
- Disability
- Age

Over 70% of employees and more than 60% of managers in our own stores are women. In GrandVision's leadership team of approximately 200 people who form the management teams of our business units, more than 30% are women.

Bringing eye care to disadvantaged communities

In partnership with the Danish Blind Community, GrandVision under the local retail banner of Synoptik is at the forefront of efforts to collect and restore second-hand glasses that are donated to impoverished communities in Ghana. The initiative began in 2007 and was the brainchild of a Synoptik employee who after visiting Ghana, realized the urgent need for even the most rudimentary forms of eye care.

Since then, the initiative has steadily grown to collect, repair and distribute thousands of pairs of glasses each year. At the same time, it has created goodwill and high engagement levels between Synoptik and its Danish customers who eagerly visit stores to return their used glasses.

As part of the program, Synoptik has established a permanent optician clinic in Ghana. The clinic was established in

cooperation with the Ghana Blind Union and employs local opticians and assistants who conduct free eye exams and distribute the Danish glasses to people in Ghana all year round.

Through initiatives like this, GrandVision aims to increase accessibility to eye care, which is still limited in many parts of the world, including many communities in which we operate, and is a high barrier to education and a better life.





Synoptik opticians performing eye tests in Ghana and re-fitting donated spectacles.



“A majority of Ghanaians do not have the resources to afford vision correction, and this project creates a perfect opportunity for us to offer our resources, experience and expertise,”

says Lars Jørgensen, a Synoptik optician who has travelled to Ghana as part of the program. “My colleague Sarah met a boy who needed minus 9 to 9.5 in his glasses and she had a pair, which she gave to him -- they completely changed his life. That experience made a huge impression on me and I honestly feel very proud and humbled.”

Corporate Social Responsibility

As a global leader in optical retailing, we acknowledge the important role we play towards economic development, improving the quality of life of our customers and employees, and creating value in the communities in which we operate, and for society at large.

Our stakeholders, as we ourselves, expect us to deliver products and services that take into account all dimensions of value-creation, including quality, sustainability, innovation, availability, social responsibility and price. To this end, we have begun to draw from our already existing commitments in the areas of environment, supplier management and human rights, as well the GrandVision Code of Conduct, to develop a comprehensive, global program for Corporate Social Responsibility (CSR).

Global CSR Strategy

Many of GrandVision's local retail banners have already implemented CSR programs and have followed them for many years. This experience and expertise within the company has allowed us to develop the structure of a global CSR program commitment, including valuable best practices. The GrandVision CSR program includes a standardized reporting system that is aligned to our strategic roadmap, and will be fully rolled out over the next few years.

The Global CSR program comprises three pillars:

- Corporate Citizenship
- Sustainability
- CSR reporting

The GrandVision CSR program ensures that the company will continue to develop its business and provide eye care services and products in the most sustainable and ethical way, which is consistent with our customers' and other stakeholders' expectations.

The program is consistent with the rules formulated in the GrandVision Code of Conduct, which applies to all employees. A copy of the GrandVision Code of Conduct can be found at www.grandvision.com.

Corporate citizenship

As an international company, the biggest contribution we make to communities is through the positive impact of our business objective itself: providing high-quality and affordable eye care to more and more people around the world, creating employment opportunities and ongoing training and development, creating value in our communities through the very local nature of our retail activities.

Supporting our communities

According to the World Health Organization, over 600 million people worldwide are blind or strongly vision impaired because they do not have the right access to eye care. GrandVision aims to play an important role towards ensuring that more and more people across the world have access to the eye care and vision correction they need. We will therefore continue to engage our customers and employees to further improve access to eye care for people in need.

Economic contributions

In 2015, GrandVision helped stimulate economic activity and create wealth through the following contributions:

- €746 million in wages and salaries for more than 31,000 employees
- €162 million total capital expenditure investments made (excluding acquisitions of chains)
- Corporate income taxes reported of €103 million in 2015

Tax strategy

GrandVision pursues a tax strategy that is transparent and sustainable. Our tax strategy aims to embed tax implications in business processes where and when they originate. This enables GrandVision to be compliant with tax regulations at all times. Our tax positions are defined by commercial rationale and business purpose. This is supported by an integrated transfer pricing approach which is based on current and future best practice guidance issued by the OECD. As a result, GrandVision is paying taxes across its value chain in the jurisdictions where the respective value is created.

GrandVision seeks to maintain good relations with tax authorities in the countries where it operates. We engage with them to explain the rationale of our tax positions, disclose our interpretation of applicable laws and regulations when required.

The taxes paid by GrandVision are a significant part of our contribution to local economies. In 2015, GrandVision reported €103 million in corporate income taxes with an effective income tax rate of 30.8%. In addition, GrandVision generates other taxes for communities where we are present, such as VAT, local taxes & levies and employee taxes.

Sustainability

GrandVision recognizes its responsibility to develop the business and provide eye care services and products in a sustainable and ethical way. Our customers and stakeholders expect us to deliver products and services that take into account all aspects of quality, sustainability, social responsibility and price.

In addition to the GrandVision Code of Conduct, we are in the process of implementing a number of CSR policies and procedures including an Environmental Policy, a Responsible Sourcing Policy, and a Human Rights Policy.

Minimizing our impact on the environment

GrandVision understands that caring for the environment is a major consideration when conducting any business. With the full commitment and active participation of all our employees around the world, we are dedicated to the following principles and actions:

- Complying with applicable environmental laws and regulations and other requirements
- Sourcing products that were manufactured in an environmentally responsible way, while maintaining our commitment to quality, through the efficient use of natural resources across the supply chain, and the establishment of relevant environmental performance improvement targets
- Encouraging employee participation and individual accountability for environmental actions
- Integrating environmental considerations into business planning, decision-making and daily activities
- Maintaining qualified and trained teams that ensure reliable, safe and efficient operations, while promoting continuous improvement of our environmental performance
- Increasing awareness of environmental programs and involving all relevant stakeholders in these efforts, including employees, customers, suppliers, community organizations, government officials, regulatory agencies and other key groups
- Introducing relevant KPIs to evaluate, benchmark and communicate our environmental performance

Responsible sourcing

GrandVision looks at its entire value chain for opportunities to limit environmental impacts, foster economic stability among its suppliers, and reduce costs. We are committed to ensuring that we deal with suppliers that also recognize their responsibility to the people they employ, the communities they affect, and their impact on the environment.

By means of the company's Responsible Sourcing Policy, we clearly communicate our expectations in these areas and assess supplier performance through a variety of measures. GrandVision looks to work with suppliers to ensure continuous reduction of any impacts on people and the environment.

The policy includes mandatory requirements on observation of human and labor rights in business relationships with GrandVision, as set out in the GrandVision Code of Conduct.

GrandVision ensures that all suppliers receive and acknowledges a copy of the summary of the Policy and that the importance to ethical business conduct is clearly communicated. GrandVision verifies alignment to the Responsible Sourcing Policy through the use of regular third-party audits. All employees engaged in procurement and with suppliers also have responsibility and accountability for compliance with this policy.

Human rights

We are committed to business practices that do not infringe on human rights and that are aligned with various international standards of responsible business conduct, including the Universal Declaration of Human Rights, and the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work.

GrandVision's Global Human Rights Policy sets out standards, expectations, and commitments in relation to its responsibility to respect human rights across its own operations, and to not knowingly contribute to human rights violations by other parties.

These commitments apply to all GrandVision operations and to full-time, part-time, and temporary employees and independent contractors. They also apply to any subsidiaries, franchisees or joint ventures where GrandVision has a majority interest or management control. In those instances where GrandVision does not have a majority interest or management control, it strongly encourages its business partners to abide by the principles in this Policy.

The following human rights principles are those that GrandVision considers the most material within the scope of its activities:

- **Child labor:** GrandVision prohibits the employment and exploitation of children within its facilities and will not engage in or support the use of child labor
- **Forced labor and freedom of movement:** GrandVision prohibits all forms of forced or

compulsory labor and thus all employment relationships must be voluntary in nature

- **Freedom of association:** GrandVision supports the right of all its employees to form and join trade unions and other organizations of their choice, and to bargain collectively in support of their mutual interests
- **Discrimination and harassment:** GrandVision prohibits all forms of discrimination based on, but not limited to, race, religion, gender, age, political opinion, national extraction, and social origin
- **Working hours, compensation, standards of living:** GrandVision respects the need for employees to have a balance between work and leisure. Working hours and overtime shall comply with applicable wage, work hours, overtime and benefits laws and regulations
- **Workplace safety and health:** GrandVision strives to ensure high standards of occupational health and safety throughout the organization
- **Security:** GrandVision is committed to fostering and maintaining a secure workplace for all employees and protecting employees, visitors and assets with reasonable and responsible security systems, measures and procedures in all facilities and events.

Introduction of CSR reporting

GrandVision is in the process of establishing a CSR reporting process in accordance with the Global Reporting Initiative's (GRI). GrandVision will then report the progress of the selected key performance indicators and CSR initiatives on an annual basis.



Bringing consistent and high quality products to our customers

In Europe, GrandVision operates multiple state-of-the-art TechCenters. These facilities deliver the benefits of consistent and high quality products to our customers, as well as more reliable delivery times.

By moving to industrialized cut, edge and fit facilities, GrandVision improves the quality, delivery time and cost of the spectacle production process and allows the store staff to focus stronger on serving the customers.

At the end of 2015, a significant share of all lenses in the G4 and Other Europe segments were cut, edged and mounted in GrandVision TechCenters. GrandVision is planning to move additional volume to the TechCenter network, aiming to further improve quality and delivery times.



The GrandVision TechCenters are integrated into the customer service process



Business performance

Group performance

GrandVision reported €3.2 billion in revenue and €512 million in adjusted EBITDA for 2015. The company grew in revenue and profit and made progress on the execution of its strategic priorities and the deployment of its global capabilities.

Results

in millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	3,205	2,817	13.8%	13.2%	5.3%	7.9%
Comparable growth (%)	4.1%	4.3%				
Adjusted EBITDA	512	449	13.8%	12.8%	9.2%	3.6%
Adjusted EBITDA margin (%)	16.0%	16.0%	0bps			
Operating result	353	289	22.4%			
Net result	231	175	32.3%			
System-wide sales (€ million)	3,541	3,145	12.6%			

Revenue grew by 13.8% to €3,205 million, driven by comparable growth of 4.1%, new store openings and a 7.9% contribution from acquisitions. Adjusted EBITDA increased by 13.8% to €512 million, and net result increased by 32.3% to €231 million. System-wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, increased by 12.6% to €3,541 million.

demand was driven by demographic trends as well as the consumers' continued focus on value and quality. In our emerging markets, weaker economic conditions have generally translated into greater price sensitivity, which benefited our affordable offering, and demonstrated the resilience of our business model, especially in Latin America. These favorable underlying market trends and the continued execution of our commercial strategy enabled us to achieve comparable growth of 4.1% in 2015.

Operational highlights

In 2015, we saw favorable market conditions across our business. In our European markets,

Operational information

	2015	2014
Number of stores	6,110	5,814
Number of own stores	5,014	4,744
Number of franchise stores	1,096	1,070
Number of countries in which GrandVision is present	44	43
Number of retail banners	34	33
Number of employees (average FTE)	27,510	25,776

In December, GrandVision completed the acquisition of the U.S.-based optical chain For Eyes, an integrated U.S.-based optical retailing network with 116 stores and a strong presence along the East Coast. The United States is the world's largest optical retail market and is expanding further, due to a growing and aging population with an increasing need for eye care. Following the acquisition, the U.S. business has been included in the Americas & Asia segment (previously Latin America & Asia).

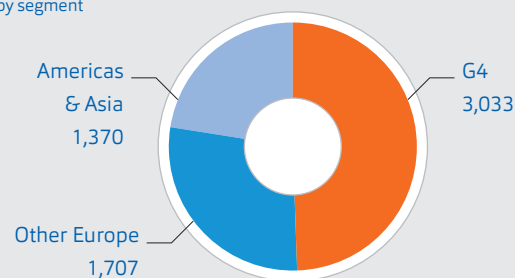
An operational priority in 2015 was the integration of businesses acquired in the previous year. Optical retail chains acquired in China, Colombia, Germany, Italy, Peru, Turkey and the United Kingdom were fully integrated in 2015. Customers in the new markets of China, Peru and Turkey have begun to experience the benefits of our offerings, which includes our Exclusive Brand portfolio and our simple, safe and honest customer journey. In Italy, the two retail banners, Avanzi and Optissimo, have been merged into one organization with an aligned commercial strategy.

In 2015, GrandVision further optimized and expanded its store network by investing in existing stores, and opening and acquiring new stores. The acquisitions, combined with a

continued organic expansion of the store network, led to a total Group store network of 6,110 stores at year-end 2015, of which 5,014 were own stores and 1,096 were franchise stores. The number of own stores grew faster than the number of franchise stores, as the acquired businesses mainly operate own stores.

Number of stores in 2015

by segment



The Americas & Asia segment saw the largest increase of its store base, from 1,175 stores at the end of 2014 to 1,370 in 2015. The increase is mainly attributable to the acquisition of For Eyes in the United States, and the network expansion in the region through new store openings. In Mexico alone, 60 new stores were opened during the year as we further expanded the successful MasVisión retail banner.

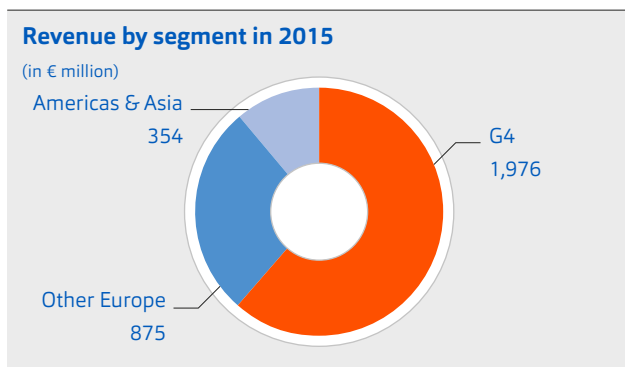
Financial review

Summarized consolidated income statement

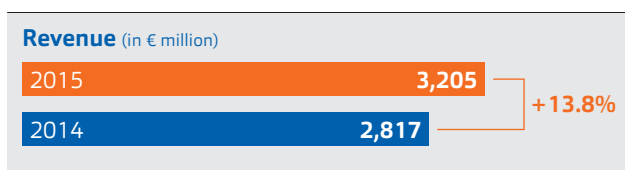
in millions of EUR	2015	% of revenue	2014	% of revenue
Revenue	3,205	100.0%	2,817	100.0%
Cost of sales and direct related expenses	- 876	-27.3%	- 744	-26.4%
Gross profit	2,328	72.7%	2,073	73.6%
Selling and marketing costs	- 1,617	-50.4%	- 1,446	-51.3%
General and administrative costs	- 363	-11.3%	- 342	-12.1%
Share of result of associates	5	0.1%	3	0.1%
Operating result	353	11.0%	289	10.2%
Net financial result	- 19	-0.6%	- 34	-1.2%
Result before tax	334	10.4%	254	9.0%
Income tax	- 103	-3.2%	- 80	-2.8%
Result for the period	231	7.2%	175	6.2%

Revenue development

Revenue increased by 13.8% to €3,205 million in 2015 (2014: €2,817 million). At constant exchange rates, revenue grew by 13.2% as foreign exchange fluctuations had a positive effect of 0.6% on revenue.



Revenue growth was driven by organic growth of 5.3%, while acquisitions had a positive impact of 7.9% on revenue. The main driver of organic growth was comparable growth, which was achieved in all three regional segments and also in all product categories: prescription eyeglasses, contact lenses and sunglasses.



Comparable growth



The G4 segment achieved revenue growth of 8.6% or 6.1% at constant exchange rates, mainly driven by comparable growth of 4.1% and continued store network expansion. In Other Europe, revenue grew by 19.5% or 20.8% at constant exchange rates, with organic growth of 4.3% and a 16.5% effect from the acquisition of Randazzo in Italy at the end of 2014. The Americas & Asia segment saw revenue growth of 33.6% or 40.6% at constant exchange rates. Organic growth in the segment was 11.1%. Revenue also included a 29.6% effect from acquisitions completed during 2014 as well as a small effect from the U.S. business, which was acquired in December 2015.

Sales of prescription glasses were positively impacted by commercial performance, enhancing conversion rates and customer loyalty. The benefits of global purchasing as well as the centralization of the supply chain and category management resulted in savings that were largely reinvested in improving the competitiveness of our commercial proposition.

Contact lenses continued to benefit from increasing consumer demand for daily disposable contact lenses. The proportion of sunglasses in the overall revenue slightly increased in 2015, driven by comparable growth, the further roll out of the Solaris store-

in-store concept as well as the acquisitions in Italy and Turkey, which have a higher than average sunglass share.

Revenue development

in millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
G4	1,976	1,820	8.6%	6.1%	4.9%	1.3%
Other Europe	875	732	19.5%	20.8%	4.3%	16.5%
Americas & Asia	354	265	33.6%	40.6%	11.1%	29.6%
Total	3,205	2,817	13.8%	13.2%	5.3%	7.9%

Adjusted EBITDA development

Adjusted EBITDA increased 12.8% at constant exchange rates to €512 million in 2015 (2014: €449 million) with 9.2% organic growth and a 3.6% contribution from acquisitions. The increase in adjusted EBITDA was driven by comparable growth in our stores. Revenues and gross profit both increased while the store operating cost in the areas of retail personnel costs, marketing and rental expenses were contained.

The adjusted EBITDA margin remained constant at 16.0%. Excluding the dilutive impact of acquisitions, the EBITDA margin would have increased by 64 bps to 16.6%.

In the G4 segment, adjusted EBITDA increased by 10.1% to €401 million in 2015 (2014: €364 million). The adjusted EBITDA margin increased by 28 bps to 20.3% in 2015 (2014: 20.0%).

In the Other Europe segment, adjusted EBITDA increased by 18.1% to €135 million (2014: €114 million) or 19.4% at constant exchange rates. The adjusted EBITDA margin decreased by 19 bps to 15.4% mainly due to the diluting effect of acquisitions.

In the Americas & Asia segment, adjusted EBITDA increased by 58.8% to €8 million (2014: €5 million), or 85.9% at constant exchange rates. Organic EBITDA growth was 106.2%, while acquisitions had a negative impact of 20.4%.

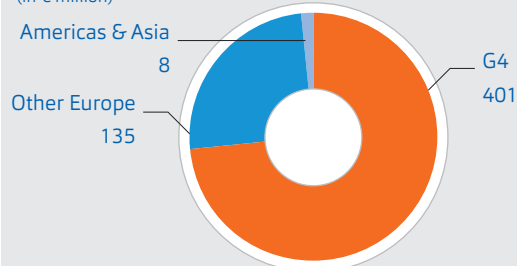
The other reconciling items primarily consist of corporate costs not allocated to specific regions. These costs decreased by 5.1% to €32 million in 2015.

Adjusted EBITDA (in € million)



Adjusted EBITDA by segment in 2015

(in € million)



Adjusted EBITDA

in millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
G4	401	364	10.1%	8.4%	7.2%	1.2%
Other Europe	135	114	18.1%	19.4%	7.9%	11.5%
Americas & Asia	8	5	58.8%	85.9%	106.2%	-20.4%
Other reconciling items	- 32	- 34	-5.1%	-1.7%	-1.7%	0.0%
Total	512	449	13.8%	12.8%	9.2%	3.6%

Adjusted EBITDA margin (%)	2015	2014	Change versus prior year
G4	20.3%	20.0%	28bps
Other Europe	15.4%	15.6%	-19bps
Americas & Asia	2.3%	1.9%	36bps
Total	16.0%	16.0%	0bps

Reported EBITDA increased by 18.9%, from €426 million in 2014 to €506 million in 2015. This increase also reflects the inclusion of exceptional and non-recurring items for a total of -€5 million recorded in 2015, which were mainly related to legal and regulatory provisions, costs related to the IPO in 2015, including its effect on the valuation of the long-term incentive plans and some other items, partially offset by the benefit related to the

changed pension calculations in the Netherlands. In 2014, non-recurring items were -€24 million mainly reflecting the one-off costs of the listing preparation including the IPO impact on the valuation of the long-term incentive plans.

A reconciliation from adjusted EBITDA to Operating result for 2015 is presented in the table below.

Reconciliation EBITA, EBITDA, adjusted EBITDA and operating result

in millions of EUR	2015	% of revenue	2014	% of revenue
Adjusted EBITDA	512	16.0%	449	16.0%
Non-recurring items	- 5	-0.2%	- 24	-0.8%
EBITDA	506	15.8%	426	15.1%
Depreciation and amortization of software	- 121	-3.8%	- 108	-3.8%
EBITA	385	12.0%	317	11.3%
Amortization and impairments	- 32	-1.0%	- 29	-1.0%
Operating result	353	11.0%	289	10.2%

Operating result

The operating result increased by 22.4% to €353 million in 2015, compared to €289 million in 2014. The increase in the operating result was achieved through revenue growth, network expansion, as well as cost control in support functions. In addition, the operating result in 2015 benefited from lower non-recurring items of -€5 million compared to -€24 in 2014.

Depreciation and amortization of software increased to €121 million in 2015 from €108 million in 2014, and total amortization and impairments was €32 million in 2015 compared to €29 in 2014.

Financial result

The financial result improved by 44.3% from -€34 million in 2014 to -€19 million in 2015. This improvement was largely due to the refinancing of the shareholder loans which took place in September 2014 and lower negative currency impact compared to 2014.

Income tax

Income tax increased from €80 million in 2014 to €103 million in 2015, primarily as a result of the increase in result before tax. The effective tax rate decreased from 31.3% in 2014 to 30.8% in 2015, mainly due to changes in the country profit mix.

Net result for the period

The net result for the period increased by 32.3% to €231 million, compared with €175 million in 2014. Net result attributable to equity holders increased by 32.0% to €213 million in 2015 from €161 million in 2014. This increase is mainly due to higher underlying operating profit, lower net finance costs and non-recurring items.

Earnings per share

Earnings per share (basic and diluted) increased by 31.7% from €0.64 in 2014 to €0.84 in 2015. The average number of shares attributable to equity holders was 252,427,917 in 2015 (pro forma 2014: 250,748,330).



Financial position

Summarized balance sheet

in millions of EUR	2015	2014
Property, plant and equipment	431	408
Intangible assets	1,480	1,334
Other non-current assets	152	166
Non-current assets	2,063	1,908
Inventories	264	240
Other current assets	274	266
Cash and cash equivalents	99	134
Current assets	637	640
Total assets	2,700	2,548
Total equity	832	668
Borrowings	776	960
Other non-current liabilities	236	273
Non-current liabilities	1,011	1,233
Trade and other payables	534	503
Borrowings	262	93
Other current liabilities	61	51
Current liabilities	857	647
Total equity and liabilities	2,700	2,548

Non-current assets increased from €1,908 million to €2,063 million in 2015. This was mainly the result of acquisitions and of investments in stores and global IT and supply chain infrastructure. Total equity increased from €668 million to €832 million as a result of the 2015 net result and the reclassification of the long-term incentive plan offset by interim dividends paid, the purchase treasury shares and currency translation effect.

Non-current liabilities decreased from €1,233 million to €1,011 million as a result of the repayment of long term borrowings, the reclassification of the long-term incentive plan to equity and the change of the pension plan in the Netherlands. Current liabilities increased from €647 million to €857 million mainly as a result of the increased short term borrowings in order to repay the long term borrowings.

Cash flows and liquidity

GrandVision's liquidity requirements primarily relate to investments in existing and new stores, the payment of interest, and the need to fund its working capital requirements and acquisitions. The company primarily relies on cash flows from operating activities to finance its operations. Another source of liquidity for the company is borrowings under its revolving credit facility.

Cash flows

The following table presents the primary components of GrandVision's cash flows.

Cash flow components

in millions of EUR	2015	2014
Net cash from operating activities	382	380
Net cash used in investing activities	- 277	- 374
Net cash used in financing activities	- 237	29
Inflow/(outflow) in cash and cash equivalents	- 132	36
Cash and cash equivalents at beginning of year	54	22
Inflow/(outflow) in cash and cash equivalents	- 132	36
Exchange gains/(losses) on cash and cash equivalents	- 4	- 3
Cash and cash equivalents at end of period	- 82	54

Net cash from operating activities increased by €2 million to an inflow of €382 million in 2015 in comparison with an inflow of €380 million in 2014. The movement is primarily a result of the increase in adjusted EBITDA in 2015 offset by positive one-offs in 2014 relating to a change in provisions for long-term incentive plans in connection with the IPO, as well improvements in working capital positions, which did not re-occur in 2015.

Net cash used in investing activities decreased from €374 million in 2014 to €277 million in 2015. The movement is resulting from the lower number of acquisitions, while capital expenditure remained constant.

Net cash used in financing activities is an outflow of €237 million in 2015 driven by repayments of borrowings and the purchase of treasury shares. In 2014, net cash used in financing activities was an inflow of €29 million as additional borrowings were needed to finance the acquisitions during the year.

Capital expenditure

Capital expenditure not related to acquisitions amounted to €162 million (5.0% of revenue) in 2015, compared with €158 million (5.6% of revenue) in 2014. The majority consisted of maintenance capital expenditure used to optimize the existing store network. The following table shows the capital expenditure not related to acquisitions.

Capital expenditure

in millions of EUR	2015	2014
Capital expenditure (not related to acquisitions)	162	158
Store capital expenditure	122	117
Non-store capital expenditure	40	41

Store capital expenditure increased from €117 million in 2014 to €122 million in 2015 and primarily reflects the optimization of existing stores through renovations in an expanding store network, along with the implementation of the standardized commercial proposition and new store openings. During 2015, GrandVision continued to focus on the standardization of its store format as well as on the reduction of its average store size.

