

# Invitation to acquire shares in Synsam AB (publ)



JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS



Nordea

JOINT BOOKRUNNERS





## IMPORTANT INFORMATION INFORMATION FOR INVESTORS

This offering circular (the "Offering Circular") has been prepared in connection with the offering to the general public in Sweden, Norway, Denmark and Finland and the application for admission to trading on Nasdaq Stockholm of the shares in Synsam AB (publ) (a Swedish public limited liability company) (the "Offer"). "Synsam", the "Company" or the "Group" refers, depending on the context, to Synsam AB (publ), the group of which Synsam AB (publ) is the parent company or a subsidiary of the group. The term "Principal Shareholder" refers to Theia Holdings S.à.r.l., a company indirectly majority owned by CVC European Equity Fund V. "Joint Global Coordinators" refers to Carnegie Investment Bank AB (publ) ("Carnegie Investment Bank"), Goldman Sachs Bank Europe SE, Citigroup Global Markets Europe AG ("Citi") and Nordea Bank Abp, filial i Sverige ("Nordea"). "Joint Bookrunners" refers to the Joint Global Coordinators, Danske Bank A/S, Danmark Sverige Filial ("Danske Bank") and Swedbank AB (publ) ("Swedbank"). "Managers" refers to the Joint Global Coordinators and the Joint Bookrunners. "Cornerstone Investors" refers to Fjärde AP-Fonden, Handelsbanken Fonder Aktiebolag and C WorldWide Asset Management Fondsmäglerselskab A/S Danmark Filial i Sverige. For more defined terms, please refer to the section "Definitions".

The Managers are acting exclusively for the Company and the Principal Shareholder and no one else in connection with the Offer. The Managers will not regard any other person (whether or not a recipient of this Offering Circular) as a client in relation to the Offer and will not be responsible to anyone other than the Company or the Principal Shareholder for providing the protections afforded to their clients nor for the giving of advice in relation to the Offer or any transaction, matter or arrangement referred to in this Offering Circular.

Nordea will not participate in the solicitation, offer or sale of any shares within or directed into the United States and will not be involved in any activities relating to the shares within or directed into the United States.

The Offer is not intended for the public in countries other than Sweden, Norway, Denmark and Finland and such other jurisdictions in the European Economic Area in which the Company, at its own discretion, may resolve to take necessary actions in order to make a public offer permitted. Nor is the Offer intended for persons whose participation requires additional offering circulars, registrations or other measures other than those required by Swedish law. The Offering Circular, the application form and/or other documents connected to the Offer may not be distributed in any country where the Offer requires measures as described above or contravenes the rules in these countries. No measure has been nor will be taken in any jurisdiction besides Sweden that would allow an offering of shares to the public, holdings of shares, distribution of the Offering Circular or other information relating to the Offer, the Company or the shares in any such jurisdiction. Applications to acquire shares in violation of the above may be deemed invalid. Persons receiving copies of the Offering Circular are required, by the Company and the Managers, to inform themselves about, and comply with, such restrictions. Neither the Company, the Principal Shareholder nor any of the Managers assumes any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else.

The shares included in the Offer have not been recommended by any United States federal or state authority. Moreover, no such authority has confirmed the correctness or reviewed the suitability of the Offering Circular. Any representation to the contrary is a criminal offence in the United States. The shares in the Offer have not been registered and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act"), or under any U.S. state securities laws. The shares in the Offer are being offered and sold in the United States only to qualified institutional buyers, as defined in and in reliance on Rule 144A under the Securities Act, or other exemptions from the registration requirements under the Securities Act, and outside the United States in accordance with Regulation S under the Securities Act. Any offer regarding sales of shares in the United States will be made solely by one or more broker-dealers registered in accordance with the United States Securities Exchange Act of 1934, as amended.