Non-store capital expenditure of €40 million in 2015 compared to €41 million in 2014 primarily results from investments into IT systems, including a global ERP system and IT-based omni-channel solutions. In June and July, the new ERP system went live in the United Kingdom and Ireland as well as in Belgium and the Netherlands. Further global rollout will follow over the next years.

Cash outflows related to acquisitions

In 2015, cash outflows relating to acquisitions of companies (net of cash) amounted to €138 million, mainly related to the acquisition of Aranon Corporation in the United States, the holding company of For Eyes. In 2014, cash outflows related to acquisitions of companies (net of cash) amounted to €233 million, mainly

resulting from acquisitions in the United Kingdom, Colombia, Germany, Peru, Turkey, China and Italy.

Free cash flow and cash conversion

GrandVision's operations continued to generate solid cash flows. Free cash flow was €220 million in 2015, compared to €222 million in 2014. In the previous year, free cash flow benefited from a one-off change in provisions for long-term incentive plans in connection with the IPO, as well as improvements in working capital positions, which did not re-occur in 2015.

Free cash flow and cash conversion

	2015	2014
Free cash flow (€ million)	220	222
Cash conversion (%)	43.5%	52.2%

Financial indebtedness

Throughout 2015, GrandVision maintained a financial position with sufficient liquidity to fund its strategy and pursue its growth ambitions. In addition to utilizing its own cash flow, it can alternatively draw on its revolving credit facility.

Net debt and leverage

In 2015, GrandVision extended its €1.2 billion 5-year revolving credit facility by one year. The new final maturity date is September 2020. The facility can be extended by an additional year.

The following table presents GrandVision's net debt, as well as the net debt leverage, as of and for the periods indicated. Excluding the impact of any borrowings associated with and any adjusted EBITDA amounts attributable to any major acquisitions, GrandVision aims to maintain a leverage ratio (net debt over adjusted EBITDA for the last twelve months) of equal to or less than 2.0.

Borrowings

in millions of EUR (unless stated otherwise)	2015	2014
Total borrowings	1,038	1,053
Cash and cash equivalents	- 99	- 134
Derivatives (liabilities)	3	4
Derivatives (assets)	- 1	- 1
Net debt	941	922
Adjusted EBITDA (last twelve months)	512	449
Net debt leverage (times)	1.8	2.1

While net debt increased slightly from €922 million to €941 million, net debt leverage ratio improved to 1.8 times adjusted EBITDA at year-end 2015, compared to 2.1 times in 2014. The increase in net debt was driven by the US acquisition, the purchase of €50 million of treasury shares at the initial public offering in February 2016 as well as the interim dividend payment of €35 million in September 2015.



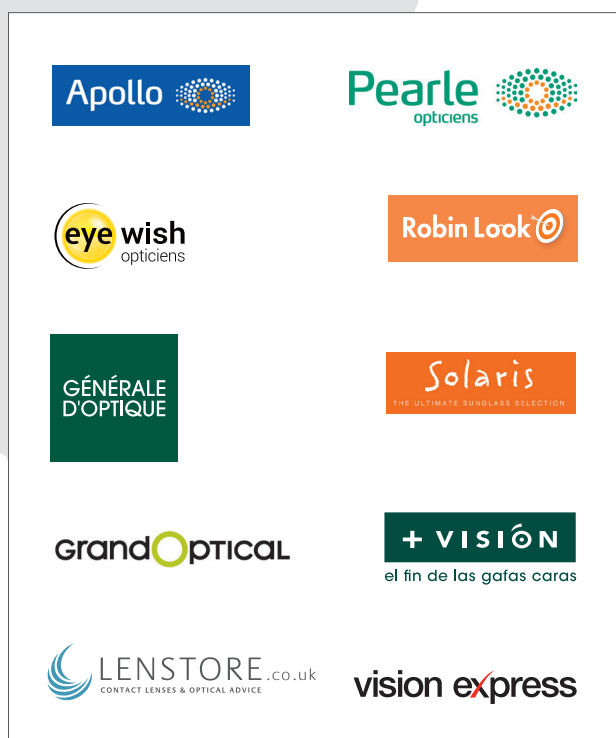
Segment performance

G4

11 Countries

Austria
Belgium
France
Germany
Ireland
Luxembourg
Middle East*
Monaco
Netherlands
Spain
United Kingdom

* Franchise in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates managed by the UK business unit



3,033 Stores



Revenue €1,976 million



EBITDA €401 million

millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,976	1,820	8.6%	6.1%	4.9%	1.3%
Comparable growth (%)	4.1%	3.7%				
Adjusted EBITDA	401	364	10.1%	8.4%	7.2%	1.2%
Adjusted EBITDA margin (%)	20.3%	20.0%	28bps			
Number of stores (#)	3,033	2,979				
Number of employees (average FTE)	12,576	12,147				

G4

The G4 segment includes GrandVision's four largest business units: (i) the Netherlands and Belgium; (ii) France, Spain, Luxembourg and Monaco (excluding the Solaris sunglass stores in France and Monaco, which are part of the Other Europe segment); (iii) Germany and Austria; and (iv) the United Kingdom, Ireland and the franchises in several Middle-Eastern countries. The G4 business units manage retail banners with own and franchise stores across these countries. Within the segment, GrandVision has market leading positions in Austria, Belgium and the Netherlands, and number 2 or 3 positions in France, Germany and the United Kingdom.

As of the end of 2015, the G4 segment operated a network of 3,033 stores, an increase from 2,979 stores in 2014. Key banners in the G4 segment include Apollo Optik in Germany with 801 stores, Pearle in Austria, Belgium and the Netherlands with 609 stores, Générale d'Optique in France with 548 stores and Vision Express in the UK, Ireland and Middle East with 417 stores.

Revenue

In the G4 segment, revenue increased by 8.6% to €1,976 million in 2015 including a positive effect of 2.4% from a stronger British pound against the euro. At constant exchange rates, revenue growth was 6.1% and organic growth was 4.9%, the positive acquisition impact was 1.3%. Comparable growth for the segment of 4.1% was driven by high single digit growth in Austria, Germany and Spain, and low to mid single digit growth in the other G4 countries.

Adjusted EBITDA

Adjusted EBITDA in the G4 segment increased by 10.1% to €401 million in 2015 (2014: €364 million). The adjusted EBITDA margin increased by 28 bps to 20.3% in 2015 (2014: 20.0%), benefiting from a combination of improved operating leverage through comparable growth and the further roll-out of our global capabilities.



Other Europe

18 Countries

Bulgaria
 Cyprus
 Czech
 Denmark
 Estonia
 Finland
 France (Solaris)
 Greece
 Hungary
 Italy
 Malta
 Monaco (Solaris)
 Norway
 Poland
 Portugal
 Slovakia
 Sweden
 Switzerland*
 * associate



brilleland

NISSEN

grandOPTICAL

OFOTÉRT

GrandVision

OPTISSIMO

instrumentarium

Solaris
THE ULTIMATE SUNGLASS SELECTION

interoptik

synoptik

KEOPS
OPTIIKKA

VISILAB

vision express



1,707 Stores



Revenue €875 million



EBITDA €135 million

millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	875	732	19.5%	20.8%	4.3%	16.5%
Comparable growth (%)	3.2%	4.1%				
Adjusted EBITDA	135	114	18.1%	19.4%	7.9%	11.5%
Adjusted EBITDA margin (%)	15.4%	15.6%	-19bps			
Number of stores (#)	1,707	1,660				
Number of employees (average FTE)	7,620	7,415				

Other Europe

The Other Europe segment includes the business units that operate in the Nordics, Eastern and Southern Europe. These business units manage single or multiple optical retail banners in one or several countries. The banners are predominantly comprised of own stores and, to a lesser extent, franchise stores.

In many markets, GrandVision banners have market leading positions, e.g. in the Czech Republic, Estonia, Finland, Hungary, Italy, Poland and Portugal. Key banners include Avanzi in Italy with 177 stores, Multiópticas in Portugal with 193 stores, Vision Express in Poland, Hungary and Bulgaria with 221 stores, as well as Synoptik in Sweden and Denmark with 223 stores. At the end of 2015, there were 1,707 stores in the Other Europe segment, an increase from 1,660 stores in 2014.

The optical retail markets in the Other Europe segment are characterized by a lower level of maturity than the G4 segment, particularly in Southern and Eastern Europe. GrandVision has been developing growth opportunities in this segment by gaining scale in these markets

through the expansion of its existing store base, as well as through acquisitions.

Revenue

In Other Europe, revenue increased by 19.5% to €875 million in 2015 (2014: €732 million), or 20.8% at constant exchange rates. Organic revenue growth and comparable growth were 4.3% and 3.2% respectively. Within the segment, most markets showed a solid performance during the year.

Adjusted EBITDA

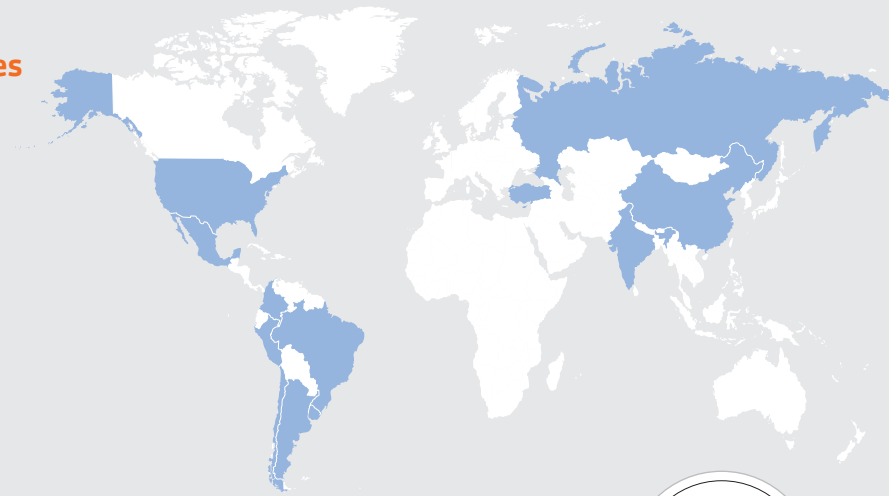
Adjusted EBITDA in the Other Europe segment increased by 18.1% to €135 million (2014: €114 million) or 19.4% at constant exchange rates. The adjusted EBITDA margin decreased 19 bps to 15.4% as organic EBITDA margin expansion was more than offset by the negative impact from acquisitions.



Americas & Asia

12 Countries

Argentina
Brazil
Chile
China
Colombia
India
Mexico
Peru
Russia
Turkey
United States
Uruguay



1,370 Stores



Revenue €354 million



EBITDA €8 million

millions of EUR (unless stated otherwise)	2015	2014	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	354	265	33.6%	40.6%	11.1%	29.6%
Comparable growth (%)	6.6%	9.4%				
Adjusted EBITDA	8	5	58.8%	85.9%	106.2%	-20.4%
Adjusted EBITDA margin (%)	2.3%	1.9%	36bps			
Number of stores (#)	1,370	1,175				
Number of employees (average FTE)	7,176	6,120				

Americas & Asia

The Americas & Asia segment includes the businesses in Latin America, Asia and the United States. In Latin America, GrandVision operates leading optical retail banners in Argentina, Chile, Colombia, Mexico and Uruguay. Most regions in the Americas & Asia segment have the lowest level of maturity in the GrandVision group. These optical retail markets have been growing faster on average than the more developed markets. GrandVision is market leader in Latin America with number one positions in Argentina, Chile, Colombia and Uruguay. In Asia, GrandVision is well positioned in China, India, Russia and Turkey.

The store network increased by 195 to 1,370 in 2015 mainly due to the acquisition of the For Eyes business in the United States, as well as continued store network expansion across the region.

Revenue

In the Americas & Asia segment, revenue grew by 33.6% to €354 million in 2015 (2014: €265 million) including a -7.0% negative impact from weaker Latin American currencies and the

Russian ruble against the euro. At constant exchange rates, revenue grew by 40.6%. Organic and comparable growth were 11.1% and 6.6% respectively.

In Latin America, most countries continued to achieve high single digit comparable growth during the year, while Russia declined by low single digits due to the weak economic environment.

Adjusted EBITDA

Adjusted EBITDA increased by 58.8% to €8 million in 2015 (2014: €5 million), or 85.9% at constant exchange rates. Organic EBITDA growth was 106.2%, while acquisitions had a negative impact of 20.4%. Adjusted EBITDA growth in the segment was achieved through better operating leverage enabled by the growing store footprint, and roll-out of our global capabilities, as well as store network optimization in Brazil.



Improving road safety in Sweden

In an initiative to improve road safety in Sweden, Synoptik, the GrandVision retail banner in Sweden, recently tested the eyesight of almost 2,000 drivers. The result was that 18 percent of drivers had such poor eyesight, both with and without glasses, that they represent a hazard to fellow drivers and pedestrians.

The study was part of a joint initiative between Synoptik in Sweden and the government's motoring inspectors' body Bilprovingen. It included a comprehensive survey of 1,896 Swedish drivers, which found that 9 out of 10 of them are in favor of requiring eye tests in conjunction with license renewals.

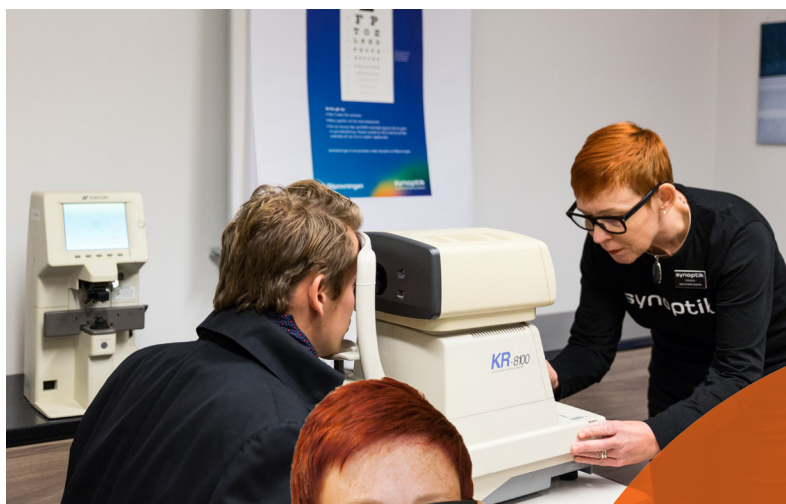
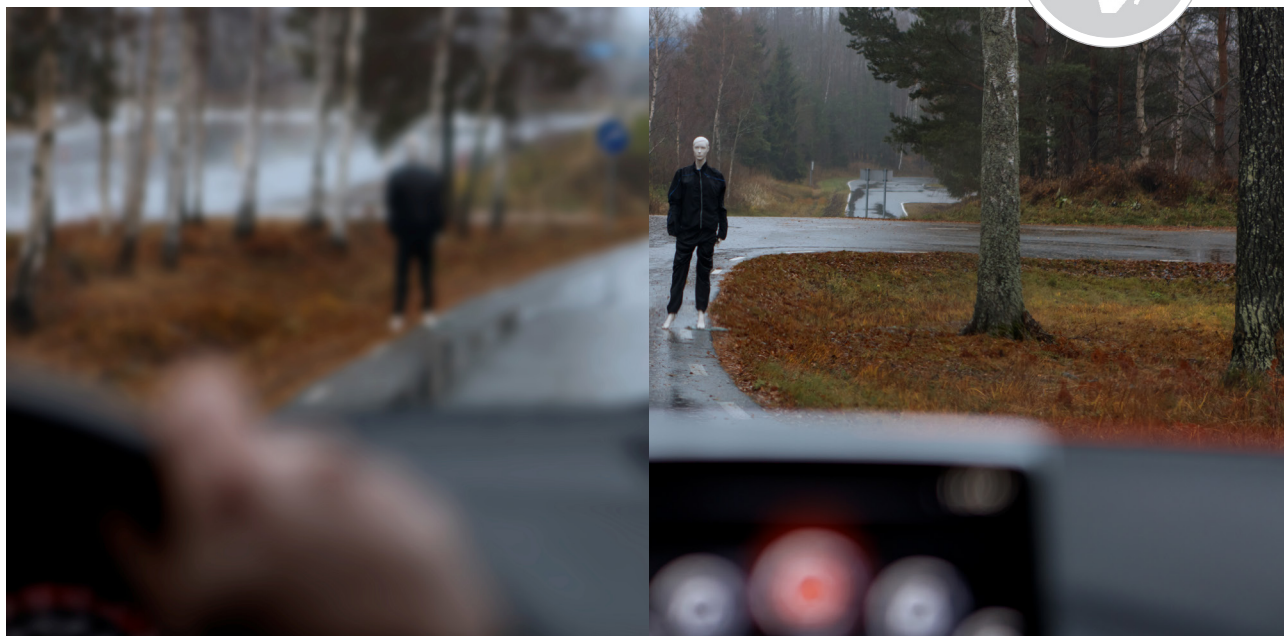
A further 7 out of 10 think that motorists should have mandatory eyesight examinations every three years, a position that Synoptik and the optics industry recommends. The results from the study suggest that of the nation's 600,000 motorists, approximately one tenth of all

drivers, would not meet today's standards in applying for a drivers' license.

The vast majority of Swedish motorists consider their eyesight to be good enough to drive safely, even though the same survey found that just 11 percent had done an eye exam in the last ten years.

GrandVision is committed to helping people see better, enabling them to realize their full potential in life. The road safety initiative of Synoptik in Sweden is another example of this commitment.





Helene Hjertberg, licensed optician at Synoptik in Stockholm, performing an eye test during the road safety initiative.



“Many drivers do not realize how serious their eyesight problems are as they may have had flawless vision throughout most of their lives”

says Helene Hjertberg. “It isn’t mandatory to test when renewing licenses, which means there are many dangerous drivers on the road who may not even know it.”

Report from the Supervisory Board

It is my pleasure to present you the report from the Supervisory Board of GrandVision. This report provides an overview of the approach and activities taken by the Supervisory Board in 2015.

Activities of the Supervisory Board in 2015

The Supervisory Board held six ordinary meetings, of which four were physical meetings and two were conference calls, and two extraordinary meetings, of which one was physical and one was a conference call in 2015. The two extraordinary meetings were convened to discuss important matters, including the U.S. acquisition. One of the Supervisory Board's priorities is strategy development and discussion and one extended physical meeting was fully dedicated to GrandVision's strategy. During all meetings the Management Board was present and no members of the Supervisory Board were absent. Between meetings, the Chairman of the Supervisory Board Meeting and the CEO of GrandVision maintained regular contact and had several meetings during the year. The Chairman acts as the first point of contact within the Supervisory Board for the CEO for discussions on topical issues and GrandVision's general affairs.

At least once a year, the Chairman has individual meetings with all Management Board members. During 2015, discussions within the Supervisory Board were based mostly on documents and presentations prepared by the Management Board. By way of preparation, many subjects were discussed in advance in one of the Supervisory Board's committee meetings. In the meetings with the Management Board, the Board was provided with updates on a number of recurring items, such as news regarding GrandVision including the U.S. acquisition, financial performance, the Company's internal risk management and

control processes, developments in the markets in which GrandVision operates, business projects and acquisition opportunities.

In March 2015, GrandVision's auditor, PricewaterhouseCoopers Accountants N.V. (PwC), was present during one of the physical Supervisory Board meetings to discuss the financial statements of 2014 as well as the external auditor's report and the findings summarized in the management letter. The auditor's recommendations in the management letter were all related to improvement opportunities such as improving tax and transfer pricing knowledge at operating company level. Furthermore, no material weaknesses in internal controls were identified. The Management Board agreed with these comments and plans were made for follow-up. After review of the unqualified opinion provided by the external auditor, GrandVision's 2014 financial statements were endorsed by all members of the Supervisory Board.

The Supervisory Board meets each quarter shortly before the publication of the quarterly results and has an in-depth discussion with the Management Board on the results and related documents such as the draft press release. At the meeting held in December 2015, the Supervisory Board had an extensive discussion regarding the 2016 financial budget. During these discussions the Supervisory Board challenged the sustainable growth and financial objectives set by the Management Board. In addition, the increased efficiency and speed of the budget process was noted. After a productive discussion, the Supervisory Board unanimously approved the 2016 financial budget.

Supervisory Board Committees

Audit Committee

Mr. Bolliger; Mr. Eelman (chairman)

The Audit Committee met four times in 2015, according to its fixed schedule, in the presence of the CFO, internal auditor and Company Secretary. The CEO participated in two meetings. At three of the four meetings GrandVision's external auditor PwC was present. At the meeting in March 2015, the Audit Committee reviewed the draft Annual Accounts for 2014. Important items on the agenda were the auditor's report for 2014 and GrandVision's continuing commitment to strong internal controls. The external auditor did not identify any material weakness in internal controls. Nevertheless, a number of opportunities for improvement were identified by internal audit. The Management Board agreed with the external and internal auditor's comments and plans were made for follow-up. The Supervisory Board also had a closed session with the external auditor.

Remuneration Committee

Mr. van der Graaf; Mr. Groot (chairman)

The Remuneration Committee met five times in 2015, according to its fixed schedule. At the meeting in February, the achievements of 2014 were discussed and recommendations on the awarding of bonuses to the senior management of GrandVision were made. In April, the attribution of phantom shares and options under the 2011 Long-Term Incentive Plan was reviewed based on achievement levels of three-year financial targets. At the May meeting, the Executive Remuneration Benchmarking Report was discussed and the recommendation was made to grant the 2015 Long-Term Incentive Plan phantom shares. In the December meeting the salary review for senior management and bonus objectives for 2016 were discussed and proposed for approval to the Supervisory Board.

Nomination Committee

Mr. van der Graaf; Mr. Groot (chairman)

The Nomination Committee met once in 2015, according to its fixed schedule. During its meeting the Nomination Committee discussed GrandVision's nomination procedures for the Supervisory Board and Management Board and

confirmed these were followed systematically in 2015. In addition, the Nomination Committee conducted an organizational review of the GrandVision Management Team.

Composition of the Supervisory Board and Management Board

The members of the Supervisory Board together represent a broad range of experience and expertise that is in line with the desired Supervisory Board profile in view of GrandVision's business and complies with the Dutch Corporate Governance Code. The Supervisory Board currently comprises five members, whose profiles are provided under Supervisory Board in the chapter Governance.

After the end of the Annual General Meeting on May 8, 2015, the first term of Mel Groot expired. Mr. Groot was eligible and available for reappointment and complied with the profile of the Supervisory Board. In view of Mr. Groot's extensive experience, knowledge, dedication and valuable input during the Supervisory Board meetings, the Supervisory Board issued a non-binding nomination for re-appointment. During the Annual General Meeting of May 8, 2015, Mel Groot was re-appointed to the Supervisory Board for an additional term of four years.

During 2015, no changes took place in the composition of the Management Board.

Diversity, including gender, remains an important consideration in the selection process for the appointment and reappointment of Management Board and Supervisory Board members, at the same time, quality, expertise and experience remain the key priorities. Diversity in the broad sense is a topic on the Supervisory Board Agenda and is also discussed in the Nomination Committee.

Self-Assessment Supervisory Board

During 2015, the Supervisory Board reflected on its performance and composition as well as that of its three committees. Each individual Board member was asked for their views on the quality of a number of aspects of the Supervisory Board's performance to assess whether it meets their needs and expectations. The following

aspects of the Supervisory Board's performance were assessed during this process: its responsibilities, oversight, meetings, support, composition, cooperation, outcome, achievements and communication. The overall conclusion of this self-assessment process was that the Supervisory Board is performing well.

2015 Financial Statements and Dividend

The financial statements for the year 2015, as prepared by the Management Board, have been audited by PricewaterhouseCoopers Accountants N.V., whose Auditor's Report is included in this report, and were extensively discussed in March 2016 by the Audit Committee and the external auditor in the presence of the Management Board and approved by the Supervisory Board.

Over the financial year 2015, GrandVision paid an interim dividend of €0.14 per share in September 2015. The Supervisory Board recommends to the Annual General Meeting of Shareholders to approve the proposal of distribution of a final dividend of €0.14, resulting in a total dividend of €0.28 for 2015.

The Supervisory Board recommends that the Annual General Meeting adopts the 2015 Financial Statements and discharge the Management Board and the Supervisory Board from liability for their management in the year under review and the supervision, respectively.

Schiphol, 15 March 2015

On behalf of the Supervisory Board

Kees van der Graaf, Chairman



Governance and compliance

GrandVision is committed to respecting the needs of its stakeholders. Effective governance determines the way GrandVision conducts its business. GrandVision fully endorses the core principles of the Dutch Corporate Governance Code and is committed to adhering to the best practices of the Code to the furthest extent possible.

Structure and responsibilities

GrandVision has a two-tier governance structure consisting of a Management Board and a Supervisory Board. Currently, the Management Board consists of the CEO and the CFO, while the Supervisory Board is made up of five Supervisory Directors.

Management Board

The Management Board is responsible for the achievement of GrandVision's objectives, including those related to the areas of strategy, policy, quality and sustainability as well as the day-to-day operation of the Company. In performing its duties, the Management Board is guided by the interests of GrandVision and all of its stakeholders.

Supervisory Board

The Supervisory Board oversees GrandVision's overall performance, including the policies pursued and results achieved by the Management Board. It monitors the Company's financial situation and reviews the financial statements and the strategy pursued by the Management Board. It approves important proposals for capital expenditures, acquisitions, divestments and changes to financial and other corporate policies, as well as the annual budget and long term plan.

The Supervisory Board also has the responsibility to evaluate the performance of the Management Board and the CEO and CFO individually. It proposes any changes to the composition of the Management Board which it deems necessary to the General Meeting. The Supervisory Board is also responsible for reviewing its own performance and proposing any changes in its composition to the General Meeting. The Supervisory Board ensures that the Company's policies are formulated and pursued in the interests of all of GrandVision's

stakeholders and that these policies are sustainable and meet ethical standards.

The Supervisory Board appoints an Audit Committee, a Nomination Committee and a Remuneration Committee from among its members. The Supervisory Directors have been carefully selected to ensure that they offer GrandVision a comprehensive range of relevant experience in areas such as international retail, customer service, supply chain management and finance.

Audit Committee

The duties of the Audit Committee include supervising and monitoring the Management Board and the CEO and CFO individually, as well as advising them in relation to the operation of the Company's internal risk management and control systems. The Audit Committee advises the Supervisory Board on the exercise of certain of its duties, and makes nominations and prepares reviews for the Supervisory Board in relation to this. The Audit Committee supervises the submission of financial information by the Company, compliance with recommendations made by internal and external auditor's and the Company's policy on tax planning and the Company's financial arrangements. It assists the Supervisory Board in monitoring the use of the Company's information and communication technology. It furthermore maintains regular contact with, and supervises, the external auditor and makes a nomination for an external auditor to be appointed by the General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of the Financial Statements, the annual budget and any major capital expenditures. The Audit Committee meets at least four times a year.

Nomination Committee

The Nomination Committee advises the Supervisory Board on its duties regarding the selection and appointment of the CEO, the CFO and Supervisory Directors. The duties of the Nomination Committee include establishing the selection criteria and appointment procedures for the CEO, CFO and Supervisory Directors, and drawing up the profile for the Supervisory Board. It also periodically reviews the size and composition of the Management Board and the Supervisory Board, and the performance of the CEO and CFO. The Nomination Committee also proposes appointments and reappointments. It supervises the Management Board's policy on the selection criteria and appointment procedures for the CEO and the CFO. The Nomination Committee meets at least once every year.

Remuneration Committee

The Remuneration Committee advises the Supervisory Board on the exercise of its duties regarding the remuneration policy of the CEO and CFO, all individual members of the GrandVision Management Team, the committee of senior managers meeting with the CEO and CFO on a regular basis, and other senior managers within the Company. This includes analyzing any changes in the Code and drawing up proposals for the Supervisory Board on these subjects. The duties of the Remuneration Committee include drawing up proposals for the Supervisory Board on the remuneration policy for the CEO and the CFO, to be adopted by the General Meeting, and on the remuneration of the CEO and CFO, to be determined by the Supervisory Board. The Remuneration Committee also prepares a remuneration report on the implementation of the remuneration policy for the CEO and the CFO during the respective year, to be adopted by the Supervisory Board. The Remuneration Committee meets at least three times every year.

The rules for all the Committees are published on the GrandVision corporate website: www.grandvision.com

Compliance with the Dutch Corporate Governance Code

GrandVision fully endorses the core principles of the Dutch Corporate Governance Code and is committed to adhering to the best practices set out in the Code as much as possible. The Dutch Corporate Governance Code can be found at www.commissiecorporategovernance.nl. The company fully complies with the Code, with the exception of the following provisions:

Best-practice provision II.1.1: A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time. The Articles of Association and the Management Board Rules do not stipulate a maximum period for the appointment of the CEO and the CFO. The service agreements for the CEO and the CFO are for an indefinite period of time, thereby maintaining the same term that was included in their respective employment agreements with the Company before its conversion into a public limited liability company.

Best-practice provision II.2.9: The company may not grant its management board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the supervisory board. No remission of loans may be granted. In the past, the CEO and the CFO were granted a loan to acquire part of the shares they hold in the Company. At the end of the financial year 2015, the loans granted to the CFO are partly still outstanding. The CEO fully repaid his loans in February 2015. Granting these loans was in line with past practice but has been discontinued.

Best-practice provision III.5.11: The remuneration committee may not be chaired by the chairman of the supervisory board or by a former member of the management board of the company, or by a supervisory board member who is a member of the management board of another listed company. Mr. Groot is the Chairman of the Remuneration Committee and a member of the management board of another listed company. This situation will be allowed to continue in light of Mr. Groot's extensive knowledge and experience.

Corporate governance statement

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the Decree on additional requirements for annual reports 'Vaststellingsbesluit nadere voorschriften inhoud jaarverslag' last amended on January 1, 2010 (the Decree). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the Governance and Compliance section of this Annual Report.



Information referred to Section 1 of the Takeover Directive (Article 10) Decree

Capital structure

GrandVision's authorised share capital is divided in 1,250,000,000 ordinary shares with a nominal value of EUR 0.02. At 31 December 2015, a total of 254,443,840 ordinary shares had been issued.

Majority shareholder subject to disclosure

GrandVision's majority shareholder is HAL Optical Investments B.V., an indirect subsidiary of HAL Holding N.V., an international investment company. All shares in HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust units are quoted on Euronext Amsterdam.

Read more on GrandVision's shareholders in the chapter of the Annual Report entitled '[Shareholder Information](#)'.

Share transfer restrictions and special controlling rights

There are no restrictions on the transfer of shares, the exercising of voting rights or the term for exercising those rights, no agreements in place with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights and there are no special controlling rights attached to shares.

Employee share plans

Information about GrandVision's long-term incentive plans (employee share plans) can be found in note 2.21.3 to the Consolidated Financial Statements.

Rules governing the appointment and dismissal of members of the Management Board and Supervisory Board and the amendment of the Articles of Association

GrandVision's Articles of Association stipulate that the members of the Management Board and Supervisory Board are appointed and dismissed by the General Meeting. The Supervisory Board makes a non-binding nomination for the appointment of members of the Management Board. Upon the appointment of members of the Supervisory Board, the Supervisory Board may make a non-binding nomination.

The General Meeting may only resolve to amend the Articles of Association following a proposal from the Management Board that is subject to approval by the Supervisory Board. Such a resolution of the General Meeting requires an absolute majority of the number of votes validly cast.

Share issuance and repurchase right

The Management Board possesses the powers which the relevant legislation and Articles of Association have not assigned to the Supervisory Board or the General Meeting.

The General Meeting or the Supervisory Board, if so designated by the General Meeting, resolves or decides on the issuance of shares. Any share issuance is subject to approval by the Supervisory Board. The Supervisory Board is authorized until 5 August 2016 to issue a maximum of 10% of the shares issued at 5 February 2015.

The Management Board, if so designated by the General Meeting, resolves or decides on the repurchase of shares. The Management Board is authorized until 5 August 2016 to repurchase fully paid-up ordinary shares. Any repurchase must be limited to the maximum number held by virtue of the law and the Articles of Association (10% of the issued shares at 5 February 2015). Their purchase price must be between the nominal value of the ordinary shares and 110% of the opening price of the shares quoted on the Amsterdam stock exchange on the day of repurchase or, in the absence of such an opening price, the last price previously quoted there.

Agreements containing change of control provisions

The revolving credit facility of GrandVision incorporates what is referred to as a 'change of control' provision. Once HAL Holding N.V.'s (indirect) shareholding in GrandVision N.V. drops below 50.1% there is a repayment commitment.

There are no agreements in place between GrandVision and the Management Board or employees, which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.

Management Board

Theo Kiesselbach, CEO

A German national, Mr. Kiesselbach joined the Company in 2002 as CEO of Apollo-Optik and Pearle Central Europe. Following the acquisition of GrandVision SA by HAL, Mr. Kiesselbach was appointed Group CEO of GrandVision SA in 2006. When GrandVision B.V. was incorporated in 2011, he became the CEO of the newly merged company. Since then he has managed GrandVision's continued international expansion. Mr. Kiesselbach began his career at McKinsey & Co in 1988. From 1998, he held executive roles in a number of German retail companies before joining GrandVision. Mr. Kiesselbach holds a graduate degree in Economics and Engineering and a PhD in International Marketing.

Paulo de Castro, CFO

A Portuguese national, Mr. de Castro joined GrandVision as CFO in January 2012. Prior to this, he was part of Unilever, which he joined in 1991, working in several positions with increasing levels of responsibility in different European countries. Between 1998 and 2000, he served as Personal Assistant to the Unilever Chairman. From 2000 onwards, Mr. de Castro served as Vice-President Finance in France and subsequently as CFO of Unilever Canada, before taking over as Controller Europe in 2007. From 2009, he assumed responsibility as CFO of the Unilever Supply Chain Company in Switzerland. Mr. de Castro holds a Master's degree in Biotechnology Engineering and an MBA.



Supervisory Board

Cornelis (Kees) van der Graaf

A Dutch national, Mr. van der Graaf is a former member of Unilever's Board of Directors and Executive Committee. He is holding non-executive director positions at Carlsberg and EnPro. He is founder and Chairman of FHSD Unlimited, a bio-tech start-up.

- Chairman
- First appointment: 2011
- Reappointment: 2014
- Current term of office: Up to and including the 2018 Annual General Meeting
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Year of birth: 1950

Melchert (Mel) Groot

A Dutch national, Mr. Groot is Chairman of the Executive Board of HAL Holding N.V. and the former CEO of GrandVision SA and Pearle Europe B.V. He serves on the Supervisory Board of Safilo, the world's second largest manufacturer and distributor of frames and sunglasses, and was the Chairman from 2011 to 2014 of AudioNova International, one of Europe's leading hearing aid retailers. In addition, he is Vice-Chairman of the Supervisory Board of Koninklijke Vopak N.V. and a member of the Supervisory Board of Anthony Veder Group N.V.

- Vice-Chairman
- Non-independent director
- First appointment: 2011
- Reappointment: 2015
- Current term of office: Up to and including the 2019 Annual General Meeting
- Chairman of the Nomination Committee
- Chairman of the Remuneration Committee
- Year of birth: 1959

Peter Bolliger

A Swiss national, Mr. Bolliger is the former CEO of UK shoe retailer Clarks. Before joining Clarks, he was the Managing Director of Harrods. During that same period, he also served as Chairman of Kurt Geiger and Executive Director of House of Fraser. Mr. Bolliger is currently a non-executive director at Stella International, a leading developer and manufacturer of quality footwear products, based in Hong Kong.

- First appointment: 2011
- Reappointment: 2013
- Current term of office: Up to and including the 2017 Annual General Meeting
- Member of the Audit Committee
- Year of birth: 1945

Jeffrey (Jeff) Cole

A US national, Mr. Cole is the former Chairman and CEO of Cole National Corporation, a leading optical retailer in North America. He currently serves as a non-executive board member for Safilo, the world's second largest manufacturer and distributor of frames and sunglasses, and Hilco, a US-based manufacturer and distributor of eyewear accessories. He is also Trustee of the Cole Eye Institute, which forms part of the Cleveland Clinic, one of the leading eye research and treatment centers in the United States.

- First appointment: 2011
- Reappointment: 2015
- Current term of office: Up to and including the 2017 Annual General Meeting
- Year of birth: 1941

Willem Eelman

A Dutch national, Mr. Eelman is the CFO of C&A Europe, a leading clothing retailer in Europe and a number of developing and emerging markets. Prior to joining C&A, he worked at Unilever in several senior commercial and financial roles. His most recent roles at Unilever included CFO Europe (2007-2010) and CIO (2010-2014).

- First appointment: 2011
- Reappointment: 2015
- Current term of office: Up to and including the 2016 Annual General Meeting
- Chairman of the Audit Committee
- Year of birth: 1964

Remuneration report

The objective of GrandVision's remuneration policy is to attract, motivate and retain management that is qualified for an international company of GrandVision's size by means of a market-compliant policy.

The Supervisory Board established the remuneration of the members of the Management Board in accordance with the Management Board remuneration policy as adopted and the arrangements for remuneration in the form of shares or rights to subscribe for shares that have been approved by the General Meeting effective as of 10 February 2015.

As a listed company, GrandVision recognizes the principles of good governance, and best-practice provision II.2.12 of the Dutch Corporate Governance Code stipulates that information must be included in the remuneration report as to the manner in which the remuneration policy of the preceding year has been implemented. In addition, it must contain an overview of the remuneration policy envisaged by the Supervisory Board for the upcoming and subsequent years.

The first part of this remuneration report describes the remuneration for the members of the Management Board that was established by the Supervisory Board in 2015, while the second part sets out the remuneration policy that has been adopted for 2016 and subsequent years as envisaged by the Supervisory Board. The report concludes with the details of the remuneration policy applied for the Supervisory Board in 2015.

Remuneration for the Management Board in 2015

The remuneration of the Management Board in 2015 is comprised of a fixed and variable part and includes a fixed base salary, a variable remuneration component, post-employment benefits, long-term incentive plan benefits and other long-term benefits. The total aggregate remuneration received by the Management Board in 2015 was € 4,691,000. The total aggregate amount of fringe benefits amounted to € 115,000 for the financial year ended 31 December 2015.

For more detail on the 2015 remuneration of the members of the Management Board, see note [37.3](#) to the Consolidated Financial Statements entitled 'Remuneration'.

Equity holdings

The number of shares owned by the Management Board as of 31 December 2015 is set out in the table below.

	Shares owned
Th. A. Kiesselbach (CEO)	917,790
P.J. de Castro Fernandes (CFO)	251,020

Loans

In the past, the CEO and the CFO have been given the opportunity to participate in the capital of the Company based on a participation arrangement, enabling them to purchase shares in the Company for which an interest-bearing loan up to a certain amount could be obtained from the Company. These shares were to be kept by the participant for a certain period (generally three to four years). As a security for the Company in respect of the loan, the purchased shares were pledged. The amounts of the loans, including accrued interest outstanding, as per 31 December 2015 are shown in the table below. In February 2015, the CEO repaid his loans and accrued interest fully. Therefore at the publication date of the Annual Report the balance of loans including accrued interest outstanding of Mr. Kiesselbach has become zero.

Name of key management	Amount of loan (in thousands of EUR)
2015	
P.J. de Castro Fernandes	1,524
2014	
Th. A. Kiesselbach	1,157
P.J. de Castro Fernandes	1,494

Phantom plan awards

The CEO and the CFO have participated in the wider GrandVision phantom long-term incentive plan. This plan consists of phantom shares and phantom share appreciation rights (SAR's) which give the participants a right to shares of

GrandVision at vesting, typically 3 to 4 years after the award. A wide group of senior management of GrandVision participates in this plan. In 2011 to 2015 the CEO and CFO have received awards, the following table shows the number of awards at 31 December 2015:

	Phantom shares	Phantom SAR's
Th. A. Kiesselbach (CEO)	110,767	154,941
P.J. de Castro Fernandes (CFO)	71,720	91,026

Remuneration Policy

The remuneration policy is the framework used by the Supervisory Board to establish the remuneration of GrandVision's CEO and CFO for 2016. This policy is transparent and promotes the interests of the Company in the medium and long term, and incentivizes performance. The remuneration policy consists of the following fixed and variable components, which are discussed in more detail below:

- Fixed base salary
- Short-term variable remuneration
- Long-term incentive plan
- Pension and fringe benefits
- Severance arrangements

Fixed base salary

The base salary of the CEO and the CFO is a fixed cash compensation paid on a monthly basis and is set by the Supervisory Board at a competitive level, taking into account the performance, experience, capability and marketability of the CEO and the CFO.

Short-term variable remuneration

The CEO and the CFO are entitled to an annual performance-related variable remuneration payment settled in cash. The objective of the annual performance-related variable remuneration payment is to incentivize and reward strong short-term financial and personal performance and the implementation of strategic imperatives, and to facilitate rapid growth while continuing to focus on sustainable results, an approach which is in line with GrandVision's long-term strategy.

Performance conditions are set by the Supervisory Board on an annual basis at or prior to the beginning of the relevant calendar year.

These performance conditions include criteria reflecting GrandVision's financial performance and may also include quantitative or qualitative criteria related to the Company's non-financial performance and/or to individual performance.

Typically, 60% of the variable remuneration component is related to two or three financial objectives, usually GrandVision's total net revenue and EBITA. Another 30% is based on three to four personal objectives with measurable targets, and 10% is related to one shared Group objective.

This objective is based on a specific Group-wide focus and shared by all senior managers throughout GrandVision. After the performance period has elapsed, an evaluation is carried out to determine whether, and if so, to what extent, the performance criteria have been met. The Supervisory Board will define, on an annual basis, the performance ranges, the "on target" value and the maximum at which the payout will be capped.

The Management Board has achieved the 2015 financial targets above maximum level for revenue and profit growth. The personal targets of the Management Board were almost fully achieved. The Group objective for 2015 was not achieved. In addition, the CFO received an extraordinary bonus following the successful IPO in February 2015.

Long-term incentive plan

The long-term incentive plan aligns the interest of the CEO and the CFO with those of the shareholders. The CEO and the CFO will be eligible to receive annual awards under the new GrandVision Long-Term Incentive Program 2015 ('LTIP 2015'), which was approved by the General Meeting on 14 October 2014 and

commenced in May 2015. Annual awards can be received in either cash or shares or options for shares, as determined by the Remuneration Committee and approval of the Supervisory Board. The maximum number of awards in shares or options for shares to be granted to the CEO and the CFO has been set by the General Meeting at 240,000 shares per year.

The performance conditions for the LTIP 2015 are, among others, total net revenue growth and earnings per share growth after three years. Depending on the actual fulfillment of these performance conditions, the CEO and the CFO will receive the awards that have vested. After vesting, the shares, if any, must be held in deposit for two years, after which period they may be sold, provided that the CEO at all times holds shares in deposit with a value equal to at least two gross annual salaries, and the CFO at all times holds shares in deposit equal to at least one gross annual salary.

Pension and fringe benefits

The CEO and the CFO are eligible to receive post-employment benefits by participating in a pension plan and/or to elect to receive a cash payment in lieu of pension. The CEO receives a monthly cash sum instead of contributions to the pension plan. The CFO receives an additional cash allowance in accordance with the terms of the regular pension plan pursuant to recent changes in Dutch pension law. The CEO and the CFO are entitled to customary fringe benefits, such as a company car, expense allowances and reimbursement of any costs incurred.

Severance arrangements

Contractual severance arrangements for the CEO and the CFO are compliant with the Code.

Clawback

A 'clawback' clause is included in the service agreements of the CEO and the CFO, applicable in a situation in which the financial or other information on which the payout of variable remuneration was based is determined to be incorrect.

Supervisory Board Remuneration

The General Meeting determines the remuneration of the members of the

Supervisory Board. The remuneration of the Supervisory Board is not linked to the financial results of the Company and they do not receive any performance- or equity-related compensation nor accrue any pension rights with the Company. None of the Supervisory Directors may hold shares, options for shares or similar securities other than as a long-term investment.

Remuneration for the Supervisory Board in 2015

The total aggregated remuneration of the Supervisory Board in 2015 was €313,000. Supervisory Board members are reimbursed for all reasonable costs of travel, accommodation and representation incurred in the performance of their duties. As of 31 December 2015, Willem Eelman held 2,650 GrandVision shares as a long-term investment. None of the other Supervisory Board members held any GrandVision shares or options on GrandVision shares. For more detail on the 2015 remuneration of the Supervisory Board, see note 37.4 to the Consolidated Financial Statements, entitled 'Supervisory Board Remuneration'.



Risk management

Risk management and control systems

Risk management has an important role in the implementation of GrandVision's strategy. The objective of GrandVision's Risk management and Internal Control Framework is to achieve a balance between an effective and professional organization on the one hand, and a risk profile that GrandVision is willing to accept for the business on the other. Risk management and internal controls make a significant contribution to the prompt identification and adequate management of strategic, market and business risks. They also help to achieve operational and financial goals and comply with the applicable legislation and regulations.

The Management Board, under the supervision of the Supervisory Board, bears ultimate responsibility for GrandVision's Risk Management and Internal Control Framework. The country management teams are responsible for implementing the strategy, achieving results, identifying underlying opportunities and risks, and ensuring effective controls. They have to act in accordance with the policy and standards set by the Management Board, in which they are supported by global functional teams.

GrandVision's governance and internal control standards provide a necessary foundation for growth and are a necessary precondition for this growth. Both internal and external resources are established at group level to not only detect control issues, but to proactively support the country management teams in solving the underlying issues. GrandVision has developed and deployed a comprehensive Internal Control Framework comprising a set of minimum internal control standards that all business units must comply with. Compliance is reported on and monitored throughout the organization via a comprehensive internal audit program, the management of which is partly outsourced to an international audit firm. Furthermore, the quality of internal control performance is an integral part of management incentive schemes on a country level.

Risk management approach

In general, GrandVision adopts a prudent approach towards risk-taking. The Company's

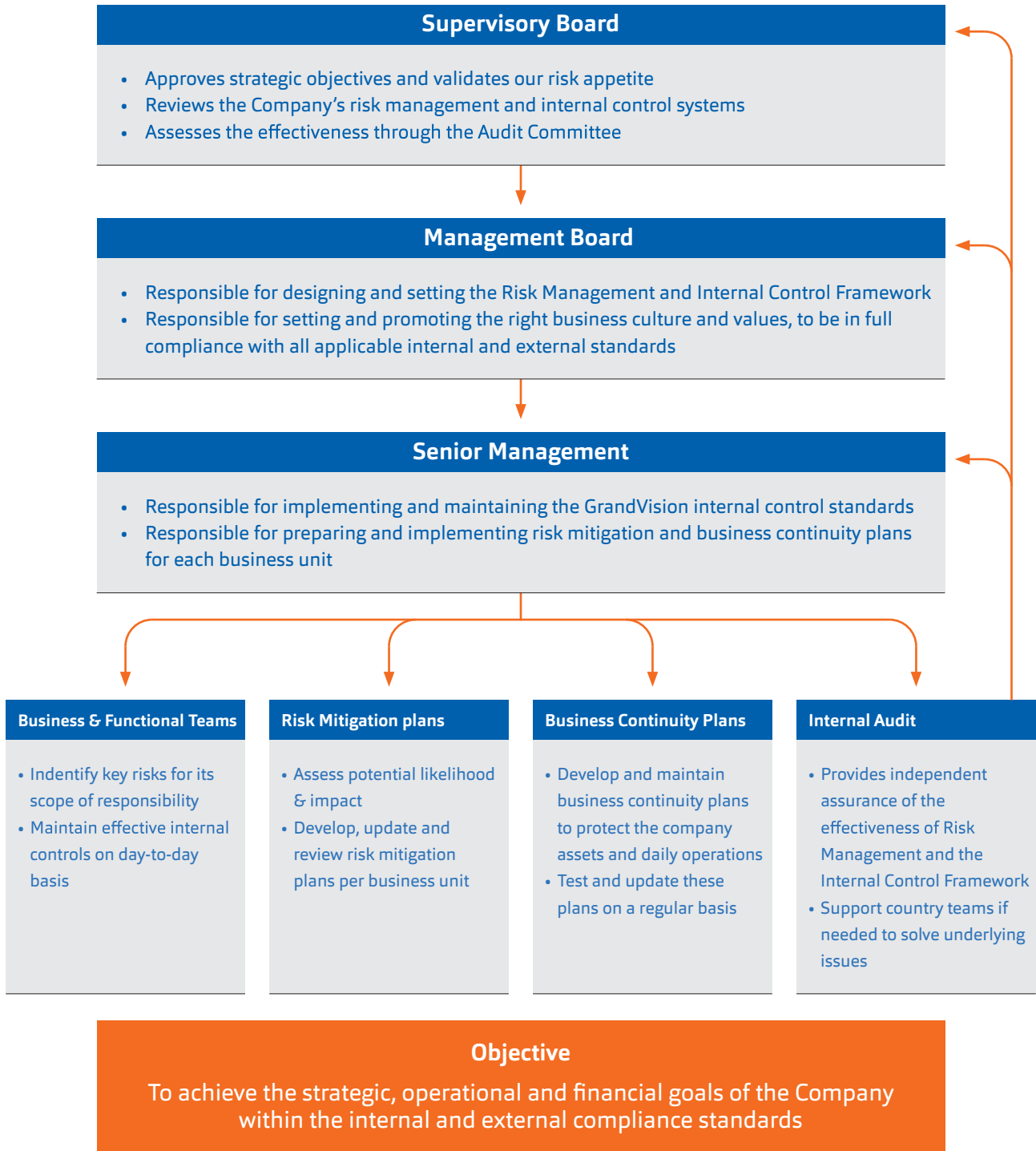
approach to risk cannot be captured in one figure or formula. Risk boundaries are set by the company's strategy, values, policies and corporate directives. The approach to risk differs per type of risk:

- Strategic risk – the Company is prepared to take above-average calculated and carefully weighted risk in pursuing its ambitions.
- Operational risk – the Company strives to minimize risks relating to the implementation of its strategy.
- Financial risk – the Company has adopted a prudent financing strategy.
- Compliance risk – the Company strives for full compliance with all legal and regulatory requirements.

Key risk categories

The risk categories that potentially have the greatest adverse effect on the achievement of GrandVision's objectives are described below. This is not an exhaustive list. There may be risks or risk categories that have currently been categorized as not having a significant impact on the business but that could develop into key risks. The objective of GrandVision's risk management systems is to identify changes in risk profiles and any risk-related incidents in a timely manner, so that appropriate and timely measures can be taken.