Potential investors are hereby informed that the sellers of the shares in the Offer may rely upon the exemption from the registration requirements in Section 5 of the Securities Act, as provided for in Rule 144A, or other exemptions from the registration requirements under the Securities Act. The shares must not be offered or sold in the United States, except in reliance on exemptions from, or in transactions not subject to, the registration requirements in the Securities Act, and in accordance with applicable state securities legislation. In the United States the Offering Circular is being provided to qualified institutional buyers only on a confidential basis exclusively for the purpose of enabling potential investors to consider acquiring the specific securities described herein. The information in the Offering Circular has been provided by the Company and other sources as identified herein. Distribution of the Offering Circular to persons other than those designated by the Managers or their representatives, and persons having been appointed to give advice to such receiving persons concerning the Offering Circular, is prohibited, and the disclosure of the contents of the Offering Circular without prior written consent from the Company is prohibited. The Offering Circular is personal for each receiver and does not constitute an offer to any other person or the public in the United States to acquire shares in the Offer.

The Offer and the Offering Circular are regulated by Swedish law. Disputes arising from the Offer or the Offering Circular shall be settled exclusively by Swedish courts.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority in accordance with Regulation (EU) 2017/1129.

## STABILISATION

In connection with the Offer, Carnegie Investment Bank, in its capacity as stabilisation agent for the Joint Bookrunners (the "Stabilisation Agent"), may, to the extent permitted under Swedish law, carry out transactions in order to stabilise, maintain, or otherwise support the market price of the Company's shares for up to 30 days after the first day of trading in the Company's shares on Nasdaq Stockholm. The Stabilisation Agent may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilisation Agent is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be affected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice, but must be ended upon the expiry of the above-mentioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Agent shall disclose that the stabilisation transactions have been undertaken in accordance with Article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilisation Agent will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation last occurred, and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Joint Bookrunners nor the Stabilisation Agent will disclose the extent of any stabilisation and/or over-allotment transactions concluded in relation to the Offer.

## PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated herein, no financial information in the Offering Circular has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Offering Circular and that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. Figures reported in the Offering Circular have in some cases been rounded and therefore the tables do not necessarily always add up exactly.

## FORWARD-LOOKING INFORMATION

The Offering Circular contains forward-looking statements. Forward-looking information refers to all statements in the Offering Circular which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as "deem", "assess", "expect", "await", "judge", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "as far as is known" or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in the Offering Circular referring to future results, financial position, cash flow, plans and expectations for Synsam's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company.

Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in actual results, including the Company's financial position, cash flow and profitability, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements. Such risks include:

- Failure to compete successfully could negatively affect the Group's business.
- Failure to recruit and retain professionals, in particular licensed opticians, could adversely affect the Group's business and result of operations.
- The Group faces risks relating to the financing of Lifestyle subscriptions.
- Technological advances, greater availability of, or increased consumer preferences for alternatives to spectacles or contact lenses, could reduce the demand for the Group's products and could adversely impact the Group's business and profitability.

The Company's business is exposed to a number of risks and uncertainties which may result in forward-looking statements being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the following sections in the Offering Circular: "Summary", "Risk factors", "Industry overview", "Business description", "Selected financial information" and "Operating and financial review", which include a more detailed description of factors which have an effect on the Company's business and the market in which the Company operates. The Company, the Principal Shareholder and the Managers cannot in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or the Nasdaq Stockholm's Rule Book for Issuers. All subsequent forward-looking statements, written and oral, attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Offering Circular.

## SECTOR AND MARKET INFORMATION

The Offering Circular contains information from third parties in the form of sector and market information, including the Market Study prepared for Synsam by a third-party consulting firm (see the section "Definitions" for more information), as well as statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and commercial publications. Such statements can be identified by references to their respective sources.

Certain information about market shares and other statements in the Offering Circular including information relating to the sector in which the Company operates and the Company's position compared to its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Information and statements of this kind reflect the Company's best estimates based on the information obtained from customers, authorities, trade and business associations and other contacts in the sector where the Company competes and information which has been published by the Company's competitors. The Company believes that such information and such statements are useful in helping investors understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources. Nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Even if the Company believes that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

The Company, the Principal Shareholder and the Managers do not assume any liability for the correctness of any market share or sector information in the Offering Circular. The Company confirms that information sourced by a third party has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## IMPORTANT INFORMATION RELATING TO SALE OF SHARES

Allotment is expected to occur on 29 October 2021. Shortly thereafter, transfer notes will be sent to those that have received allotment in the Offer. After payment for the allotted shares has been administered by Carnegie Investment Bank, Avanza and Nordnet, properly paid-up shares will be transferred to the securities account, service account, securities depository account or investment savings account designated by the purchaser. Due to the time required for the distribution of transfer notes, the transfer of payment and delivery of acquired shares to such purchasers, the acquired shares will not be available to the purchasers on the designated securities account, designated service account, designated securities depository account or designated investment savings account before, about, 2 November 2021 or a few days later.