Risk Management and Internal Control Framework



Key risks

Strategic risk	
Risk area and possible impact	How does GrandVision mitigate this risk?
<p>Customer preference Being less relevant to our consumers, due to competition, or to our products and services and the way in which they are offered.</p>	<ul style="list-style-type: none"> • We invest in our people, products, marketing campaigns, sales promotions and store optimization that enable us to remain relevant to our consumers • By continuing to invest in the GV Academy to train our employees, and in systems and processes that allow us to deliver the highest standards in customer service • Our investment in a true omni-channel customer journey, whereby the customer decides how, when and where they want to do business with GrandVision • By investing continuously in a portfolio of high-quality Exclusive Brands that are appealing to our customers.
<p>Portfolio risks Possible adverse impact on growth and profitability, not being able to expand further, or specific regional or country issues.</p>	<ul style="list-style-type: none"> • The portfolio is being continuously reviewed and optimized as required. Closing or relocating stores is an integral part of our strategy. Our franchisees are independent operators, but the Company applies strict criteria of governance, and looks to improve performance on an ongoing basis • Comparable growth is monitored daily and if needed, measures are taken to improve it, such as promotions, campaigns, incentives, assortment changes and others • We continuously look for growth opportunities across our countries, and enter new territories if needed. Post-acquisition, we spend a lot of time integrating new businesses and improving the performance with the help of new management, where this is deemed necessary • We continuously monitor the performance of the countries and regions, and invest significantly in emerging markets to further accelerate business growth • Furthermore, profit protection plans are developed and updated throughout the year for every business unit. Geographic diversification is also part of GrandVision's strategy and allows us to spread risks across regions.
<p>Industry risks Changing consumer patterns due to healthcare contributions changing, or vision correction alternatives that become more popular could impact future growth and profitability.</p>	<ul style="list-style-type: none"> • GrandVision operates successfully in many countries where no eye care reimbursements exist • As one of the largest companies in the industry, we have a proven ability to adapt to changing market dynamics while still operating profitably • The Company believes eye correction alternatives will be very slow to take hold as many customers prefer to wear glasses over medical solutions that involve surgery.
<p>External economic & political risks, and natural disasters Possible adverse impact on growth and profitability.</p>	<ul style="list-style-type: none"> • Our diversified portfolio of 44 countries is a strong mitigating factor against individual country or regional economic risk. We monitor these risks through the normal course of business and use a range of measures such as commercial promotions, financial hedging, internal reorganizations or cost saving, to counter the potential impact in the near term. We also have Business Continuity plans in place in case of natural disasters or other calamities plus specific insurance limits will help to reduce the financial impact of such events.

Operational risk

Risk area and possible impact	How does GrandVision mitigate this risk?
<p>Talent Inability to recruit, train and retain qualified management and suitably skilled employees.</p>	<ul style="list-style-type: none"> • This topic is treated with the highest priority in every country where GrandVision operates. In 2014 the GV Academy was setup to support all training programs. We strive to maintain attractive working conditions and benefits for employees. As a result of the IPO, GrandVision has raised its public profile and became an even more attractive employer.
<p>Supply chain Inability to deliver products to the stores due to either operating issues in the TechCenters or lack of supply or quality issues.</p>	<ul style="list-style-type: none"> • GrandVision runs TechCenters in different locations. This set-up allows for sufficient back-up capacity in case needed • To have multi-year contracts in place with certain key suppliers after competitive tender processes • To employ high quality control standards with our suppliers • The Company engages with specialized audit firms to perform the quality checks on its behalf • The Exclusive Brand portfolio also helps to reduce the dependency on third party suppliers.
<p>Systems and Information Inabilities or delays in new system implementations that impact daily processes. Also cyber security issues become increasingly relevant for GrandVision.</p>	<ul style="list-style-type: none"> • We have selected well-known and experienced partners to help implement such systems in phases over multiple years, and under supervision of a Program Management Office. Steering groups are also in place to safeguard delivery, quality, timing and budgets. In 2015, the Company went live with its new ERP system in the UK and the Netherlands/Belgium. We also successfully concluded the first pilot phase of the omnichannel system in China, which included training for store and customer service staff via the GV Academy • Data security is an area of major importance and the company is committed to being compliant with all relevant laws and regulations. The Company is also investing more in technology and systems to further improve the data protection measures for the group.
<p>Business transformation Inability or delays in the roll out of global capability tools to all countries.</p>	<ul style="list-style-type: none"> • This change management program is managed by the Program Management Office in close cooperation with the countries and the help of detailed roadmaps. Every work stream is led by a member of the GrandVision Senior Management team. A phased global rollout only happens after the capability is fully tested and has gone live in one or more pilot countries.

Financial risks

Risk area and possible impact	How does GrandVision mitigate this risk?
<p>Treasury and insurance Significant changes in financial markets that impact the financial condition or performance of the company.</p>	<ul style="list-style-type: none"> • We have a five-year €1.2 billion credit facility in place with ample headroom. In 2015, the facility was extended by one year until 2020. We also maintain €200 million of financial headroom to manage our liquidity position on a daily basis • We regularly enter into FX contracts to manage the currency exposure. We also enter into discussions with our main suppliers regarding purchase prices and assess any currency impact. GrandVision does not hedge translation risk • In 2015, we renewed all Group insurance policies and regularly reviewed the need for new or adjusted limits or policies • In 2015, we concluded €150 million of new interest rate swaps to fix our interest rates for longer time periods.

For more details see note 3 to the Consolidated Financial Statements entitled "Financial Risk Management".

Legal and compliance risks

Risk area and possible impact	How does GrandVision mitigate this risk?
<p>Ethical, Legal, tax, compliance and regulatory risks Failure to comply with internal and external policies, rules and regulations, including the protection of all the company's tangible and intangible assets.</p>	<ul style="list-style-type: none"> • In 2015, GrandVision updated its Compliance Framework, including policies on Insider Trading, Code of Conduct and Whistleblowing. These policies were already in place prior to the IPO but were reviewed in preparation for the listing. All employees are trained annually on these policies through e-learning and face-to-face trainings. In addition to employees, all of GrandVision's business partners, including but not limited to suppliers, are expected to comply with our Code of Conduct • At GrandVision, we are committed to complying with the laws and regulations of the countries in which we operate. In specialist areas, the relevant teams at global, regional or local levels are responsible for setting detailed standards and ensuring that all employees are aware of these, and are trained sufficiently to comply with regulations and laws that are relevant to their roles. Legal and regulatory specialists in the company monitor and review our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and obligations. There is also a Compliance Framework in place which sets out policies, reporting, e-learning and training requirements and localization guidelines. GrandVision has a Tax Risk Framework in place which sets out the controls established to assess and monitor tax risk for direct and indirect taxes. • A Governance Framework sets out proper corporate decision-making procedures and reviews processes for all legal entities.

Management review and reporting

In Control Statement

The Management Board manages the Company and is responsible for achieving the Company's strategy, objectives, goals and results, and for taking appropriate measures in relation to the design and operation of the internal risk management and control systems in a way that is consistent with GrandVision's business. These systems have been designed to identify opportunities and risks in a timely manner, manage significant risks, facilitate the realization of the Company's strategic, operational and financial objectives, safeguard the reliability of the Company's financial reporting and comply with the applicable laws and regulations. To fulfill these responsibilities, GrandVision systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial risks (including risks related to financial reporting) during the year 2015. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

It should be noted that the above does not imply that these systems and procedures, however well-designed and intended to optimally control risks, provide absolute assurance as to the realization of operational and strategic objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Based on the approach described above, the Management Board believes that, with respect to financial reporting, the internal risk management and control systems have performed satisfactorily during the year 2015 and provided a reasonable assurance that the financial reporting does not contain any errors of material importance.

Responsibility Statement

In accordance with Article 5.25c of the Dutch Financial Markets Supervision Act ("*Wet op het financieel toezicht*"), the Management Board confirms that to the best of its knowledge:

- The financial statements for 2015 give a true and fair view of GrandVision's assets, liabilities, financial position and comprehensive income
- The management report includes a true and fair review of the Company's position as of 31 December 2015 and of GrandVision's development and performance during 2015, and describes the key risks to which GrandVision is exposed.

Schiphol, 15 March 2016

Theo Kiesselbach, CEO

Paulo de Castro, CFO

Training at Opticas Lux, Mexico

Optometry has been practiced in Mexico for many decades, and the country is home to the oldest and largest optometry school in all of Latin America. For Opticas Lux, a GrandVision retail banner in Mexico, education and training have been key differentiators in its market since 1942. It is the cornerstone of its customer-centric and personalized service approach, and has been vigorously maintained over the years.

The learning model develops competencies that help people be more successful at work and valuable within the organization, while also enriching their quality of life as a whole.

It is divided into project-based learning to develop professional knowledge and the ability to respond to specific situations, and on nurturing positive attitudes and skills that help our people communicate, collaborate and learn.

All staff members are expected to map out and align their career paths with the company's

overall objectives. Experienced members of the HR team are appointed as individual sponsors, while the training itself is managed by the designated store tutor. Experienced People Leaders are then selected as mentors in the development process.

Approximately 30% of our learning programs take place in classrooms, while the remaining 70% are in the field. Classroom teaching makes use of collaborative and problem-based learning, while field education is focused on real life experiences.





The career path spans seven levels of development: novice employee, experienced seller, specialist, advanced expert, people leader, business manager and master business manager. Formal certification is received at the end of each stage.

By ensuring the availability of qualified and trained talent that is vital to GrandVision's expansion process, Opticas Lux is meeting the increasing demand for eye care professionals to service Mexico's rapidly growing population.



“Education means more to us than just meeting a set of performance criteria”

says Catalina Romero Castillo, HR Manager at Opticas Lux, Mexico. “It is about transforming our environment and making our organization a better place to work in.”

Shareholder information

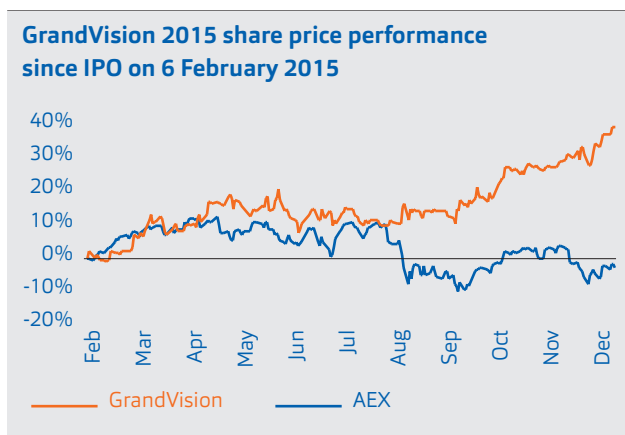
Initial Public Offering and listing

Following the listing of its shares in an Initial Public Offering (IPO) on February 6, 2015, GrandVision shares are traded on Euronext Amsterdam with the ticker 'GVNV', and the company is a constituent of the Amsterdam Midkap Index® (AMX). The IPO consisted of a secondary offering of 51 million shares by HAL Optical Investments B.V., an indirect subsidiary of HAL Holding NV, for a total amount of approximately €1 billion.

As of 31 December 2015, the number of publicly traded ordinary shares totaled 55,965,441. This represents 21.99% of the GrandVision's share capital.

Share price performance

The 2015 closing price for the share was €27.66, which represents a 38% increase over the €20.00 per share offer price at the time of listing on 6 February 2015. By comparison, the Dutch AEX index decreased by 3% during the same period.



Shareholders

Shareholders as of 31 December 2015

At the end of 2015, HAL Optical Investments B.V. held 76.72% of the shares in GrandVision, while 0.46% were held by the Management Board. The shares held in treasury (0.83%) enable the company to hedge price risks relating to grants made under long-term incentive plans. Since the IPO, the remaining shares in GrandVision are held by a number of institutional and retail investors across several jurisdictions. For a full overview of shares held by the Management Board, please refer to the 'Remuneration' chapter in this Annual Report.

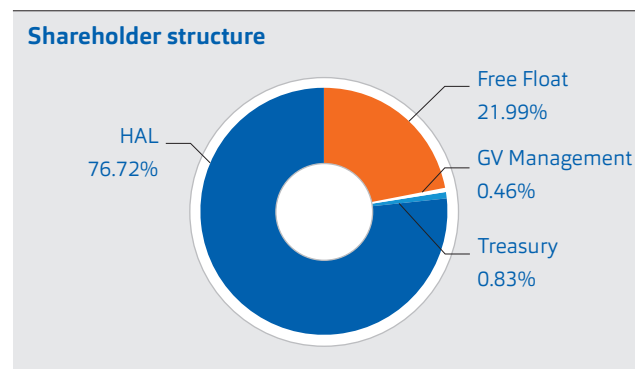
Shareholders holding more than 3% equity

Under Dutch law, shareholdings of 3% or more in any Dutch company must be disclosed to the Dutch Financial Markets Authority (AFM). According to the register kept by the AFM, at 10 February 2015, the following shareholder has disclosed that it owns more than 3% of GrandVision's total share capital:

- HAL Optical Investments B.V.

Shareholder structure

The chart below provides an indicative overview of our shareholder structure as per publication date of the 2015 Annual Report.



Investor Relations

GrandVision aims to provide its shareholders, potential shareholders and other stakeholders with relevant information about its business model, strategy and results. The majority of its communications to the investment community take place through corporate press releases which are widely distributed, made generally available and filed with the AFM. In addition, the Company makes all relevant and important information available on its corporate website (www.grandvision.com/investors).

GrandVision also communicates directly with the investment community on a regular basis. These exchanges with shareholders, analysts and potential investors are based on publicly available presentations, and only price-sensitive information that is publicly available is discussed.

At present, GrandVision is covered by 14 financial analysts.

Financial year and quarterly reporting

GrandVision's financial year runs from 1 January until 31 December. The Company publishes both annual and semi-annual results, at which time it also holds a conference call for analysts and financial media that can be accessed via the corporate website.

For the first and third quarters, the company publishes trading updates. In addition to these communications, it keeps stakeholders informed through ad-hoc corporate press releases on any price-sensitive information and other material developments that occur throughout the financial year.

Closed periods

As per the Company's bylaws, GrandVision observes a 'closed' period shortly prior to the publication of the regular financial information. The closed period for the annual results starts two months prior to the publication date. The closed period for the semi-annual results runs from the first day of the quarter until the semi-annual results announcement. For trading updates, there is a closed period of one month prior to the publication date.

Disclosure of non-IFRS financial measures and operating data

GrandVision's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Certain parts of GrandVision's financial reporting and disclosure may contain non-IFRS financial measures and ratios, such as system wide sales, organic growth, revenue growth from acquisitions, comparable growth, EBITA, EBITDA, adjusted EBITDA, free cash flow and net debt, which are not recognized measures of financial performance or liquidity under IFRS. In addition, certain other operational data, such as the number of stores, number of countries in which the company is present and number of brands, may be disclosed.

The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the business and operations and, accordingly, they have not been audited or reviewed. Furthermore, they may not be indicative of the historical operating results, nor are they meant to be predictive of future results. These non-IFRS measures are presented because they are considered important supplemental measures of GrandVision's performance and the Company believes that these and similar measures are widely used in the industry in which GrandVision operates as a way to evaluate a company's operating performance and liquidity.

Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names.

Annual General Meeting

At least once a year a General Meeting is held. Votes representing shares can be cast at the General Meeting either personally or by proxy. No restrictions are imposed on these proxies, which can be granted electronically or in writing to the Company or to independent third parties. GrandVision shareholders may cast one vote for each share. All resolutions adopted by the General Meeting are passed by an absolute majority of the votes cast, unless the law or the Articles of Association prescribe a larger majority.

The Company's Articles of Association detail the proposals that the Management Board may submit to the meeting and the procedure according to which shareholders may submit matters for consideration by the meeting, and can be found on the GrandVision corporate website.

Important matters that require the approval of the (Annual) General Meeting are:

- The adoption of the financial statements
- The declaration of dividends
- Any significant changes to the Company's corporate governance
- The remuneration policy
- The remuneration of the Supervisory Board
- The Management Board's discharge from liability
- The Supervisory Board's discharge from liability
- The appointment of the external auditor
- The appointment, suspension or dismissal of members of the Management Board and the Supervisory Board
- The issuance of shares or rights to shares, the restriction or exclusion of preemptive rights of shareholders and the repurchase or cancellation of shares; and
- Any amendments to the Articles of Association.

GrandVision's 2016 Annual General Meeting of Shareholders (AGM) will be held on 29 April 2016 in Haarlemmermeer, the Netherlands.

Dividends

2015 dividend

For the financial year 2015, GrandVision paid an interim dividend of €0.14 per share, which was paid to the shareholders in September 2015. On 15 March 2016, a final dividend of €0.14 per share was proposed by the Management Board with approval from the Supervisory Board, reflecting a total dividend payment for 2015 of €0.28 per share. The final dividend of €0.14 per share is subject to shareholder approval at the AGM on 29 April 2016.

Dividend Policy

For the years 2016 and beyond, GrandVision intends to pay an ordinary dividend annually in line with the Company's medium to long-term financial performance and targets in order to increase dividend-per-share over time. The Company envisages that, as a result of this policy, the ordinary dividend payout ratio will range between 25 and 50%.

Manner and time of dividend payments

Payment of any dividend in cash will be made in euros. Any dividends that are paid to shareholders through Euroclear Nederland will be automatically credited to the relevant shareholders' accounts without the need for the shareholders to present documentation proving their ownership of the shares. Payment of dividends on the shares held in registered form (i.e. not held through Euroclear Nederland, but directly) will be made directly to the relevant shareholder using the information contained in GrandVision's shareholders' register and records. Dividend payments on GrandVision shares are generally subject to withholding tax in the Netherlands.

Uncollected dividends

A claim for any declared dividends or other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to GrandVision.

Important dates

March 18, 2016	Publication 2015 Annual Report
April 29, 2016	First Quarter 2016 Trading Update
April 29, 2016	General Shareholders Meeting
May 3, 2016	Ex-dividend date (2015 final dividend)
May 4, 2016	Dividend date (2015 final dividend)
May 11, 2016	Dividend payment date (2015 final dividend)
August 5, 2016	Half-Year 2016 Results
October 27, 2016	Third Quarter 2016 Trading Update



Record apprenticeships in Germany

German opticians face a growing challenge in finding suitable young talent to become professional store managers. This potential shortage is intensifying competition for talent in the market, and has compelled Apollo Optik, a GrandVision retail banner in Germany, to take a more vigorous approach to its local apprentice program.

In 2015, we launched a more effective apprenticeship program which resulted in a record of 200 new apprentices, an increase of more than 50% over previous year. This significant growth is helping to ensure that our German business will have enough qualified professionals to staff its more than 800 stores in the years ahead.

The 3-year apprenticeship looks to recruit, integrate and develop young talent, and has a strong focus on optical skills, craftsmanship and retail experience. It involves a well-structured recruitment and selection process followed by modules covering key business issues, personal development and sales performance.

Apprentices can apply to take on the responsibility of running a store for one month as part of a new initiative, which in some cases resulted in significant sales increases in the period.

The apprentice and talent program has also increased the number of newcomers from other opticians during the year and decreased the turnover. Apollo Optik's apprentice program has been recognized internally for contributing to excellence in the GrandVision's HR program, and for making a true difference to the business.





AZUBI-FILIALE 2015



This flyer announces the apprentices' temporary leadership role in a store.

**Führungs-
wechsel bei Apollo.
05.10. bis 31.10.2015**

Feiern Sie unsere
TOP-Nachwuchstalente
jetzt mit

25%

**Rabatt auf alle Brillen
und Sonnenbrillen***

* Dieses Angebot ist nicht kombinierbar mit anderen Angeboten, Coupons oder Rabatten. Abgebildete Brille Art.-Nr. 131413

**800x in Deutschland.
www.apollo.de**

“We need to identify and develop young people who have the potential to become our future store managers or more”

Michael Heller, Sales director at GrandVision in Schwabach. “This means people who are living our values, have the emotional touch of this generation, and will enjoy learning about our services and products. Thanks to the fantastic work of our apprenticeship program, the basic conditions for this are now being successfully met.”

Apollo 

Financial Statements

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Consolidated Financial Statements

Consolidated Income Statement

in thousands of EUR	Notes	2015	2014
Revenue	<u>7</u>	3,204,886	2,816,994
Cost of sales and direct related expenses	<u>8</u>	- 876,455	- 743,712
Gross profit		2,328,431	2,073,282
Selling and marketing costs	<u>8</u>	- 1,616,602	- 1,445,702
General and administrative costs	<u>8</u>	- 363,286	- 341,667
Share of result of associates	<u>9</u>	4,620	2,696
Operating result		353,163	288,609
Finance income	<u>10</u>	4,849	4,410
Finance costs	<u>10</u>	- 23,997	- 38,776
Net financial result		- 19,148	- 34,366
Result before tax		334,015	254,243
Income tax	<u>11</u>	- 103,021	- 79,682
Result for the year		230,994	174,561
Attributable to:			
Equity holders		212,730	161,203
Non-controlling interests		18,264	13,358
		230,994	174,561
Earnings per share, basic and diluted (in EUR per share)	<u>12</u>	0.84	0.64

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

Consolidated Statement of Other Comprehensive Income

in thousands of EUR	2015	2014
Result for the year	230,994	174,561
Other comprehensive income:		
Items that will not be reclassified to Income Statement		
Remeasurement of post-employment benefit obligations	5,127	- 22,064
Income tax relating to this item	- 1,764	6,308
	3,363	- 15,756
Items that may be subsequently reclassified to Income Statement		
Currency translation differences	- 12,870	- 2,871
Cash flow hedges	1,656	2,533
Income tax	- 377	- 655
	- 11,591	- 993
Other comprehensive income/ loss (net of tax)	- 8,228	- 16,749
Total comprehensive income for the year (net of tax):	222,766	157,812
Attributable to:		
Equity holders	205,167	145,938
Non-controlling interests	17,599	11,874
	222,766	157,812

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

Consolidated Balance Sheet

in thousands of EUR	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	<u>13</u>	431,312	407,727
Goodwill	<u>14</u>	1,025,213	885,855
Other intangible assets	<u>15</u>	454,418	448,240
Deferred income tax assets	<u>27</u>	67,186	80,912
Investments in Associates	<u>18</u>	40,438	34,967
Other non-current assets	<u>17</u>	44,680	50,530
		2,063,247	1,908,231
Current assets			
Inventories	<u>19</u>	264,014	239,657
Trade and other receivables	<u>20</u>	266,916	257,301
Current income tax receivables		5,622	7,716
Derivative financial instruments	<u>32</u>	1,201	891
Cash and cash equivalents	<u>21</u>	98,748	134,095
		636,501	639,660
Total assets		2,699,748	2,547,891
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	<u>22</u>	51,815	61,535
Other reserves	<u>23</u>	- 59,723	- 54,775
Retained earnings	<u>24</u>	786,428	616,130
		778,520	622,890
Non-controlling interests	<u>25</u>	53,255	45,327
Total equity		831,775	668,217
Non-current liabilities			
Borrowings	<u>26</u>	775,744	960,463
Deferred income tax liabilities	<u>27</u>	142,565	141,378
Post-employment benefits	<u>28</u>	64,704	85,849
Provisions	<u>29</u>	11,282	27,727
Derivative financial instruments	<u>32</u>	1,039	2,508
Other non-current liabilities	<u>31</u>	16,075	15,859
		1,011,409	1,233,784
Current liabilities			
Trade and other payables	<u>33</u>	533,609	503,058
Current income tax liabilities		32,544	19,538
Borrowings	<u>26</u>	262,183	92,914
Derivative financial instruments	<u>32</u>	2,045	1,537
Provisions	<u>29</u>	26,183	28,843
		856,564	645,890
Total liabilities		1,867,973	1,879,674
Total equity and liabilities		2,699,748	2,547,891

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

Consolidated Statement of Changes in Shareholders' Equity

in thousands of EUR	Notes	Attributable to the equity holders					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings			
Balance at 1 January 2014		254	27,521	-	- 38,705	512,616	501,686	44,366	546,052
Result for 2014		-	-	-	-	161,203	161,203	13,358	174,561
Cash flow hedge reserve	<u>23</u>	-	-	-	1,878	-	1,878	-	1,878
Remeasurement of post-employment benefit obligations	<u>23</u>	-	-	-	- 15,662	-	- 15,662	- 94	- 15,756
Cumulative currency translation reserve	<u>23</u>	-	-	-	- 2,286	805	- 1,481	- 1,390	- 2,871
Total comprehensive income		-	-	-	- 16,070	162,008	145,938	11,874	157,812
Acquisitions of subsidiaries	<u>24,25</u>	-	-	-	-	- 55,494	- 55,494	- 999	- 56,493
Issue of share capital	<u>22</u>	-	4,019	-	-	- 3,000	1,019	-	1,019
Long-term incentive plan	<u>22</u>	-	29,741	-	-	-	29,741	-	29,741
Dividends	<u>25</u>	-	-	-	-	-	-	- 9,914	- 9,914
Total transactions with equity holders		-	33,760	-	-	- 58,494	- 24,734	- 10,913	- 35,647
Balance at 31 December 2014		254	61,281	-	- 54,775	616,130	622,890	45,327	668,217
Balance at 1 January 2015		254	61,281	-	- 54,775	616,130	622,890	45,327	668,217
Result for 2015		-	-	-	-	212,730	212,730	18,264	230,994
Cash flow hedge reserve	<u>23</u>	-	-	-	1,232	-	1,232	47	1,279
Remeasurement of post-employment benefit obligations	<u>23</u>	-	-	-	3,355	-	3,355	8	3,363
Cumulative currency translation reserve	<u>23</u>	-	-	-	- 12,150	-	- 12,150	- 720	- 12,870
Total comprehensive income		-	-	-	- 7,563	212,730	205,167	17,599	222,766
Acquisitions of minority	<u>23-25</u>	-	-	-	- 151	- 2,492	- 2,643	1,202	- 1,441
Purchase of treasury shares	<u>22</u>	-	-	- 51,074	-	-	- 51,074	-	- 51,074
Change of pension plan		-	-	-	2,766	- 2,766	-	-	-
Long-term incentive plan		-	32,531	8,823	-	- 1,847	39,507	-	39,507
Dividends	<u>24,25</u>	-	-	-	-	- 35,327	- 35,327	- 10,873	- 46,200
Total transactions with equity holders		-	32,531	- 42,251	2,615	- 42,432	- 49,537	- 9,671	- 59,208
Balance at 31 December 2015		254	93,812	- 42,251	- 59,723	786,428	778,520	53,255	831,775

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

Consolidated Cash Flow Statement

in thousands of EUR	Notes	2015	2014
Cash flows from operating activities			
Cash generated from operations	<u>34</u>	462,009	477,315
Tax paid		- 80,094	- 96,978
Net cash from operating activities		381,915	380,337
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	<u>6</u>	- 138,079	- 233,169
Investment in associates and assets held for trading		-	- 1,269
Purchase of property, plant and equipment	<u>13</u>	- 131,750	- 131,868
Proceeds from sales of property, plant and equipment		6,871	3,993
Purchase of intangible assets	<u>15</u>	- 30,057	- 26,442
Proceeds from sales of intangible assets		249	2,727
Other non-current receivables		5,699	3,660
Dividends received	<u>18</u>	4,261	3,305
Interest received		5,428	5,319
Net cash used in investing activities		- 277,378	- 373,744
Cash flows from financing activities			
Purchase of treasury shares	<u>22</u>	- 51,074	-
Proceeds from borrowings		424,703	999,051
Repayment of shareholder loan		-	- 325,000
Repayments of other borrowings		- 542,877	- 602,328
Interest swap payments		- 2,762	- 4,437
Acquisition of non-controlling interest		- 1,440	-
Dividends paid to non-controlling interests	<u>25</u>	- 10,873	- 9,914
Dividends paid to shareholders	<u>24</u>	- 35,327	-
Interest paid		- 17,040	- 28,231
Net cash generated from/ (used in) financing activities		- 236,690	29,141
Increase / (decrease) in cash and cash equivalents		- 132,153	35,734
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		54,405	22,161
Increase / (decrease) in cash and cash equivalents		- 132,153	35,734
Exchange gains/ (losses) on cash and cash equivalents		- 4,058	- 3,490
Cash and cash equivalents at end of year	<u>21</u>	- 81,806	54,405

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 the Netherlands. The address of its registered office is as follows: World Trade Center Schiphol Airport, Tower G, 5th floor, Schiphol Boulevard 117, 1118 BG Schiphol, the Netherlands. Prior to becoming a public limited liability company under Dutch law (Naamloze Vennootschap) on 5 February 2015, the Company operated as GrandVision B.V. On 6 February 2015, GrandVision N.V. listed its shares in an Initial Public Offering ("IPO") on Euronext Amsterdam.

At 31 December 2015, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 21.99% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.46%) and in treasury (0.83%). 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 Euronext Amsterdam.

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 2015, the Group, including its associates, operated 6,110 optical retail stores (including franchise stores) in Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Luxembourg, Malta, Mexico, Monaco, Norway, Oman, Peru, Poland, Portugal, Russia, Qatar, Saudi Arabia, Slovakia, Spain, Sweden, Switzerland, the Netherlands, the United Arab Emirates, Turkey, the United Kingdom, United States and Uruguay. An overview of the main subsidiaries can be found in note 39. The average number of employees of the Group (excluding associates) in full-time equivalents during 2015 was 27,510.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted within the European Union. The financial statements are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated. The euro is the presentation currency of the Group. Preparing the financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses. The estimates made and the related assumptions are based on historical experience and various other factors, such as relevant knowledge, which are considered to be reasonable under the given circumstances. The IFRS financial statements have been prepared under the historical cost convention except for financial derivatives, long-term incentive plans and post-employment benefits. The estimates and assumptions serve as the basis for assessing the value of recognized assets and liabilities whose amounts cannot currently be determined from other sources. However, actual results may differ from the estimates. 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 areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Changes in Accounting Policy and Disclosures

2.2.1 New and Amended Standards and Interpretations Adopted by the Group

The new and amended standards and interpretations effective for the current reporting period listed below have been adopted by the Group and implemented as of 1 January 2015 with retrospective application.

- IAS 19, 'Employee Benefits', effective for annual periods beginning on or after 1 July 2014. The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. The amendments have no significant effect on the accounting policies of the Group.
- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after 1 July 2014. Clarifications and minor interpretation changes for a set of IFRS. None of the improvements have a significant effect on the reporting or accounting policies of the Group.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements.

The following standards, amendments and interpretations will be adopted by the Group at the moment they become effective:

- IFRS 9, 'Financial Instruments'. IFRS 9 retains but simplifies the mixed-measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is effective for accounting periods beginning on or after 1 January 2018. GrandVision will assess the impact over the following years.
- IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2018. GrandVision will assess the impact over the following years.
- IFRS 16, 'Leases', in January 2016 the new leasing standard has been published. This standard will have a significant impact on the financial ratios and presentation of the financial statements. The standard is effective for accounting periods beginning on or after 1 January 2019. The Group has been closely following the development of this standard and will start analyzing the impact as from 2016.

2.3 Group Accounting

2.3.1 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.

Apollo-Optik Holding GmbH & Co. KG is included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provision of Section 264 b HGB for financial year 2015. 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 are included in the consolidated financial statements of GrandVision N.V.

2.3.2 Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Any adjustments of the purchase price allocation do not exceed the measurement period of one year in accordance with IFRS 3. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Income Statement.

GrandVision applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method the interests of the non-controlling shareholder are derecognized when the Group's liability relating to the purchase of its shares is recognized. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognized by the Group forms part of the contingent consideration for the acquisition.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

Acquisition-related expenses are taken into the Income Statement at the moment they are incurred.

2.3.3 Common Control Acquisitions

Acquisitions made by the Group, acquired from the parent company (HAL Holding), are treated as common control transactions and predecessor accounting is applied. Under predecessor accounting no purchase price allocation is performed. The acquired net assets are included in the GrandVision consolidation at carrying value as included in the consolidation of HAL Holding. The difference between the consideration transferred and the net assets is recognized in equity.

2.3.4 Transactions and Non-Controlling Interests

The transactions with non-controlling interests are accounted as transactions with equity holders of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.5 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method and initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition results is recognized in the Income Statement, and its share of post-acquisition movements in Other comprehensive income is recognized in Other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized results on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in Other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is an objective evidence that an investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in 'share of result of associates' in the Income Statement.

2.3.6 Joint Ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group's interest in the joint arrangement in India is accounted for under the equity method. For more details regarding the accounting treatment refer to note [2.3.5](#).

2.4 Foreign Currency

2.4.1 General

Items in the 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.

2.4.2 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 where 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, are recognized in the Income Statement, except when deferred in Other comprehensive income as qualifying cash flow hedges.

Foreign currency results that relate to borrowings and cash and cash equivalents are presented in the Income Statement within the financial result. All other foreign exchange gains and losses are presented in the Income Statement under the operating result to which the foreign currency result relates.

2.4.3 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 rates approximate to the exchange rates applicable at the date of the transaction. Resulting exchange differences are recognized in 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 Segmentation

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These operating segments were defined based on geographic markets. All operating segments operate in optical retail and do not have additional significant lines of business or alternative sources of revenue from external customers other than optical retail. The operating segments are in line with the reporting segments. There has been no aggregation of operating segments into reporting segments. The operating segments' operating result is reviewed regularly by the CEO and CFO (the Management Board) – together, the chief operating decision-maker – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available.

After the acquisition of For Eyes in United States, the Latin America & Asia segment was renamed to Americas & Asia.

The Company's reportable segments are defined as follows:

- G4
- Other Europe
- Americas & Asia

2.6 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products or services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating revenue within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each agreement.

The Group operates multiple chains of retail outlets for selling optical products including insurance related to these products. Revenue is recognized only when the earning process is complete. This means that any prepayments made by customers are not considered as revenues yet and should be accounted for as deferred income. The earning process is considered complete upon delivery to the customer. The moment of ordering by the customer is not a determining factor. Optical retail revenue is usually in cash or by debit or credit card or claimed by the Group to healthcare institutions. Insurance-related income is recognized based upon historical data regarding claim ratios and upon the duration of the insurance contracts.

Merchandise revenue mainly comprises sales to franchisees. The earning process is considered complete upon delivery to the franchisee and when the entity has transferred significant risks and rewards of ownership of the products to the buyer and does not retain continuing managerial involvement or control over the products sold.

Franchise royalty is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Other revenues comprise supplier allowances and any other revenue. 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.

It is the Group's policy to sell its products to the retail customer with a right to return. Experience is used to estimate and provide for such returns at the time of sale as described in note 2.22.3.

2.7 Customer Loyalty

The Group operates customer loyalty programs in several countries. In these programs customers accumulate points for purchases made or receive vouchers for rebates on future purchases. The reward points and vouchers are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points or vouchers and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value. Revenue from the reward points and vouchers is recognized when the points and vouchers are redeemed. Reward points and vouchers expire after a number of months after initial sales depending on each loyalty program.

2.8 Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

2.9 Finance Income

Finance income comprises interest received on outstanding monies and upward adjustments to the fair value, interest result of foreign currency derivatives and net foreign exchange results.

2.10 Finance Costs

Finance costs comprise interest due on funds drawn, calculated using the effective interest method, downward adjustments to the fair value and realized value of derivative financial instruments, other interest paid, commitment fees, the amortization of transaction fees related to borrowings and net foreign exchange results.

2.11 Property, Plant and Equipment

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	12 - 30 years
Leasehold and building improvements	5 - 10 years
Machinery	3 - 10 years
Furniture and fixtures	5 - 10 years
Other equipment	5 - 7 years
Computer and telecom equipment	3 - 5 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 Income Statement during the financial period in which they are incurred.

Property, plant and equipment acquired via a financial lease is carried at the lower of fair value and the present value of the minimum required lease payments at the start of the lease, less cumulative depreciation and impairment (note [2.14](#)). Lease payments are recognized in accordance with note [2.19](#). The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.12 Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of obtaining control. For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units 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 internal management purposes. Goodwill is not amortized but is subject to annual impairment testing (note [2.14](#)). Any impairment is recognized immediately as an expense and is not subsequently reversed.

Any negative goodwill resulting from acquisitions is recognized directly in the Income Statement.

If a cash-generating unit is divested, the carrying amount of its goodwill is recognized in the Income Statement. If the divestment concerns part of cash-generating units, the amount of goodwill written off and recognized in income is determined on the basis of 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 Income Statement.

2.13 Other Intangible Assets

2.13.1 Software

Acquired software is capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. Software is amortized when the product is put in operation and charged to the Income Statement using the straight-line method, based on an estimated useful life of maximum 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.

2.13.2 Key Money & Rights of Use

Key money represents expenditure associated with acquiring existing operating lease agreements for company-operated stores ('key money') in countries where there is an active market for key money (e.g. regularly published transaction prices), also referred to as 'rights of use'. Key money is not amortized but annually tested for impairment. Key money paid to previous tenants in countries where there is not an active market for key money, and key money paid to landlords (i.e. in the case of operating leases), is recognized as prepaid rent within other non-current assets and the current part in trade and other receivables and amortized over the contractual lease period.

2.13.3 Trademarks

Trademarks 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).

2.13.4 Customer Database

Customer databases are only recognized as an intangible asset if the Company has a practice of establishing relationships with its customers and when the Company 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 large 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.

2.13.5 Reacquired Rights

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. Examples of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognizes separately from goodwill. Also, a right or an obligation disappearing because of a business combination is a reacquired right and is recognized separately from goodwill in a business combination. 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.

2.13.6 Franchise Contracts

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.

2.14 Impairment of Non-Financial 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 determined using the discounted cash flow method applying a discount factor derived from the average cost of capital. For goodwill, if the discounted cash flow method results in a lower value than the carrying value, the recoverable amount is determined by the fair value less costs of disposal, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and/or recent market transactions, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairments are recognized in the 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.

2.15 Financial Instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and assesses the designation at every reporting date.

Trade and other receivables are recognized initially at fair value. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. 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 original effective interest rate. The provision is recognized in the Income Statement within selling and marketing costs. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initial recognition of loans is at fair value; subsequently the loans are stated at amortized costs using the effective interest method.

The Group has granted loans to certain members of the management of the Group and to management of the subsidiaries. The loans are secured by pledges on the shares held by management. The applied interest rates are based on effective interest rates. The net receivable is initially recognized at fair value; subsequently the receivable is stated using the effective interest method, which equals the nominal interest. 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 at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. The Company owns certain limited shareholdings in commercial centers or buildings where the Company is operating stores. Shareholdings in commercial centers where stores are operated are also classified in this category. These shareholdings are accounted for against fair value, based on recent transactions. A change in the fair value is recognized in the Income Statement.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the 'loans and receivables' category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated Income Statement.

Financial liabilities

Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

1. its value changes in response to a change in other variables such as a specified interest rate or a foreign exchange rate; and
2. it requires no initial net investment or an initial net investment that is significantly smaller than the value of the underlying notional amount; and
3. it is settled at a future date. Derivatives are initially recognized at fair value (based on external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into, and are subsequently remeasured at their fair value based on external valuations performed by financial institutions or other valuation techniques such as mathematical models (Black-Scholes).

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.

The Group uses derivative financial instruments principally in the management of its interest and foreign currency cash flow risks. Applying IAS 39, the Group measures all derivative financial instruments based on fair values derived from external quotes of the instruments.

Derivative financial instruments are initially recognized in the balance sheet at fair value on the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value.

Hedge accounting

The Company designates certain derivatives as either:

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

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are being used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

The highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in Other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated Income Statement. Amounts accumulated in equity are recycled in the Income Statement in the periods when the 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) or a liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. This includes amounts that were removed from Other comprehensive income during the year and included in the carrying amount of the hedged items 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 equity at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated statement of income. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the consolidated Income Statement in finance costs or finance income. For the movements in the cash flow hedge refer to the consolidated statement of changes in shareholders' equity.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement as financial costs, 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 financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the Income Statement as financial costs.

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

When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Group discontinues hedge accounting prospectively. Any ineffectiveness is recognized in the Income Statement.

Interest payments and receipts arising from interest rate derivatives such as interest rate swaps are matched to those arising from the underlying debt. Payments made or received in respect of the early termination of interest rate derivatives are spread over the term of the originally hedged borrowing as long as the underlying exposure continues to exist and are matched with the interest payments on the underlying borrowing.

The fair values of derivative instruments used for hedging purposes are disclosed in note 32. Movements on the hedging reserve are shown in Other comprehensive income. 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 current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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 Income Statement during the term of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.16 Inventories

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. Costs of inventories include the transfer from equity of any gains and losses on qualifying cash flow hedges on purchases of inventories.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, which are available on demand and are carried in the balance sheet at face value. For the purposes of the cash flow statement, 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, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

The cash pooling agreement is reported as a net amount as there is a legally enforceable right to offset and an intention to settle on a net basis the debit and credit cash positions in different countries and currencies.

2.18 Share Capital

Ordinary shares are classified as equity attributable to equity holders. Costs directly connected to the issuance of new shares are deducted from the proceeds and recognized in equity.

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 shareholders' equity.

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

2.19 Financial Leases

Lease contracts whereby the risks and rewards associated with the ownership lie wholly or primarily with the lessee are classified as financial leases. The minimum lease payments are recognized partly as financial costs and partly as settlement of the outstanding liability. The financial costs are charged

to each period in the total lease period so as to produce a constant, regular interest rate on the outstanding balance of the liability. The interest element is charged to the Income Statement over the lease period and recognized as a 'finance costs'.

The corresponding rental obligations, net of financial costs, are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.20 Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Income Statement, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In this case, the tax is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of 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 on the basis of amounts expected to be paid to the tax authorities.

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 consolidated financial statements. 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 loss carryforward to the extent that realization of the related tax benefit through the future taxable profits is probable. The assessment of whether a deferred tax asset should be recognized on the basis of the availability of future taxable profits should take into account all factors concerning the entity's expected future profitability, both favorable and unfavorable.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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.

2.21 Employee Benefits

2.21.1 Pension Obligations

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 or losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the Income Statement.

During 2015 the pension plan in the Netherlands has been amended which resulted in a change of classification from defined benefit to defined contribution. Refer to Note 28 for more details. At reporting date, the Group operates defined benefit plans in France, Germany, Austria, Italy, Greece and Mexico.

In a number of countries the Groups runs defined contribution plans. 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. The Group has only a multi-employer plan in the Netherlands. This plan is classified as defined contribution as information received from the plans is not sufficiently detailed. The proportionate share of premiums as part of total premiums paid to the plans is insignificant.

2.21.2 Other Post-Employment Obligations

Some countries 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 used for the defined benefit pension plans.

2.21.3 Long-Term Incentive Plans

Certain members of the senior management are rewarded with long-term incentive plans (LTIPs). The Group operates two types of long-term incentive plans.

Real share plan

The real share plan provides for the purchase of shares in the Company by eligible participants, which is subject to a vesting term and holding conditions. Vesting of awards made under the real share plan is subject to a service condition that can vary between 3-5 years following the date of grant. Expense is recognized over the vesting period. The plan has been classified as an equity-settled share-based payment arrangement under IFRS 2 (note 30). The real share plan is no longer granted since the listing of the Company's shares in February 2015.

Phantom plan

Until the listing of the Company's shares in February 2015, the phantom plan provided eligible participants with the right to receive cash based on the appreciation in the Company's share price between the date of grant and the vesting date. Under the phantom plan, such eligible participants were granted a combination of phantom shares and phantom options. Phantom shares and phantom options were to be settled in cash and contained a service condition of 3-5 years and could contain in addition performance conditions based on the results of certain predetermined Company - related financial performance targets of respective business units in the organization which are treated as non-market vesting conditions. Upon the moment of listing, the majority of these plans

were converted to equity-settled. Under IFRS 2, 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 phantom share and phantom option granted. The phantom options have a maximum term of 5-6 years. For equity-settled share-based payment transactions, the fair value at grant date 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.

Earn out obligations

The Group also has earn out obligations on the interests held by management of the subsidiaries in the subsidiaries. These non-controlling interests are recognized as financial liabilities in the balance sheet. Changes in the value of these non-controlling interests held by managements of the subsidiaries are recognized in the Income Statement.

2.22 Provisions

2.22.1 General

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 of the liability for at least 12 months after the balance sheet date.

2.22.2 Legal and Regulatory Provisions

Legal and regulatory provisions are set up for possible claims related with governmental institutions or other disputes valued at the present value of the expected cash outflow.

2.22.3 Warranty Provision

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 Income Statement under cost of sales and direct related expenses.

2.22.4 Employee-Related Provisions

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. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22.5 Other Provisions

Other provisions are mainly related to restructuring provisions and guarantee provisions which are valued at the present value of the expected cash outflow.

Restructuring provisions comprise lease termination penalties, future lease payments for closed stores and offices. Restructuring expenses due more than 12 months after the end of the reporting period are discounted to their present value.

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

2.23 Trade Payables

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.

2.24 Principles for the Statement of Cash Flows

The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash and bank balances and bank overdrafts. 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 and investing activities respectively. 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.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and 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 derivative financial instruments as described in note [2.15](#). The Group has cash flow and fair value hedges.

The majority of the Group operations takes place in the 'eurozone', which comprises 61.65% (2014: 62.52%) of total revenue. Translation exposure to foreign exchange risk relates to those activities

outside the eurozone; these activities were mainly limited to operations in the United Kingdom, United States, Latin America, Eastern Europe, Scandinavia, Russia, Turkey, China and India, whose net assets are exposed to foreign currency translation risk. The currency translation risk is not hedged.

If the currencies of these operations had been 5% weaker against the euro with all other variables held constant, the Group's post-tax profit for the year would have been 0.8% lower (2014: 1.0% lower) of which 0.6% impact of GBP (2014: 0.6% lower) and equity would have been 4.1% lower (2014: 4.4% lower), of which 1.4% impact of GBP (2014: 1.5% lower)

Further foreign exchange risks with respect to commercial transactions are mainly limited to purchases of goods in Asia, which are mainly US dollar-denominated. This risk is considered low as these purchases, in value, represent a relatively small part of the total purchases made by the Company. Based on the treasury policy the risk is partly hedged and cash flow hedge accounting is applied when the transaction is highly probable. Fair value hedge accounting is applied when the invoice is received.

(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, which have the economic effect of converting interest rates from floating rates to fixed rates. 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 table below shows sensitivity analysis considering changes in the EURIBOR:

	2015		2014	
	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	- 2,231	3,724	- 633	1,491
EURIBOR rate - decrease 50 basis points	52	- 2,771	633	- 1,610

Note 32 describes which financial 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 on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, retail customers and health insurance institutions, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk as a result of the nature of its retail operations. In addition, in some countries all or part of the credit risk is transferred to credit card companies. Furthermore the Group has receivables from its franchisees. Management believes that the credit risk in this respect is limited, because the franchisee receivables are in certain instances 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.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed and uncommitted overdraft credit facilities (immediately available funds) and committed medium-term facilities (available at 4 days' notice). Due to the dynamic nature of the underlying business, the Group aims at maintaining 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 tenor of less than one year. Group management monitors its liquidity periodically on the basis of expected cash flows, and local management of the operating companies in general monitors the liquidity even more frequently.

The Group has a syndicated bank facility of €1,200 million. Under the terms of the facility, a one-year extension option can still be exercised by the borrower at the second anniversary of the facility. Early August 2015, the facility was extended by one year, therefore the new maturity date is 18 September 2020. The facility also includes a €100 million uncommitted accordion feature, which can be exercised during the life of the facility after all lenders have consented. 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.

The facility requires GrandVision to comply with the following financial covenants: maintenance of a maximum total leverage ratio (net debt/EBITDA) of less than or equal to 3.25 and a minimum interest coverage ratio (EBITDA/net interest expense) of 5. Compliance with the bank covenants is tested and reported on twice a year. As of the balance sheet date, the Group is in compliance with the bank covenants and has been so for the duration of the facility.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. 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 2015					
Borrowings	259,691	5,209	790,249	-	1,055,149
Derivative financial instruments	3,280	1,236	3,633	3,362	11,511
Trade, other payables and accrued expenses	395,586	-	-	-	395,586
31 December 2014					
Borrowings	124,022	11,058	977,165	-	1,112,246
Derivative financial instruments	1,518	2,508	-	-	4,026
Trade, other payables and accrued expenses	372,829	-	-	-	372,829

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 for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group monitors capital on the basis of leverage ratio (defined as net debt / Adjusted EBITDA).

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. Following the refinancing in 2014, GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt / Adjusted EBITDA) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to major acquisitions.

in thousands of EUR	31 December 2015	31 December 2014
Equity attributable to equity holders	778,520	622,890
Net debt	941,062	922,436
Adjusted EBITDA	511,611	449,498
Leverage ratio	1.8	2.1

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 always use level 1.

The assets and liabilities for the Group measured at fair value qualify for the level 3 category except for the derivative financial instruments (note 32) which qualify for the level 2 category. The Group does not have any assets and liabilities that qualify for the level 1 category.

The table below shows the level 2 and level 3 categories:

in thousands of EUR	Level 2	Level 3
At 31 December 2015		
Assets		
Derivatives used for hedging	1,201	-
Non-current receivables	-	2,841
Total	1,201	2,841
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	6,410
Derivatives used for hedging	3,084	-
Total	3,084	6,410
At 31 December 2014		
Assets		
Derivatives used for hedging	891	-
Non-current receivables	-	2,841
Total	891	2,841
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	11,410
Derivatives used for hedging	4,045	-
Total	4,045	11,410

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, with the resulting value discounted back to present value.

Level 3 category

The level 3 category refers to investments held in shopping malls and contingent considerations. For the investments held in shopping malls, an external expert performed a valuation of the shares and there were no additions or disposals, only a movement relating to foreign currency which is recorded in financial costs. The valuation technique is consistent compared to prior years and a valuation is undertaken on an annual basis. The contingent considerations are remeasured based on the agreed business targets.

3.4 Offsetting Financial Assets and Financial Liabilities

The only items netted are assets and liabilities under cash pool agreement and derivatives; please refer to note [21](#) for more details on the cash pool.

4 Estimates and Judgments by Management

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Company makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Consolidation of the Synoptik Group

The Company's ownership interest in the Synoptik Group is 63.29% and the agreement is set up so that the partner has both protective and substantive rights. However, considering the substance of the situation we concluded that the partner has not exercised their substantive rights as this is not in the best interest and long term goal of the partner. Consequently the Company has de facto control and the Synoptik Group is consolidated. At each reporting date this assessment will be reconsidered.

4.2 Estimated Impairment of Goodwill

The Group tests annually whether its goodwill is subject to impairment, as described in note 2.14. Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value or the economic reality results in more realistic estimates, then the recoverable amount is based on the fair value less costs of disposal method, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and recent market transactions, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. These fair value calculations qualify as level 3 calculations.

In case of an impairment indication using the value in use method the Group will perform also the fair value less costs of disposal calculation. The value in use method indicated sufficient headroom, such that a reasonably possible change to key assumptions would not result in a material impairment of goodwill. In the fair value less costs of disposal method the sales multiple used is the most sensitive key assumption. A 10% reduction of the sales multiple used (see note 16 where applied) in the Group impairment test would result in an additional impairment of €1,287 (2014: €13,053).

4.3 Intangible Assets

When a company is acquired, the fair value of the intangible assets is determined. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. Useful life is estimated using past experience and the useful life period as broadly accepted in the retail sector.

For the Company common intangible assets identified during acquisition are trademarks and customer databases. The following assumptions are the most sensitive when estimating the value:

Intangible Asset	Key assumptions
Trademark	Royalty rate, revenue growth and discount rate
Customer Database	Churn rate, EBITA growth and discount rate

4.4 Estimated Impairment of Key Money

The Group tests annually whether its non-amortized key money is subject to impairment as described in notes 2.13.2 and 2.14. The recoverable amount is the higher of the fair value less costs of disposal of the key money and the key money's value in use, which is calculated using the discounted cash flow method applying a discount factor derived from the weighted average cost of capital or the market value of the key money.

A reduction of the expected revenue growth to 0%, all other factors used in calculating the value in use remaining unchanged, would lead to an impairment of €3,833 (2014: €4,128).

4.5 Income Taxes

The Company 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. The Company 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 are recognized as a deferred tax asset 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.

Given a reasonable change in the key assumptions used in determining total deferred tax assets and liabilities, there would be no material impact on the financial statements.

4.6 Post-Employment Benefits

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 include the discount rate. Any changes in these assumptions will impact the carrying amount of 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 pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

4.7 Provisions and contingencies

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.

5 Segments

The Management Board forms the Group's chief operating decision-maker ('CODM'). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's business is organized and managed on a geographic basis and operates through three business segments: the G4, Other Europe and Americas & Asia. After the acquisition of For Eyes in United States, the segment Latin America & Asia was renamed to Americas & Asia. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Company.

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

The accounting policies applied in the segment information are in line with those applied for GrandVision as described in the accounting policies.

The following table presents total net revenue and adjusted EBITDA for the operating segments for 2015 and 2014. The adjusted EBITDA is defined as EBTIDA excluding other reconciling items and exceptional non-recurring items. The non-recurring items in 2015 were mainly related to legal and regulatory provisions, costs related to the IPO in 2015, including its effect on the valuation of the long-term incentive plans, and some other items, partially offset by the benefit related to the changed pension arrangements in the Netherlands. The non-recurring items in 2014 pertain to expenses relating to the anticipated listing, additional expenses for the long-term incentive plan as a result of falling within the scope of IFRS 2, and other small items. A reconciliation from adjusted EBITDA 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	Total
2015				
Total net revenue	1,976,421	874,562	353,903	3,204,886
Adjusted EBITDA	400,989	134,655	8,186	543,830
Other reconciling items				- 32,219
Total adjusted EBITDA				511,611
Non-recurring items				- 5,468
Depreciation				- 107,158
Amortization and impairments				- 45,822
Operating income/loss				353,163
Non-operating items:				
Net financial result				- 19,148
Earnings before tax				334,015
2014				
Total net revenue	1,820,412	731,751	264,831	2,816,994
Adjusted EBITDA	364,235	114,046	5,155	483,436
Other reconciling items				- 33,938
Total adjusted EBITDA				449,498
Non-recurring items				- 23,911
Depreciation				- 96,805
Amortization and impairments				- 40,173
Operating income/loss				288,609
Non-operating items:				
Net financial result				- 34,366
Earnings before tax				254,243

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

in thousands of EUR	2015	2014
France	586,753	565,008
Germany	451,227	402,645
United Kingdom	457,900	390,937
Other countries	1,709,006	1,458,404
	3,204,886	2,816,994

Revenue in the Netherlands, the Group's country of domicile, is €245,700 (2014: €237,830). There are no customers that comprise 10% or more of revenue in any year presented.

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

in thousands of EUR	31 December 2015	31 December 2014
The Netherlands	101,745	99,967
France	491,321	492,821
United Kingdom	246,293	236,636
Italy	198,340	206,475
Other countries	958,362	791,420
	1,996,061	1,827,319

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

6 Acquisitions of Subsidiaries, Associates and Non-Controlling Interests

The following acquisitions and adjustments to the purchase price allocation were done in 2015.

For Eyes

On 1 December 2015 the Group acquired 100% of the shares in Aranon Corporation, United States. With this acquisition the Group is entering a new geographical market. Aranon Corporate has a chain named For Eyes that operates 116 own stores mostly in the areas of Chicago, Washington DC, Philadelphia, Florida and California. The Company paid €129,700 (USD 141,289) and based on the initial purchase price allocation an amount of €139,157 is identified as goodwill and represents the future synergies, expected growth and profitability of the business. Due to the limited time between the acquisition and the publication of the financial statements, the purchase price allocation has not yet been finalized.

Other store acquisitions

During 2015 the Group acquired 39 stores in the segments G4 and Other Europe. These acquisitions were recognized using the acquisition method. After the initial allocation of the consideration transferred for the acquisitions of the assets, liabilities and contingent liabilities, an amount of €6,227 was identified as goodwill. The goodwill is attributable to the high profitability of the acquired business and the expected synergies following the integration of the acquired business into our existing organization. The goodwill mainly comprises the skilled employees and the locations of the acquired stores, which cannot be recognized as separately identifiable assets. The purchase price allocation has been completed for most of the stores acquired.

Adjustment to purchase price allocation

The Group finalized the purchase price allocation for the acquisitions done in 2014 in Italy (Randazzo), the United Kingdom and Peru. This resulted in a change in the value of recognized intangibles and recognition and derecognition of certain assets and liabilities and accordingly the recognized goodwill decreased by €3,239.

in thousands of EUR	For Eyes	Other stores	Adjustments to purchase price allocation	Total
Property, plant and equipment	5,177	311	414	5,902
Other intangible assets	25,100	3,654	- 3,286	25,468
Deferred income tax assets	2,129	11	267	2,407
Other non-current assets	261	240	26	527
Inventories	3,073	641	-	3,714
Trade and other receivables	1,708	253	- 814	1,147
Current income tax receivables	28	-	-	28
Cash and cash equivalents	1,917	565	-	2,482
Deferred income tax liabilities	- 9,897	- 260	1,111	- 9,046
Other non-current liabilities	-	-	26	26
Current income tax liabilities	9	- 62	- 8	- 61
Trade and other payables	- 38,115	- 468	- 696	- 39,279
Current borrowings	- 847	- 21	-	- 868
Fair value of acquired net assets and liabilities	- 9,457	4,864	- 2,960	- 7,553
Consideration paid in cash and cash equivalents	129,700	10,861	-	140,561
Consideration to be transferred	-	230	- 6,199	- 5,969
Total consideration transferred or to be transferred	129,700	11,091	- 6,199	134,592
Consideration paid in cash and cash equivalents	129,700	10,861	-	140,561
Cash and cash equivalents and bank overdrafts at acquired subsidiary	- 1,917	- 565	-	- 2,482
Outflow of cash and cash equivalents net of cash acquired	127,783	10,296	-	138,079
Total consideration transferred or to be transferred	129,700	11,091	- 6,199	134,592
Fair value of acquired net assets and liabilities	- 9,457	4,864	- 2,960	- 7,553
Goodwill	139,157	6,227	- 3,239	142,145

The goodwill amortization in United States is not tax-deductable.

The acquisitions contributed the following in revenue and net result for the Group:

in thousands of EUR	For Eyes	Other stores	Adjustment to purchase price allocation	Total
Revenue	6,626	11,768	-	18,394
Net result	- 3,092	2,047	-	- 1,045

Had the acquisitions been consolidated for the full year, revenue and net result would be:

in thousands of EUR	For Eyes	Other stores	Adjustment to purchase price allocation	Total
Revenue	83,126	21,586	-	104,712
Net result	- 18,833	3,426	-	- 15,407

Acquisitions costs for the above acquisitions amount to €2,113 and are included in the general and administrative costs in the Income Statement.

7 Revenue

The Group's revenue can be further divided as follows:

in thousands of EUR	2015	2014
Own store sales	2,983,899	2,612,285
Merchandise revenue	131,233	118,958
Franchise royalties and contributions	67,940	65,561
Other revenues	21,814	20,190
	<u>3,204,886</u>	<u>2,816,994</u>

8 Cost of Sales and Direct Related Expenses

The following costs have been included in the operating result:

in thousands of EUR	Notes	2015	2014
Direct materials		756,180	651,528
Employee costs		1,038,248	950,858
Depreciation and impairments	<u>13</u>	107,158	96,805
Amortization and impairments	<u>14,15</u>	45,822	40,173
Operating lease		468,247	421,668
Marketing & publicity costs		155,952	149,223
Other costs		284,736	220,826
Total costs		<u>2,856,343</u>	<u>2,531,081</u>

The employee costs can be specified as follows:

in thousands of EUR	Notes	2015	2014
Salaries & wages		745,703	668,082
Social security		164,396	144,611
Pension costs - Defined benefit plans	<u>28</u>	-12,107	7,377
Pension costs - Defined contribution plans		13,366	7,633
Share based payments (LTIP)	<u>30</u>	17,670	34,716
Other employee-related costs		109,220	88,439
		<u>1,038,248</u>	<u>950,858</u>

The average number of employees within the Group (excluding associates) in full-time equivalents during 2015 was 27,510 (2014: 25,776).

9 Share of Result of Associates

in thousands of EUR	2015	2014
Visilab S.A.	5,372	3,972
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	- 752	- 1,276
	<u>4,620</u>	<u>2,696</u>

10 Finance income and costs

in thousands of EUR	2015	2014
Finance costs		
- Bank borrowings	-12,622	-12,418
- Result on interest derivatives	-4,269	-4,308
- Commitment and utilisation fee	-3,275	-2,727
- Interest loans from shareholders	-	-12,114
- Other	-2,177	-608
Total finance costs	<u>- 22,343</u>	<u>-32,175</u>
Finance income		
- Interest income	3,938	2,731
- Interest loans to shareholders or management	542	743
- Interest deposits	369	845
- Result on fair value derivatives	-	91
Total finance income	<u>4,849</u>	<u>4,410</u>
Net foreign exchange results	<u>- 1,654</u>	<u>-6,601</u>
Net financial result	<u>- 19,148</u>	<u>-34,366</u>

There has not been any ineffectiveness on the cash flow hedges in 2015 and 2014.

11 Income Tax

in thousands of EUR	2015	2014
Current income tax	97,772	95,509
Deferred income tax	5,249	-15,827
Charge in Income Statement	<u>103,021</u>	<u>79,682</u>

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	2015	%	2014	%
Result before tax	334,015	100.0%	254,243	100.0%
Computed weighted average tax rate	94,980	28.4%	73,087	28.7%
Expenses not deductible for tax purposes	9,432	2.8%	9,229	3.6%
Incentive tax credits	- 7,784	-2.3%	-8,327	-3.3%
Effect of (de)recognition of tax losses	6,623	2.0%	735	0.3%
Changes in tax rate	- 617	-0.2%	-308	-0.1%
(Over)/Under provided in prior years	387	0.1%	5,266	2.1%
Tax charge	103,021	30.8%	79,682	31.3%

The weighted average applicable tax rate amounts to 28.4% (2014: 28.7%). The effective tax rate for the Group is 30.8% (2014: 31.3%)

The changes in tax rate in 2015 are mainly in France, the United Kingdom and Chile.

12 Earnings per Share

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

	2015	Pro forma 2014	2014
Result for the year attributable to equity holders of the parent, in thousands of EUR	212,730	161,203	161,203
Average number of outstanding ordinary shares (attributable to equity holders of the parent)	252,427,917	250,748,330	12,537,417
Diluted average number of outstanding ordinary shares (attributable to equity holders of the parent)	254,443,792	250,748,330	12,537,417
Earnings per share, basic (in EUR per share)	0.84	0.64	12.86
Earnings per share, diluted (in EUR per share)	0.84	0.64	12.86

On 20 January 2015 the Group issued 241,721,553 ordinary shares. Pro forma EPS for 2014 is calculated based on this for comparison reasons.

13 Property, Plant and Equipment

in thousands of EUR	Notes	Buildings and leasehold improvements	Machinery and equipment	Furniture and vehicles	Total
At 1 January 2014					
Cost		420,124	461,368	295,225	1,176,717
Accumulated depreciation and impairment		-249,753	-345,133	-222,926	-817,812
Carrying amount		<u>170,371</u>	<u>116,235</u>	<u>72,299</u>	<u>358,905</u>
Movements in 2014					
Acquisitions		7,178	4,712	7,524	19,415
Additions		52,791	47,544	31,532	131,868
Disposals / retirements		- 2,032	- 1,822	- 914	- 4,768
Depreciation charge	<u>8</u>	- 35,407	- 38,893	- 22,505	- 96,805
Reclassification		- 1,994	1,160	151	- 683
Exchange differences		- 689	303	181	- 205
At 31 December 2014		<u>190,218</u>	<u>129,240</u>	<u>88,269</u>	<u>407,727</u>
At 1 January 2015					
Cost		479,399	535,356	329,128	1,343,883
Accumulated depreciation and impairment		-289,181	-406,116	-240,860	-936,157
Carrying amount		<u>190,218</u>	<u>129,240</u>	<u>88,269</u>	<u>407,727</u>
Movements in 2015					
Acquisitions	<u>6</u>	3,499	2,096	307	5,902
Additions		53,482	40,778	37,490	131,750
Disposals / retirements		- 2,397	- 1,893	- 854	- 5,144
Depreciation charge	<u>8</u>	- 38,732	- 40,172	- 28,254	- 107,158
Reclassification		160	- 688	485	- 43
Exchange differences		- 607	- 460	- 655	- 1,722
Carrying amount		<u>205,623</u>	<u>128,901</u>	<u>96,788</u>	<u>431,312</u>
At 31 December 2015					
Cost		516,903	552,036	358,287	1,427,226
Accumulated depreciation and impairment		- 311,280	- 423,135	- 261,499	- 995,914
Carrying amount		<u>205,623</u>	<u>128,901</u>	<u>96,788</u>	<u>431,312</u>

Leased assets included under machinery and equipment and furniture and vehicles, where the Group is a lessee under a financial lease, comprise mainly equipment, fixtures and vehicles. The carrying amount of assets leased is €1,958 (2014: €596).

14 Goodwill

in thousands of EUR	Notes	2015	2014
Opening balance		885,855	726,321
Acquisitions	<u>6</u>	145,384	164,022
Adjustment to purchase price allocation	<u>6</u>	- 3,239	-
Reclassification		-	4,266
Impairment		- 367	- 3,458
Disposals		-	- 225
Exchange differences		- 2,420	- 5,073
		<u>1,025,213</u>	<u>885,855</u>
Costs		1,064,975	925,250
Accumulated impairment		- 39,762	- 39,395
Carrying amount		<u>1,025,213</u>	<u>885,855</u>

The impairment charge in 2014 mainly relates to the impairment in Mexico, which operates in the Americas & Asia segment. In 2014 €4,266 is reclassified from key money to goodwill.

The table below shows goodwill per segment:

in thousands of EUR	31 December 2015	31 December 2014
G4	429,875	420,345
Other Europe	374,286	368,993
Americas & Asia	221,052	96,517
	<u>1,025,213</u>	<u>885,855</u>

15 Other Intangible Assets

in thousands of EUR	Notes	Key money	Trademarks	Software	Other	Total
At 1 January 2014						
Cost		218,959	243,280	118,848	43,872	624,959
Accumulated amortization and impairment		- 5,441	- 105,075	- 86,309	- 31,114	- 227,939
Carrying amount		<u>213,518</u>	<u>138,205</u>	<u>32,539</u>	<u>12,758</u>	<u>397,020</u>
Movements in 2014						
Acquisitions		2,000	31,518	625	33,010	67,153
Additions		3,732	3	21,990	717	26,442
Disposals		- 948	-	- 280	- 10	- 1,238
Amortization charge	8	-	- 14,455	- 11,575	- 5,402	- 31,432
Impairment	8	- 3,999	- 1,284	-	-	- 5,283
Reclassification		- 4,550	6	162	366	- 4,016
Exchange differences		- 41	- 1,033	- 288	956	- 406
Carrying amount		<u>209,712</u>	<u>152,960</u>	<u>43,173</u>	<u>42,395</u>	<u>448,240</u>
At 31 December 2014						
Cost		218,775	274,436	144,253	78,402	715,866
Accumulated amortization and impairment		- 9,063	- 121,476	- 101,080	- 36,007	- 267,626
Carrying amount		<u>209,712</u>	<u>152,960</u>	<u>43,173</u>	<u>42,395</u>	<u>448,240</u>
Movements in 2015						
Acquisitions	6	1,312	16,808	358	10,276	28,754
Adjustment to purchase price allocation & earn-outs		-	- 4,924	-	1,638	- 3,286
Additions		1,485	722	26,759	1,091	30,057
Disposals		- 220	-	- 200	-	- 420
Amortization charge	8	-	- 16,243	- 14,162	- 9,643	- 40,048
Impairment	8	- 1,541	- 3,866	-	-	- 5,407
Reclassification		90	-	42	66	198
Exchange differences		- 2,151	- 1,725	- 474	680	- 3,670
Carrying amount		<u>208,687</u>	<u>143,732</u>	<u>55,496</u>	<u>46,503</u>	<u>454,418</u>
At 31 December 2015						
Cost		218,061	277,927	172,762	91,433	760,183
Accumulated amortization and impairment		- 9,374	- 134,195	- 117,266	- 44,930	- 305,765
Carrying amount		<u>208,687</u>	<u>143,732</u>	<u>55,496</u>	<u>46,503</u>	<u>454,418</u>

Key money

Key money as part of intangible assets has an indefinite useful life, relating to stores in France and Brazil. In France and Brazil, these assets are not amortized but are subject to an annual impairment test using cash flow projections covering a five-year period and the market value is used based on external valuations. Details as to the cost per square meter and latest key money transactions for the main shopping malls are publicly available.

If the calculated value in use is less than the carrying value of the assets, external valuations are performed to arrive at a fair value less costs of disposal.

During 2015 the impairment test on key money resulted in an impairment in France and Brazil of €1,541 (2014: €3,999) as a result of decrease of value in use and external valuations performed for each store individually.

In 2014 an amount of €4,266 was reclassified from key money to goodwill.

The carrying amount of the key money with an indefinite useful life is tested on a store-by-store basis and per country amounts to:

in thousands of EUR	31 December 2015	31 December 2014
France	202,242	200,517
Brazil	6,445	9,195
	208,687	209,712

Key assumptions used to determine the recoverable amount:

	2015	2014
Revenue growth rate	2.0% - 13%	1.5% - 12%
Discount rate (pre tax)	9.80%-14.86%	9.91% - 18.31%

Trademarks

The impairment of trademarks in 2015 is related to Brazil (€2,573) and Mexico (€1,293) following periodic review of the trademarks in use.

Software

In 2013, the business project iSynergy was initiated to implement global ERP system in all countries. In 2015 the ERP system went successfully live in the United Kingdom and the Netherlands.

In 2015, the Group capitalized €10,158 (2014: €8,685) worth of licenses and expenses related to the global ERP project.

Other

The other intangible assets mainly comprise of customer databases €37,262 (2014: €32,321).

16 Impairment Tests for Goodwill

Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value, then the fair value less costs of disposal is also considered, which is determined by a multiple on the average sales of the last three years. By applying a multiple on the average sales of the last three years the Group uses a well-balanced approach for both mature and emerging markets. For mature markets it eliminates the impact of incidentals that could have occurred in one of the years. For emerging markets a one-year sales figure would be too volatile as it would not reflect the real growth. The sales multiple is based on recent market transactions and peers of GrandVision, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

Key assumptions used to determine the recoverable amount in 2015:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.1% - 4.8%	13.4% - 20.5%	9.43% - 11.27%	-
Other Europe	2.1% - 11.1%	2.0% - 18.6%	8.74% - 16.47%	1
Americas & Asia	6.4% - 33.8%	2.6% - 17.5%	11.8% - 34.04%	0.6 – 1.2

Key assumptions used to determine the recoverable amount in 2014:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.7% - 4.6%	12.7% - 20.8%	9.59% - 11.64%	-
Other Europe	3.6% - 5.6%	12.9% - 14.5%	8.54% - 19.35%	1
Americas & Asia	13.7% - 17.4%	7.8% - 8.4%	12.03% - 24.88%	0.6 – 1.37

The assumptions reflect the averages of each group of the CGUs in the segments for the five-year period. Cash flows beyond this five-year period were extrapolated using an estimated growth rate of nil. The growth rate for the 1st, 2nd and 3rd year is based on the budget for these years. The growth rate for the 4th and 5th year is in line with the third year and zero percent for the subsequent years. The EBITA is assumed to remain at a constant level after the three-year period. The EBITA and growth rate are based on historical performance as well as our assessment of the development of these rates in the upcoming years. The discount rates used are pre-tax and reflect the country-specific risks relating to our industry. For details on sensitivity analysis for the key assumptions refer to note 4.2.

For recognized impairment losses during the periods please refer to note 14.

17 Other Non-Current Assets

in thousands of EUR	Notes	31 December 2015	31 December 2014
Loans to management	<u>37.2</u>	9,916	16,769
Rental deposits		29,503	28,396
Other		5,261	5,365
		<u>44,680</u>	<u>50,530</u>

The carrying value less impairment provision approximates the fair value. There is no provision on the loans to management at the end of 2015 and 2014. The rental deposits relate to key money subject to amortization in line with the related rental contract. 'Other' mainly includes shareholdings in commercial centers where stores are operated, receivables from franchisees, receivables from health insurance companies and deposits paid for stores.

18 Associates

in thousands of EUR	31 December 2015	31 December 2014
Visilab S.A.	37,589	31,816
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	2,849	3,151
	<u>40,438</u>	<u>34,967</u>

The movements in investments in associates is as follows:

in thousands of EUR	2015	2014
At 1 January	34,967	33,584
Capital contributions in associates	-	797
Result from associates	4,620	2,696
Currency translation differences	5,112	1,195
Dividend received	- 4,261	- 3,305
At 31 December	<u>40,438</u>	<u>34,967</u>

The financial information of the associates is as follows:

in thousands of EUR	31 December 2015	31 December 2014
Non-current assets	74,968	65,313
Current assets	34,874	29,361
Equity	83,882	74,706
Non-current liabilities	799	1,191
Current liabilities	25,161	18,777
Commitments	60,380	54,303

in thousands of EUR	2015	2014
Revenue	170,341	151,787
Result for the year	15,889	11,922

19 Inventories

in thousands of EUR	31 December 2015	31 December 2014
Finished goods	285,356	260,297
Raw materials	2,539	2,729
Provision for obsolete inventory	- 23,881	- 23,369
	<u>264,014</u>	<u>239,657</u>

An amount of €13,817 (2014: €9,089) has been recognized in the Income Statement for obsolete inventories as part of the other costs.

20 Trade and Other Receivables

in thousands of EUR	Notes	31 December 2015	31 December 2014
Trade receivables		158,842	144,999
Less: provision for impairment of trade receivable		- 7,677	-9,118
Trade receivables – net		151,165	135,881
Receivables from related parties	37.1	9,145	2,166
Taxes and social security		22,441	27,239
Other receivables		46,825	47,755
Prepayments		37,340	44,260
		266,916	257,301

The Group's historical experience in collection of accounts receivable is considered in the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The Group has recognized a provision of €7,677 (2014: €9,118) for the impairment of its trade receivables. The addition to and usage of the provision for impaired receivables have been included in the selling and marketing costs in the Income Statement.

Movements on the provision for the impairment of trade receivables are as follows:

in thousands of EUR	2015	2014
At 1 January	9,118	9,327
Additions to provision for bad and doubtful debts	3,433	2,783
Receivables written off during the year as uncollectible	- 3,980	- 2,205
Unused amounts reversed	- 809	- 758
Exchange differences	- 85	- 29
At 31 December	7,677	9,118

As of 31 December 2015 €49,657 of the net trade receivables were past due but not impaired (2014: €42,217). The due date of these receivables varies from 1 month to more than 9 months. These relate to a number of franchisees and customers, for whom there is no recent history of default.

The ageing analysis for the trade receivables is as follows:

in thousands of EUR	31 December 2015	31 December 2014
Up to 3 months	131,835	129,716
Between 3 and 6 months	11,349	6,830
Between 6 and 9 months	8,456	1,259
Over 9 months	7,202	7,194
	158,842	144,999

The carrying value less provision for the impairment of trade receivables is equal to the fair value.

The carrying amounts of the Group's trade receivables, including provision, are denominated in various currencies which at year-end rate have the following values in €:

in thousands of EUR	31 December 2015	31 December 2014
Euro (EUR)	79,064	68,773
British Pound Sterling (GBP)	15,888	11,825
Brazilian Real (BRL)	12,258	16,245
Chilean Peso (CLP)	10,360	7,977
Danish Krone (DKK)	8,232	7,371
Other	25,363	23,690
Total	151,165	135,881

21 Cash and Cash Equivalents

in thousands of EUR	31 December 2015	31 December 2014
Cash at bank and in hand	92,843	133,652
Short-term bank deposits and marketable securities	5,905	443
	98,748	134,095

'Cash and cash equivalents' contains the net position for the cash pooling agreement. At 31 December 2015, the gross amount is €116,060 as assets and €100,002 as liabilities (31 December 2014: €65,203 as assets and €63,541 as liabilities).

Cash and cash equivalents by currency:

in thousands of EUR	31 December 2015	31 December 2014
Euro (EUR)	26,514	86,249
British Pound Sterling (GBP)	18,310	9,203
Polish Zloty (PLN)	9,243	5,010
Norwegian Krone (NOK)	6,373	4,863
Mexican Peso (MXN)	3,686	3,907
Other	34,622	24,863
	98,748	134,095

At 31 December 2015 an amount of approx. USD 2 million is kept by a custody company in Mexico in order to be exchanged in local currency. The Group obtained all necessary approvals and expects to exchange the cash in 2016.

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

in thousands of EUR	Notes	31 December 2015	31 December 2014
Cash and bank balances		98,748	134,095
Bank overdrafts	26	- 180,554	- 79,690
		<u>- 81,806</u>	<u>54,405</u>

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

22 Share Capital

	Number of shares outstanding	Ordinary shares (in thousands of EUR)	Share premium (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2014	12,702,799	254	27,521	27,775
Issue of ordinary shares	19,388	-	3,000	3,000
Long-term incentive plan	-	-	29,741	29,741
Capital contribution	-	-	1,019	1,019
At 31 December 2014	12,722,187	254	61,281	61,535
Issue of ordinary shares	241,721,653	-	-	-
Long-term incentive plan	441,139	-	41,354	41,354
Purchase of treasury shares	- 2,547,000	-	- 51,074	- 51,074
At 31 December 2015	252,337,979	254	51,561	51,815

On 20 January 2015 the Group issued 241,721,553 ordinary shares and on 5 February 2015 the priority share was converted in 100 ordinary shares without an impact on the value of GrandVision.

The long-term incentive plan movements within share capital relate mostly to the conversion of the cash-settled phantom plans into equity-settled plans in the IPO (€28,278). The remaining amount relates to the periodic expenses and the settlements in 2015. Refer to note 30 for more details.

At settlement of the IPO, on 10 February 2015, GrandVision purchased 0.98% of the shares, for a total amount of €50,000, to be held in treasury in order to hedge the price risk of grants made under long-term incentive plans. During 2015 some of these shares were used for settlement of long-term incentive plans and new shares were purchased resulting in a net reduction of shares held in treasury to 0.83%. Number of shares held in treasury at 31 December 2015 was 2,105,861.

23 Other reserves

	Cash flow hedge reserve	Remeasurement of post-employment benefit obligations	Cumulative currency translation reserve	Total Other reserves
At 1 January 2014	- 4,079	12	- 34,638	- 38,705
Other comprehensive income	1,878	- 15,662	- 2,286	- 16,070
At 31 December 2014	- 2,201	- 15,650	- 36,924	- 54,775
Other comprehensive income	1,232	3,355	- 12,150	- 7,563
Change of pension plan	-	2,766	-	2,766
Acquisitions of minority	-	-	- 151	- 151
At 31 December 2015	- 969	- 9,529	- 49,225	- 59,723

24 Retained Earnings

in thousands of EUR	2015	2014
Balance at 1 January	616,130	512,616
Acquisitions of subsidiaries and minority	- 2,492	- 55,494
Result for the year	212,730	161,203
Dividends paid	- 35,327	-
Change of pension plan	- 2,766	-
Long-term incentive plan	- 1,847	-
Issue of share capital	-	- 3,000
Currency translation differences	-	805
Balance at 31 December	786,428	616,130

Acquisition of subsidiaries and minority in 2015 is mainly related to the purchase of the minority shares in China.

Acquisitions of subsidiaries and minority in 2014 is related to the acquisition of shares in Turkey and China from the parent company (HAL Holding) therefore applying predecessor accounting method.

An interim dividend of 0.14 EUR per share which was paid out in September 2015 for a total of €35,327.

25 Non-Controlling Interest

in thousands of EUR	2015	2014
Balance at 1 January	45,327	44,366
Acquisitions of minority	1,202	- 999
Result for the year	18,264	13,358
Dividends paid	- 10,873	- 9,914
Remeasurement of post-employment benefit obligation	8	- 94
Cash flow hedge reserve	47	-
Currency translation differences	- 720	- 1,390
Balance at 31 December	53,255	45,327

Acquisition of minority in 2015 is mainly related to the purchase of the minority shares in China.

The acquisition of minority in 2014 relates to the minority shareholding obtained in the acquisition of China which had a negative equity upon acquisition.

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

in thousands of EUR	31 December 2015	31 December 2014
Summarised balance sheet:		
Non-current assets	98,479	91,884
Current assets	46,814	43,467
Equity	97,093	86,526
Non-current liabilities	5,249	6,785
Current liabilities	42,951	42,040

The accumulated non-controlling interest for the Synoptik Group amounts to €35,643 (2014: €31,764).

26 Borrowings

in thousands of EUR	31 December 2015	31 December 2014
Non-current		
Bank borrowings	774,550	959,707
Financial leases	1,194	756
	775,744	960,463
Current		
Bank overdrafts	180,554	79,690
Financial leases	726	719
Other	80,903	12,505
	262,183	92,914
Total borrowings	1,037,927	1,053,377

Syndicated bank facilities

The Group has a syndicated bank facility of €1,200 million. Under the terms of the facility 1 one-year extension option can still be exercised by the borrower at the second anniversary of the facility. Early

August 2015 the facility has been extended by one year, therefore the new maturity date is 18 September 2020. The facility includes also a €100 million uncommitted accordion feature, which can be exercised during the life of the facility after all lenders have consented. 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 to the syndicated bank facility the Group has uncommitted bilateral overdraft and money market facilities for a total of €268 million.

At the end of 2015 the Group also has multiple bank guarantee facilities for a total amount of €59 million (2014: €48 million).

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 2015				
Borrowings at variable rates	261,457	357	774,193	1,036,007
Financial leases	726	538	656	1,920
	<u>262,183</u>	<u>895</u>	<u>774,849</u>	<u>1,037,927</u>
At 31 December 2014				
Borrowings at variable rates	92,195	2,276	957,431	1,051,902
Financial leases	719	424	332	1,475
	<u>92,914</u>	<u>2,700</u>	<u>957,763</u>	<u>1,053,377</u>

The fair value of the borrowings is approximately equal to the carrying amounts since these loans have a floating interest rate. The fair value of the fixed-rate borrowings is estimated by discounting against 2.47% and is classified within level 2 of the fair value hierarchy.

The weighted average effective interest rates at balance sheet date were as follows:

	2015	2014
Bank borrowings	1.39%	1.21%

Interest rates on variable-rate loans are Euribor-based, increased by a certain margin. This margin is determined based on the interest cover and the leverage ratio (note 3.1.3).

The Group has the following undrawn borrowing facilities:

in thousands of EUR	31 December 2015	31 December 2014
- Expiring within one year	28,471	63,866
- Expiring beyond one year	422,970	240,000
	<u>451,441</u>	<u>303,866</u>

Financial lease commitments

The largest part of the financial lease commitments relate to fixtures in Turkey, optical lab equipment in the United Kingdom and leased cars in Poland and Portugal.

The financial lease commitments fall due as follows:

in thousands of EUR	31 December 2015			31 December 2014		
	Payment	Interest	Principal	Payment	Interest	Principal
Within 1 year	778	52	726	787	68	719
1 - 2 years	561	23	538	458	34	424
2 - 5 years	663	7	656	350	18	332
Total	2,002	82	1,920	1,595	120	1,475

27 Income Taxes

Deferred income taxes are calculated in full on temporary differences arising, in the various countries, between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The liability method is applied, using tax rates prevailing at the balance sheet dates in the different jurisdictions.

in thousands of EUR	Notes	2015	2014
The gross movement on the deferred income tax assets is as follows:			
At 1 January		80,912	48,356
Acquisitions	6	2,407	4,875
Income Statement charge		- 8,374	17,857
Change because of income rate change		- 318	- 138
Processed through Other comprehensive income		- 2,246	5,747
Reclassification		- 2,864	5,067
Exchange differences		- 2,331	- 852
At 31 December		67,186	80,912
Analysis of the deferred income tax assets is as follows:			
- Deferred income tax asset to be recovered after more than 12 months		42,466	65,141
- Deferred income tax asset to be recovered within 12 months		24,720	15,771
		67,186	80,912
The gross movement on the deferred income tax liability is as follows:			
At 1 January		141,378	117,086
Acquisitions	6	9,046	17,831
Income Statement charge		- 2,473	2,338
Change because of income rate change		- 970	- 446
Processed through Other comprehensive income		- 105	94
Reclassification		- 2,394	4,963
Exchange differences		- 1,917	- 488
At 31 December		142,565	141,378
Analysis of the deferred income tax liabilities is as follows:			
- Deferred income tax liability to be recovered after more than 12 months		130,389	132,912
- Deferred income tax liability to be recovered within 12 months		12,176	8,466
		142,565	141,378
Net deferred income taxes		75,379	60,466

Deferred income tax assets

in thousands of EUR	31 December 2015	31 December 2014
Property, plant and equipment	4,878	4,787
Inventories	4,698	4,483
Other intangible assets	5,075	6,726
Post-employment benefits	11,587	16,359
Derivative financial instruments	391	1,011
Goodwill	1,249	914
Provisions	9,453	4,538
Deferred revenue and to be invoiced amounts	7,552	4,375
Trade and other payables	3,073	11,603
Deferred taxes on temporary differences	47,956	54,796
Deferred taxes on carry forward losses	19,230	26,116
Total deferred income tax assets	67,186	80,912

Deferred income tax liabilities

in thousands of EUR	31 December 2015	31 December 2014
Property, plant and equipment	10,839	12,882
Inventories	1	16
Other intangible assets	90,804	85,840
Post-employment benefits	49	25
Derivative financial instruments	3	198
Goodwill	33,524	31,088
Provisions	5,107	2,469
Deferred revenue and to be invoiced amounts	842	1,145
Trade and other payables	1,396	7,715
Total deferred income tax liabilities	142,565	141,378

Deferred income tax assets on carryforward losses have been recognized for an amount of €19,230 (2014: €26,116). The losses are recognized based on future expected results taking into consideration the expiration date of historical losses and other tax regulations. The related income tax losses amount to €71,799, estimated during budget and forecast planning process.

Unrecognized income tax losses amount to €208,401. These tax losses expire as follows:

in thousands of EUR	31 December 2015	31 December 2014
Expiring within one year	6,607	11,234
Expiring between one and two years	4,056	5,031
Expiring between two and five years	25,695	26,111
Expiring after more than five years	8,337	6,726
Offsettable for an unlimited period	163,706	172,935
	208,401	222,037

28 Post-Employment Benefits

The amounts recognized in the balance sheet are determined as follows:

in thousands of EUR	31 December 2015	31 December 2014
Present value of benefit obligation	4,599	169,746
Fair value of plan assets	- 2,505	- 153,591
Net position	2,094	16,155
Present value of unfunded obligation	62,610	69,694
Provision in the balance sheet	64,704	85,849

The most recent actuarial valuations were performed in December 2015.

The funded defined benefit obligation in 2014 relates mainly (over 95%) to the pension plan of the employees in the Netherlands. During 2015, the Group has amended the pension plan in the Netherlands. This resulted in a change of classification from defined benefit to defined contribution. The pension provision for the employee benefit arrangement in the Netherlands is accordingly released in the Income Statement and in Segment reporting presented as a non-recurring gain of €17,667.

The unfunded plans mainly relate to pension arrangement with German employees already employed with Apollo prior to 1994 (2015: €47.0 million; 2014: €51.9 million), the Italian Trattamento di Fine Rapporto program (2015: €5.7 million; 2014: €6.2 million) and an end-of-employment plan for French employees (2015: €9.6 million; 2014: €9.0 million).

The amounts recognized in the Income Statement are as follows:

in thousands of EUR	Notes	2015	2014
Current service costs		4,037	5,253
Interest expense		1,527	1,854
Plan amendments/curtailments/settlements		- 10	-
Administrative costs		6	270
Change of pension plan		- 17,667	-
Total defined benefit costs	<u>8</u>	- 12,107	7,377

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 2014	153,076	- 98,435	54,641
Current service costs	5,253	-	5,253
Interest expense/ (income)	5,761	- 3,907	1,854
Acquisitions	4,190	-	4,190
Employee contributions	2,720	- 2,720	-
Employer contributions	-	- 2,908	- 2,908
Experience adjustments	- 1,059	-	- 1,059
Change in financial assumptions	71,286	-	71,286
Change in demographic assumptions	847	-	847
Return on plan assets, excluding amounts in interest	-	- 49,143	- 49,143
Benefits paid	- 3,191	3,191	-
Reclassification	641	269	910
Exchange effect	- 84	62	- 22
At 31 December 2014	239,440	- 153,591	85,849
Current service costs	4,037	-	4,037
Interest expense/ (income)	2,530	- 1,003	1,527
Employee contributions	642	- 642	-
Employer contributions	-	- 3,944	- 3,944
Experience adjustments	1,151	-	1,151
Change in financial assumptions	6,787	-	6,787
Change in demographic assumptions	- 21	-	- 21
Plan amendments and curtailments	- 10	-	- 10
Return on plan assets, excluding amounts in interest	-	- 13,044	- 13,044
Benefits paid	- 2,063	2,063	-
Change of pension plan	- 185,071	167,404	- 17,667
Other	- 6	187	181
Exchange effect	- 207	65	- 142
At 31 December 2015	67,209	- 2,505	64,704

Assumptions

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	2.6%	2.2%
Expected return on plan assets	7.3%	2.1%
Future salary increases	3.2%	2.9%
Future inflation	1.8%	2.0%

The difference between the discount rate and the expected return on plan assets is caused by the weighted impact of funded and unfunded plans. The percentage on the expected return on plan assets in 2015 originates from Mexico.

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.

An 1% increase in the discount rate used to calculate the defined benefit obligation would result in 16% decrease in the defined benefit obligation. An increase of 0.25% in salary would result in an

increase of 1% in the defined benefit obligation. +1 year in life expectancy would result in a slight increase of 2% in the defined benefit obligation. An increase of 1% in inflation would result in an 11% increase in the defined benefit obligation.

The above 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.

Plan assets are comprised as follows:

in thousands of EUR	2015	2014
Equities	369	259
Debt instruments	2,136	2,621
Other	-	150,711
Total	2,505	153,591

The plan assets 'other' category in 2014 mainly represents the valuation of the pension rights of the Dutch pension plan and would be classified under Level 3 category. In 2015 the plan assets decreased due to the change of plan in the Netherlands. The remaining amount in 2015 represents plan assets in Mexico which using fair value estimation methods would be classified under Level 1 category.

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

in thousands of EUR	2015	2014
Less than 1 year	1,776	3,513
Between 1 and 2 years	2,609	4,037
Between 2 and 5 years	6,796	13,231
Over 5 years	119,537	549,551
Total	130,718	570,332

29 Provisions

in thousands of EUR	Legal and regulatory	Warranty	Long-term incentive plans	Other employee-related	Other	Total
At 1 January 2014	4,373	7,215	33,742	2,406	11,620	59,356
Acquisitions	385	41	-	258	565	1,249
Addition to provision	2,061	3,226	40,246	2,319	558	48,410
Reversal of provision	- 1,998	- 989	- 32,271	- 259	- 2,363	- 37,880
Utilized during the year	- 143	- 1,563	- 4,450	- 365	- 1,810	- 8,331
Other movements	- 28	- 286	-	-	- 5,862	- 6,176
Exchange differences	-	- 31	9	- 5	- 31	- 58
At 31 December 2014	4,650	7,613	37,276	4,354	2,677	56,570
Non-current	1,623	5,179	17,530	2,453	942	27,727
Current	3,027	2,434	19,746	1,901	1,735	28,843
At 31 December 2014	4,650	7,613	37,276	4,354	2,677	56,570
At 1 January 2015	4,650	7,613	37,276	4,354	2,677	56,570
Addition to provision	18,804	3,502	2,440	1,457	911	27,114
Reversal of provision	- 1,353	- 468	- 28,278	- 479	- 565	- 31,143
Utilized during the year	- 134	- 2,412	- 9,809	- 964	- 511	- 13,830
Other movements	-	391	- 818	-	- 391	- 818
Exchange differences	- 294	6	65	- 74	- 131	- 428
At 31 December 2015	21,673	8,632	876	4,294	1,990	37,465
Non-current	1,870	5,810	-	2,750	852	11,282
Current	19,803	2,822	876	1,544	1,138	26,183
At 31 December 2015	21,673	8,632	876	4,294	1,990	37,465

Legal and regulatory

In June 2009, the French Competition Authority ("FCA") began investigations into certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including the Group. The authorities are investigating whether these parties have entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames. This investigation is ongoing. In May 2015, the Company received a statement of objections ('notification de griefs') from the FCA, which contains the FCA's preliminary position on alleged anti-competitive practices and does not prejudice its final decision. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. GrandVision has examined the FCA's preliminary findings reported in the statement of objections and an adequate provision has been booked by the Group in 2015 determined by an assessment of the probability and amount of potential liability.

Secondly, the provision increased in 2015 as a result of the Group's ongoing tax risk management process in which it determines potential fiscal claims on VAT and wage tax in various countries.

Warranty

The Group often provides a warranty along with the sales of its products. Warranty provision exists to cover possible future expenses that may be incurred rectifying defects in, or providing replacements for, products the Group has sold.

Long-term incentive plans

Refer to note [30](#).

Other employee-related

The provisions mostly relate to employee termination benefits.

Other provisions

'Other provisions' mostly includes decommissioning liability for returning a store or office to its original state.

30 Long-Term Incentive Plans

The table below shows the total expense of the share-based payment plans in 2015 as well as the movements in liability and equity caused by the change to the estimate of the probability of an IPO to 100% as well as the conversion of the plans. The increased probability resulted in the plans being fully classified as IFRS 2 share-based compensation plans in 2015 and has resulted in an incremental expense of €2,615, which was recognized in general and administrative costs in the Income Statement and reported as non-recurring item. The number of participants of all long-term incentive plans per year-end 2015 is 139.

in thousands of EUR	Real share plan		Phantom plan	
	Equity	Liability	Equity	Equity
1 January 2015	29,741	36,458	-	-
Incremental expense IAS 19 to IFRS 2	299	2,316	-	-
Conversion	-	- 28,278	28,278	-
Change in Income Statement	3,163	1,858	9,959	-
Settlements/ Vesting	- 7,663	- 9,809	- 8,370	-
Other	-	- 1,734	- 2,730	-
Exchange differences	-	65	65	-
31 December 2015	25,540	876	27,202	-

On 20 January 2015 new shares were issued that increased the number of shares held by the participants without having an impact on the value of GrandVision N.V. and the plans. The phantom plans issued in 2011, 2012, 2013 and 2014 have been converted from cash-settled to equity-settled on the listing of GrandVision N.V. on Euronext Amsterdam at 6 February 2015. The phantom plans issued in 2009 and 2010 remained cash-settled. Most of these plans were settled in 2015.

Classification	Phantom shares	Phantom options	Real shares
Cash-settled	Share price at 31 December 2015	Black-Scholes-Merton option model	n/a
Equity-settled	Share price at conversion and grant date	Black-Scholes-Merton option model	Share price at grant date No grants in 2015

The table below shows the movements in the number of shares of the real share plan for key management and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total
Outstanding at 1 January 2015	50,693	12,551	118,233	181,477
Adjustment for the issue of share capital	963,167	238,469	2,246,427	3,448,063
Granted	-	-	-	-
Settled	- 101,386	-	- 556,256	- 657,642
Outstanding at 31 December 2015	<u>912,474</u>	<u>251,020</u>	<u>1,808,404</u>	<u>2,971,898</u>

Of those shares outstanding under the real share plan at 31 December 2015, for 1,235,086 shares the vesting period has ended.

The table below shows the movements in the phantom plan for key management and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total phantom shares and options
Outstanding at 1 January 2015	11,603	4,870	176,278	192,751
Adjustment for the issue of share capital	220,463	92,534	3,349,274	3,662,271
Adjusted for performance conditions at vesting	15,546	53,764	200,568	269,878
Granted	23,412	11,578	264,940	299,930
Settled	- 5,316	-	- 1,223,306	- 1,228,622
Forfeited	-	-	- 256,316	- 256,316
Outstanding at 31 December 2015	<u>265,708</u>	<u>162,746</u>	<u>2,511,438</u>	<u>2,939,892</u>

The table below shows the movements in the number of shares of the phantom plan:

	Phantom shares	Phantom options	Weighted average exercise price in EUR per share
At 1 January 2015	<u>74,817</u>	<u>117,934</u>	<u>142.87</u>
Adjustment for the issue of share capital	1,421,525	2,240,746	-
Adjusted for performance conditions at vesting	78,209	191,669	5.98
Granted	246,239	53,691	24.59
Settled	- 296,402	- 932,220	8.32
Forfeited	- 162,746	- 93,570	6.45
At 31 December 2015	<u>1,361,642</u>	<u>1,578,250</u>	<u>6.94</u>

Of those phantom shares outstanding under the phantom plan at 31 December 2015, 9,640 were vested.

Of those phantom options outstanding under the phantom plan at 31 December 2015, 126,200 were exercisable. As of 31 December 2015 the weighted average remaining contractual life for outstanding phantom options was 2.8 years.

The fair value of the phantom options, of which most were converted to equity-settled on the listing and new options granted in 2015, is based on the Black-Scholes-Merton option pricing formula. The following assumptions were used:

Phantom options	31 December 2015
Exercise price in EUR	5.98 - 24.59
Share price in EUR	20.00 - 27.66
Volatility	22.1% - 25.9%
Dividend yield	0.6% - 1.4%
Expected remaining option life in years	0.4 - 5.0
Annual risk-free interest rate %	-0.38% to 0.15%

The phantom options 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.

31 Other non-current liabilities

in thousands of EUR	31 December 2015	31 December 2014
Contingent considerations	5,705	7,741
Rental discounts	8,513	7,608
Other	1,857	510
	<u>16,075</u>	<u>15,859</u>

32 Derivative Financial Instruments

The fair value of the derivative financial instruments is as follows:

in thousands of EUR	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives – cash flow hedges	-	1,922	-	4,025
Currency derivatives – cash flow hedges	1,201	1,162	800	20
Currency derivatives – fair value hedges	-	-	91	-
Total	<u>1,201</u>	<u>3,084</u>	<u>891</u>	<u>4,045</u>
Less non-current portion:				
Interest rate derivatives – cash flow hedges	-	1,039	-	2,508
Current portion	<u>1,201</u>	<u>2,045</u>	<u>891</u>	<u>1,537</u>

The valuation of the derivatives is based on valuations provided by banks and third parties. In note [3.1.3](#) the maturity of the expected cash flows to occur is shown.

Interest rate derivatives

The nominal amount of the bank borrowings (see note [26](#)) hedged by interest rate derivatives amounts to €470 million (2014: €420 million). In addition €150 million (2014: €0) of 0% floors are

outstanding to prevent the impact of negative interest rate. The interest derivatives meet the requirements for hedge accounting in full.

Currency derivatives

The Group has transactional cash flows in multiple currencies and is 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. Derivative financial instruments are aimed at reducing the exposure to adverse currency change. Some of the currency derivatives qualify for hedge accounting. The fair value is recorded in the hedging reserve in equity for the effective part and in the Income Statement for the ineffective part. At the end of 2015 the notional principal amounts of the outstanding forward foreign exchange contracts were:

in thousands of EUR	31 December 2015	31 December 2014
Currency		
United States Dollar (USD)	40,652	24,134
Polish Zloty (PLN)	10,637	2,893
Swedish Krona (SEK)	10,101	-
British Pound Sterling (GBP)	9,098	-
Norwegian Krone (NOK)	8,369	-
Danish Krone (DKK)	6,002	-
Turkish Lira (TRY)	5,221	-
Hungarian Forint (HUF)	4,099	300
Czech Koruna (CZK)	3,985	4,176
Swiss Franc (CHF)	653	1,159
Russian Ruble	353	-
Chilean Peso (CLP)	-	1,366

All these foreign exchange deals are partially hedging underlying forecasted transactions of Group entities in the corresponding foreign currency. The remaining currency derivatives that do not qualify for hedge accounting have been classified as fair value derivatives, which hedge monetary items.

33 Trade and Other Payables

in thousands of EUR	Notes	31 December 2015	31 December 2014
Trade payables		134,032	132,672
Accrued expenses		97,792	93,047
Other taxes and social security		70,174	71,639
Payables to related parties	<u>37.1</u>	17,937	20,950
Deferred income		67,849	58,590
Other payables		145,825	126,160
		<u>533,609</u>	<u>503,058</u>

The carrying value is assumed to approximate the fair value due to the short-term nature.

34 Cash Generated from Operations

in thousands of EUR	Notes	2015	2014
Result before tax		334,015	254,243
Adjusted for:			
Depreciation and impairments	<u>13</u>	107,158	96,805
Amortization and impairments	<u>14,15</u>	45,822	40,173
Result from sale of property, plant and equipment		- 1,727	776
Result from sale of intangibles		171	- 1,264
Net financial result	<u>10</u>	19,148	34,366
Result from associates	<u>9</u>	- 4,620	- 2,696
Changes in working capital :			
- Inventories		- 25,369	- 16,123
- Trade and other receivables		- 15,585	- 10,989
- Trade and other payables		4,069	35,447
Changes in provisions		- 1,073	46,577
Cash generated from operations		<u>462,009</u>	<u>477,315</u>

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

In 2014 the cash generated from operations benefited from an one-off change in provisions for long-term incentive plan in connection with the IPO.

35 Contingencies

35.1 Contingent Liabilities

The Group is currently in dispute with a lens manufacturer, Zeiss, who participated in, but did not win, the lens tender organized by the Group in 2012. Consequently Zeiss' existing lens-supply contract expired on the contractual expiration date of 31 October 2013. Zeiss subsequently claimed that GrandVision's termination of the agreement was unlawful. GrandVision intends to vigorously oppose these actions taken by Zeiss, and has not included a provision. Zeiss formally sued GrandVision France before the Paris Commercial Court on 10 April 10 2014, claiming damages of approximately €57 million on the ground of unlawful termination of the lens purchase agreement. As GrandVision is confident in their legal position in this dispute, no provision is recognized in the consolidated financial statements. A number of hearings took place in 2015 and the Paris Commercial Court declared itself not competent to hear this matter in its January 25, 2016 decision. Zeiss appealed this decision and the procedure is continuing.

Pursuant to Zeiss' complaint, the French competition-law body DGCCRF (Direction générale de la concurrence, de la consommation et de la répression des fraudes) visited the Company's offices in France in November 2013 and requested documentation regarding GrandVision's corporate structure and previous lens tenders. Following an interview with management in May 2014, the DGCCRF issued a report that is favorable to GrandVision.

As a multinational company being present in many jurisdictions the Group is involved in a number of tax proceedings. 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. Discussions and formalities are proceeding at this stage. 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 €15 million.

35.2 Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

in thousands of EUR	31 December 2015	31 December 2014
Not later than 1 year	292,443	229,872
Later than 1 year and not later than 5 years	615,204	523,343
Later than 5 years	150,509	164,466
	1,058,156	917,681

The lease commitments, excluding the impact of renewal options, relate mainly to the lease of stores and offices. For commitments related to associates please refer to note 18. The amount recognized in the Income Statement as rental expenses is €378,835 (2014: €344,961).

36 Auditor Fees

The general and administrative expenses include the fees and services provided by PricewaterhouseCoopers Accountants NV and its member firms.

in thousands of EUR	2015	2014
Audit fees	2,656	2,605
Audit-related fees	-	1,450
Tax advisory fees	240	92
Other non-audit fees	121	188
	3,017	4,335

The audit-related fees in 2014 are expenses incurred in the process of the listing of GrandVision on the stock exchange.

37 Related Parties

37.1 Other Transactions with Related Parties

During 2015 GrandVision acquired goods from Safilo (an associate of HAL) for an amount of €77,183 (2014: €63,094). Trade receivables (note 20) include a receivable for marketing activities of €9,020 from Safilo (2014: €2,142), receivable from Intersafe Holding (a subsidiary of HAL) of €81 (2014: €24) and receivable from AudioNova International BV of €44 (2014: €0). Trade payables (note 33) include a liability to Safilo of €15,477 (2014: €15,172) and a payable to HAL Investments and HAL subsidiaries of €2,460 (2014: €5,778).

37.2 Loans to Related Parties

The Group has granted loans to members of the management as part of the long-term incentive plan. For more details refer to note 17.

Management of the Group and its subsidiaries:

in thousands of EUR	2015	2014
Balance at 1 January	16,769	15,302
Additions	-	2,900
Redemptions	- 7,390	- 2,176
Accrued interest	537	743
Balance at 31 December	9,916	16,769

The loans to key management have the following terms and conditions:

Name of key management	Amount of loan (in thousands of EUR)	Term	Interest rate, %
2015			
P.J. de Castro Fernandes	1,524	June 2012 - unlimited	4.00%
2014			
Th. A. Kiesselbach	913	June 2005 – unlimited	5.00%
Th. A. Kiesselbach	85	June 2010 – 6 years	4.00%
Th. A. Kiesselbach	159	June 2012 - unlimited	4.00%
P.J. de Castro Fernandes	1,494	June 2012 - unlimited	4.00%

All loans have been granted to senior managers of the Company as part of various long-term incentive plans. Upon sale of shares the managers will have to redeem their loans. The shares awarded under LTIP real share plan are pledged as security on the loans.

37.3 Remuneration

Key management includes the Management Board, which consists of the CEO and CFO. The remuneration for key management comprises a fixed and a variable part and includes salary, post-employment benefits and long-term incentive plan benefits.

in thousands of EUR	2015	2014
Th. A. Kiesselbach (CEO)		
Salary and other short-term benefits	785	686
Post-employment benefits	140	121
Short-term variable remuneration	420	313
Long-term incentive plan benefits	1,100	1,151
	<u>2,445</u>	<u>2,271</u>
P.J. de Castro Fernandes (CFO)		
Salary and other short-term benefits	530	441
Post-employment benefits	94	70
Short-term variable remuneration	463	191
Long-term incentive plan benefits	1,159	409
	<u>2,246</u>	<u>1,111</u>

Key management is entitled to an annual performance-related variable remuneration. The objective of the annual performance-related variable remuneration payment is to incentivize and reward strong short-term financial and personal performance and the implementation of strategic imperatives, and to facilitate rapid growth while continuing to focus on sustainable results. The Supervisory Board will define, on an annual basis, the performance ranges, the "on target" value and the maximum at which the payout will be capped. For more details refer to the chapter '[Remuneration Report](#)' of the Annual Report. The set targets for 2015 were largely achieved.

The performance conditions are set by the Supervisory Board on an annual basis at or prior to the beginning of the relevant calendar year. These performance conditions include criteria reflecting GrandVision's financial performance and may also include quantitative or qualitative criteria related to the Company's non-financial performance and/or to individual performance.

The amounts included as long-term incentive plan benefits represent the amounts recognized in the Income Statement. For the movements in the long-term incentive plan please refer to note [30](#).

37.4 Supervisory Board Remuneration

The remuneration paid or payable to the Supervisory Board is shown below:

in thousands of EUR	2015	2014
C.J. van der Graaf	73	58
J.A. Cole	60	47
M.F. Groot	60	-
P. Bolliger	60	48
W. Eelman	60	48
	<u>313</u>	<u>201</u>

All the remuneration paid or payable to the Supervisory Board comprises short-term benefits.

38 Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITDA and adjusted EBITDA (refer to note 5). 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. EBITDA.

in thousands of EUR	2015	2014
Adjusted EBITDA	511,611	449,498
Non-recurring items	- 5,468	- 23,911
EBITDA	506,143	425,587
Depreciation & amortization software	- 121,320	- 108,380
EBITA	384,823	317,207
Amortization & impairments	- 31,660	- 28,598
Operating result	353,163	288,609

39 Principal Subsidiaries, Joint Ventures and Associates

Company	2015	2014	Country of incorporation
MasVision Latinoamerica Argentina S.A.	100%	100%	Argentina
Pearle Österreich GmbH	100%	100%	Austria
Grand Opticiens Belgium N.V.	100%	100%	Belgium
Fototica Ltda	100%	100%	Brazil
VE Bulgaria EOOD	100%	100%	Bulgaria
Opticas GrandVision Chile Ltda.	100%	100%	Chile
GrandVision Optical Commercial (China) Co., Ltd.	100%	100%	China
GrandVision Shanghai Co. Ltd	100%	100%	China
Shanghai Red Star Optical Co. Ltd	100%	78%	China
LAFAM S.A.S.	100%	100%	Colombia
GrandVision Cyprus Ltd.	100%	100%	Cyprus
Fotex Ceska Republika s.r.o.	100%	100%	Czech Republic
Synoptik A/S	63.29%	63.29%	Denmark
Instrumentarium Optika OÜ	100%	100%	Estonia
Instru optikka Oy	100%	100%	Finland
GrandVision France S.A.S.	100%	100%	France
Solaris Group Franchise S.A.S.	100%	100%	France
Solaris S.A.S.	100%	100%	France
Apollo Optik Holding GmbH & Co KG	100%	100%	Germany
Robin Look GmbH	100%	100%	Germany
GrandVision Hellas S.A.	100%	100%	Greece
LGL Ltd.	100%	100%	Guernsey
GrandVision Hungaryi Kft.	100%	100%	Hungary
Reliance-Vision Express Private Ltd**	50%	50%	India
Reliance-GrandVision India Supply Private Ltd**	50%	50%	India
Angelo Randazzo S.r.l.	100%	100%	Italy
Avanzi Holding Srl.	100%	100%	Italy
GrandVision Luxembourg S.a.r.l.	100%	100%	Luxembourg
Grupo Óptico Lux, S.A. de C.V.	70%	70%	Mexico
GVMV S.A. de C.V.	70%	70%	Mexico

Company	2015	2014	Country of incorporation
Tide Ti, S.A. de C.V.	70%	70%	Mexico
Brilleland AS	63.29%	63.29%	Norway
Interoptik AS	63.29%	63.29%	Norway
Topsa Holding SA	62%	62%	Peru
Vision Express SP Sp.z.o.o.	100%	100%	Poland
GrandVision Portugal Unipessoal, Lda	100%	100%	Portugal
Lensmaster OOO	100%	100%	Russia
GrandOptical Slovakia s.r.o	100%	100%	Slovakia
Masvision Grupo Optico S.A.	100%	100%	Spain
Synoptik Sweden AB	63.29%	63.29%	Sweden
Visilab S.A.*	30.19%	30.19%	Switzerland
Brilmij Groep B.V.	100%	100%	The Netherlands
GrandVision Finance B.V.	100%	100%	The Netherlands
GrandVision Group Holding B.V.	100%	100%	The Netherlands
GrandVision IT Services B.V.	100%	100%	The Netherlands
GrandVision Retail Holding B.V.	100%	100%	The Netherlands
GrandVision Supply Chain B.V.	100%	100%	The Netherlands
Optical Retail Group B.V.	100%	100%	The Netherlands
Atasun Optik Sanayi ve Ticaret Limited Şirketi	100%	100%	Turkey
Vision Express Ltd.	100%	100%	United Kingdom
MasVision Latinoamerica Uruguay S.A.	100%	100%	Uruguay
For Eyes Optical Company	100%	-	United States
GrandVision USA, Inc.	100%	-	United States

* associate

** joint venture

The indicated shareholding reflects the ownership of the shareholding by GrandVision NV directly or indirectly in the subsidiary, joint venture and associate.

Parent Company Financial Statements

Income Statement

in thousands of EUR	2015	2014
Result from subsidiaries after income tax	197,506	188,980
Other income and expenses after income tax	15,224	- 27,777
Result for the year	212,730	161,203

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 2015	31 December 2014
ASSETS			
Non-current assets			
Financial fixed assets	<u>2</u>	762,410	833,519
Deferred income tax assets		1,851	8,192
Non-current receivables		-	1,933
		<u>764,261</u>	<u>843,644</u>
Current assets			
Trade and other receivables		36,321	12,743
Cash and cash equivalents		44	28
		<u>36,365</u>	<u>12,771</u>
Total assets		800,626	856,415
EQUITY AND LIABILITIES			
Equity			
Share capital	<u>3</u>	254	254
Share premium		80,637	48,106
Treasury shares		- 42,251	-
Legal reserves	<u>4</u>	10,267	23,576
Retained earnings		516,883	389,751
Result for the year		212,730	161,203
		<u>778,520</u>	<u>622,890</u>
Provisions and deferred income tax liabilities			
Provisions non-current		-	10,451
Deferred income tax liabilities		-	14
Provisions - current		-	14,418
		-	<u>24,883</u>
Non-current liabilities			
Borrowings	<u>6</u>	-	185,263
Other non-current liabilities		-	1,588
		-	<u>186,851</u>
Current liabilities			
Borrowings	<u>6</u>	6,851	2,021
Other liabilities		15,255	19,770
		<u>22,106</u>	<u>21,791</u>
Total equity and liabilities		800,626	856,415

The accompanying [notes](#) are an integral part of these parent company financial statements.

Notes to the Parent Company Financial Statements

1 General Information

The company financial statements have been prepared in accordance with Part 9 of 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 company financial statements, GrandVision makes use of the option provided in Article 362(8) of Book 2 of the Dutch Civil Code. This means that the principles for recognition and measurement of the company financial statements of GrandVision NV are the same as those applied for the consolidated IFRS financial statements. The subsidiaries are stated at net asset value.

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. As the financial data of the Company are included in the consolidated financial statements, the Income Statement in the company financial statements is presented in condensed form (in accordance with Article 402, Book 2 of the Dutch Civil Code).

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

1.1 Accounting Policies

Financial fixed assets

Investments in consolidated subsidiaries are measured 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.

2 Financial Fixed Assets

The movements in financial fixed assets are as follows:

in thousands of EUR	Investment in consolidated subsidiaries	Loans and receivables	Total
At 1 January 2015	816,749	16,770	833,519
Movements in 2015			
Additions	-	537	537
Dividends	- 252,000	-	- 252,000
Acquisition non-controlling interest	- 2,492	-	- 2,492
Repayment	-	- 7,391	- 7,391
Exchange differences	- 12,195	-	- 12,195
Other comprehensive income	3,383	-	3,383
Other	1,543	-	1,543
Net result for current year	197,506	-	197,506
At 31 December 2015	752,494	9,916	762,410

The additions in investment in consolidated subsidiaries relate to a capital contribution.

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

Company	2015	2014
GrandVision Group Holding B.V., The Netherlands	100%	100%
Central Vision II BV, the Netherlands	100%	100%
GrandVision France SAS, France	100%	100%
Vision Express Polska SP Sp. z o.o., Poland	0%	100%
Nordman Investment Ltd, Cyprus	0%	100%

3 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 2015	254	48,106	-	23,576	389,751	161,203	622,890
Appropriation of the result	-	-	-	-	161,203	- 161,203	-
Result for 2015	-	-	-	-	-	212,730	212,730
Purchase of treasury shares	-	-	- 51,074	-	-	-	- 51,074
Actuarial gains/ (losses)	-	-	-	-	360	-	360
Other direct equity movements	-	-	-	- 13,309	896	-	- 12,413
Dividends paid	-	-	-	-	- 35,327	-	- 35,327
Long-term incentive plan	-	32,531	8,823	-	-	-	41,354
Total movements	-	32,531	- 42,251	- 13,309	127,132	51,527	155,630
At 31 December 2015	254	80,637	- 42,251	10,267	516,883	212,730	778,520

For the long-term incentive plan refer to note [30](#) to the consolidated financial statements.

4 Legal Reserve

The legal reserve cannot be used for dividend distribution and consists of:

in thousands of EUR	31 December 2015	31 December 2014
Reserves - subsidiaries	351	8,145
Loans to shareholders (LTIP)	9,916	16,769
Cumulative translation reserve	-	- 1,338
	<u>10,267</u>	<u>23,576</u>

5 Retained Earnings

On 8 May 2015 the General Meeting of Shareholders determined that the result for 2014 would be added in full to the retained earnings.

Refer to Note [24](#) to the consolidated financial statements regarding interim dividend paid out in 2015.

6 Borrowings

The non-current and current borrowings are specified as follows:

in thousands of EUR	Non-current	Current
At 1 January 2015	185,263	2,021
Additions	1,996	4,830
Repayments	- 187,259	-
At 31 December 2015	-	6,851

The repayment of the non-current borrowings is related to the repayment of the loan from a subsidiary, the addition is the interest related to this loan. Addition of the current borrowings is related to increase of the bank overdraft.

7 Provisions

The provisions (current and non-current) in 2014 consist of the long-term incentive plan; reference is made to notes [29](#) and [30](#) of the consolidated financial statements.

8 Employees

The average number of employees of the Company in full-time equivalents during 2015 was 9.7 (2014: 8.4). Of these employees, 2 were employed outside the Netherlands (2014: 0).

9 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 Turkey B.V.
Central Vision II B.V.	HAL Investments Asia B.V.
GrandVision Baltics B.V.	Optical Retail Group B.V.
GrandVision Benelux B.V.	The Vision Factory B.V.
GrandVision Finance B.V.	Vision Express Middle East B.V.
GrandVision Group Holding B.V.	GrandVision Argentina & Uruguay B.V.
GrandVision India B.V.	GrandVision Brazil B.V.
GrandVision IT Services B.V.	GrandVision Chile B.V.
GrandVision Italy B.V.	GrandVision Colombia B.V.
GrandVision Portugal B.V.	GrandVision Latam B.V.
GrandVision Retail Holding B.V.	GrandVision Mexico B.V.
GrandVision Supply Chain B.V.	GrandVision Peru B.V.

The Company forms an income tax group with GrandVision Group Holding BV, Central Vision II BV, GrandVision IT Services BV, GrandVision Supply Chain BV, GrandVision Finance BV, GrandVision Turkey BV, HAL Investments Asia BV, Pearle Opticians Ireland Ltd, GrandVision Retail Holding BV, GrandVision Latam BV, GrandVision Brazil BV, GrandVision Chile BV, GrandVision Argentina & Uruguay BV, GrandVision Colombia BV, GrandVision Peru BV, GrandVision Mexico BV, GrandVision India BV, Vision Express Middle East BV, GrandVision Italy BV, GrandVision Portugal BV, GrandVision Benelux BV, The Vision Factory BV, Brilmij Groep BV and Optical Retail Group BV. Under the standard conditions, the members of the tax group are liable for any taxes payable by the income tax group.

For bank guarantee facilities refer to note 26 of the consolidated financial statements.

Schiphol, 15 March 2016

Management Board

Th. A. Kiesselbach, CEO
P.J. de Castro Fernandes, CFO

Supervisory Board

C.J. van der Graaf (Chairman)
M.F. Groot (Vice-Chairman)
P. Bolliger
J.A. Cole
W. Eelman

Other Information

The appropriation of results

Pursuant to Article 10.1.4. of the Articles of Association of GrandVision N.V., the Management Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits. The remaining profits are at the free disposal of the General Meeting.

Appropriation of results for the year

The net result for 2015 amounts to €212,730 and €142,075 will be added to the retained earnings reserve.

Following Article 10.2 of the Articles of Association an interim dividend of €35,327 or EUR 0.14 per share was declared by the Management Board on 4 September 2015. The interim dividend was paid on 8 September 2015.

For 2015, it is proposed to the General Meeting to distribute a total dividend of €70,655 or EUR 0.28 per share. If approved, a final dividend of EUR 0.14 per share will be made payable on 11 May, 2016, considering the interim dividend that was paid on 8 September 2015. The final dividend will be paid in cash following the approval of the proposal by the General Meeting.

Subsequent Events

There are no subsequent events to report.

Independent Auditor's Report

To: the general meeting of shareholders and Supervisory Board of GrandVision N.V.

Report on the financial statements 2015

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of GrandVision N.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the parent company financial statements give a true and fair view of the financial position of GrandVision N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of GrandVision N.V., Haarlemmermeer ('the company'). The financial statements include the consolidated financial statements of GrandVision N.V. and its subsidiaries (together: 'the Group') and the parent company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2015;
- the following statements for 2015: the consolidated income statement and the consolidated statements of other comprehensive income, the consolidated changes in shareholders' equity and the consolidated cash flow statement; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at 31 December 2015;
- the parent company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the parent company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the '[Our responsibilities for the audit of the financial statements](#)' section of our report.

We are independent of GrandVision N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Management Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Management Board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a global retail company. We therefore included specialists in the areas of IT, valuations, taxes, actuarial and financial instruments expertise in our team.

Materiality	Overall materiality: €16.7 million which represents 5% of profit before tax.
Audit scope	We conducted audit work in 13 locations covering 15 countries. Site visits were conducted by the group audit team to eight locations – Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands), GrandVision (France), Synoptik (Denmark), Avanzi (Italy), Randazzo (Italy) and Lensmaster (Russia). Audit coverage: 81% of consolidated revenue and 76% of consolidated total assets.
Key audit matters	Assessment of goodwill valuation; accounting for acquisitions; accounting for uncertain tax and legal positions.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section '[Our responsibility for the audit of the financial statements](#)'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€16.7 million (2014: €12.5 million).
How we determined it	5% of profit before tax (2014: 5% of profit before tax).
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The materiality allocated across components in the range of €0.2 million to €8.5 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €250,000 (2014: €250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

GrandVision N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of GrandVision N.V.

The group audit focussed on the significant components Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands) and GrandVision (France). Additionally, based on risk profile and significance to the group, nine locations were selected for full scope audit procedures.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	81%
Total assets	76%
Profit before tax	89%

None of the remaining locations represented more than 2% of total group revenue or total group assets. For those remaining locations we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those locations.

For all Dutch holding entities, the group engagement team performed the work. For all other locations that are in scope of the group audit, we used component auditors from other PwC network firms who are familiar with the local laws and regulations to perform this audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the related audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. The group engagement team attended all clearance meetings of the component teams with local and group management. The group team engagement leader and the senior members of the group engagement team reviewed all reports about the audit approach and findings of the other

component auditors in detail. The group engagement team visited Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands) and GrandVision (France) given the relative size of the locations. For each of these locations we have reviewed the audit files of the component auditors. In addition the group engagement team visits other operating companies on an annual rotational basis. In 2015 the group engagement team visited Synoptik (Denmark), Avanzi (Italy), Randazzo (Italy) and Lensmaster (Russia).

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the company's head office. These include, the accounting of the long term incentive plan, the tax position and derivative financial instruments including hedge accounting.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

The key audit matters 'Impairment assessment of goodwill' and 'Accounting for acquisitions' are similar in nature to the key audit matters we reported in 2014. Last year's key audit matter on the 'Liability for long term incentive plans' fully related to the expected listing of GrandVision's shares and the related change of accounting of the plans. Following the listing and the payment of a significant part of the incentive liability, it is not considered as a key audit matter anymore.

Key audit matter**How our audit addressed the matter****Assessment of goodwill valuation**

Refer to note 2.14, 4.2, 14 and 16 of the financial statements for the accounting policies and underlying assumptions.

The goodwill on the balance sheet of GrandVision concerns €1,025 million. Of this, €430 million relates to segment 'the G4' and €374 million to 'Other Europe'. The risk that we focused on in our audit is the risk of impairment of the remaining balance of €221 million relating to 'the Americas & Asia' segment. The value of the goodwill in this segment is based on the highest value of the value in use or the fair value less cost to disposal. In the value in use calculation the most important assumptions concerns the relative high growth rates of revenue and anticipated profit improvements, which would not be appropriate if those rates and improvements are not achievable in the future. For valuation based on the fair value less cost of disposal the most important assumption is the used sales multiple. Given the high level of management judgement in the impairment assessment we considered this area to be important for our audit. In 2015 no impairment of goodwill has been recognised.

We evaluated and challenged the Management Board's future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We tested these values by comparing the prior year's forecast with the company's actual performance in 2015, given this would be an indicator of the quality of the company's forecasting process. The key assumption in the Americas & Asia forecast is that the revenue exceeds growth rates in 'the G4' and 'Other Europe'. We compared the growth rates to the proven track record of improving performance by economies of scale and marketing. For the cash generating units within 'Americas & Asia', GrandVision also prepared a fair value less cost of disposal valuation by applying a multiple on the average sales of the last three years. We evaluated the reasonableness of applied sales multiple by comparison with recent market transactions and listed peer companies. In addition we have tested the adequacy of the related disclosures.

Key audit matter**How our audit addressed the matter****Accounting for acquisitions**

See notes 2.3, 2.12, 2.13 and 6 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.

During 2015, GrandVision acquired a retail chain as well as individual stores for a total consideration of €135 million. In addition the provisional purchase price allocations of acquisitions in 2014 have been finalised in 2015.

The acquisition accounting for these transactions comprise significant judgement of the Management Board for purchase price allocation mainly in relation to the valuation of the intangible fixed assets such as, trademarks, customer databases and the remaining goodwill balance. In addition, contractual agreements per individual acquisition required specific attention concerning the application of the appropriate accounting treatment. Given the high level of management judgement and the complexity of contractual agreements we considered this area to be important for our audit.

We tested the (provisional) purchase price allocations in which we especially focused on the valuation of the intangible fixed assets such as trademarks and customer databases of the acquired companies. We tested that GrandVision applies a consistent and generally accepted valuation method for the trademarks and customer databases. We particularly focussed on the opening balances and related fair value adjustments. We evaluated the timing and appropriateness of the accounting treatment and the consideration of the acquisitions based on the contractual agreements per individual acquisition. With respect to our audit work on the goodwill valuation we refer to key audit matter "impairment assessment of goodwill". In addition we have tested the adequacy of the related disclosures.

Key audit matter	How our audit addressed the matter
<p>Accounting for uncertain tax and legal positions</p> <p><i>See note 4.5, 4.7, 29 and 35.1 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.</i></p> <p>As a multinational company, GrandVision is present in many different tax and legal jurisdictions. At balance sheet date, GrandVision has different disputes. The disputes we focused on in our audit relates to the tax audit by the German Tax authorities (note 35.1), the investigations by the French Competition Authority (note 29) and the claim from supplier Zeiss (note 35.1). The accounting for these uncertain tax and legal positions comprise significant judgement by the Management Board mainly in the area whether to recognise these uncertain positions as a contingent liability or as a provision. Given the high level of management judgement we considered this area to be important for our audit.</p>	<p>We have evaluated these tax and legal cases on an individual basis by evaluating the reports issued by the different authorities and the claim received from Zeiss. We gained an understanding of the process management followed to assess the impact of the tax and legal cases. We especially focussed on the present situation at GrandVision and the arguments of the different authorities and status pending legal proceedings. In addition we have evaluated the tax and legal opinions of management's experts which have been obtained by GrandVision on the respective cases. Furthermore specific focus has been set on the similarities and differences of the situation at GrandVision and comparable tax and legal cases. Based on the above we, together with specialists in our team, evaluated the reasonableness of management's assessment for the accounting of this uncertain tax and legal positions. In addition we have tested the adequacy of the related disclosures.</p>

Responsibilities of the Management Board and the Supervisory Board

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Management Board report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Management Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Management Board report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of GrandVision N.V. on 14 October 2014 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 14 October 2014.

Rotterdam, 15 March 2016

PricewaterhouseCoopers Accountants N.V.

J.G. Bod RA

Appendix to our auditor's report on the financial statements 2015 of GrandVision N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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