It is expected that trading in the shares on Nasdaq Stockholm will commence on or about 29 October 2021. The fact that the shares in some cases will not be available on the purchaser's securities account, service account, securities depository account or investment savings account prior to, at earliest, 2 November 2021, could mean that the purchaser will not have the opportunity to sell the shares via Nasdaq Stockholm commencing on the day on which trading in the shares begins but, rather, only when the shares have been made available on the securities account, service account, securities depository account or investment savings account. Purchasers may receive notification of allotment from 29 October 2021 from Carnegie Investment Bank, Avanza and Nordnet.

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## THE OFFER IN BRIEF

### Indicative timetable

Application period (for the general public in Sweden, Norway, Denmark and Finland):	21 October–28 October 2021
Application period (institutional offer):	21 October–28 October 2021
Listing on Nasdaq Stockholm:	29 October 2021
Settlement date:	2 November 2021

### Miscellaneous

ISIN:	SE0016829709
LEI code:	5493000TMEGW9DHNOQ70
Trading symbol at Nasdaq Stockholm:	SYNSAM

### Number of shares offered

The Offer comprises up to 45,000,000 shares in the Company offered by the Principal Shareholder. In addition, the Principal Shareholder has reserved the right to increase the Offer by up to 7,500,000 shares (the "Upsize Option"). In order to cover any potential over-allotment in connection with the Offers, the Principal Shareholder has granted an option to the Managers to purchase up to 7,875,000 additional shares from the Principal Shareholder (the "Over-Allotment Option"). Provided that the Upsize Option and the Over-Allotment Option are exercised in full, the Offer will comprise up to 60,375,000 shares, which corresponds to approximately 40.3 per cent of the total number of shares in the Company following the Offer.

### Price range and the final price in the Offer

The price of the shares in the Offer is expected to be set within the range SEK 46–56 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer will not exceed SEK 56 per share. The final price in the Offer is expected to be announced through a press release on or about 29 October 2021.

# SUMMARY

## INTRODUCTION, CONTAINING WARNINGS

<b>Introduction</b>	<p>The Offering Circular concerns the admission to trading on Nasdaq Stockholm, and invitation to acquire, shares in Synsam AB (publ) (the "Company"), with ISIN-code: SE0016829709. The Company's LEI-code is: 5493000TMEGW9DHNOQ70. The Offer comprises shares offered for sale by Theia Holdings S.à r.l. (the "Principal Shareholder").</p> <p>The Principal Shareholder's contact details are: Theia Holdings S.à r.l., 20 Avenue Monterey, L-2163 Luxembourg, and its LEI-code is: 549300UT3Z54BWZ4OE89.</p>
<b>Competent Authority</b>	<p>Finansinspektionen (visiting address: Brunnsgatan 3, Stockholm, Sweden; postal address: Box 7821, SE-103 97 Stockholm, Sweden; e-mail: finansinspektionen@fi.se; telephone: +46 (8) 408,980 00, website: www.fi.se) has approved the Swedish prospectus as competent authority under Regulation (EU) 2017/1129. The Swedish prospectus was approved on 20 October 2021.</p>
<b>Warnings</b>	<p>This summary should be read as an introduction to the offering circular (the "Offering Circular"). Any decision to invest in the securities should be based on a consideration of the Offering Circular as a whole by the investor. The investor could lose all or part of the invested capital.</p> <p>Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Offering Circular before the legal proceedings are initiated.</p> <p>Civil liability attaches only to persons who have tabled the summary including any translation thereof, but only when the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Offering Circular, or where it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in such securities.</p>

## KEY INFORMATION ON THE ISSUER

### Who is the issuer of the securities?

<b>Issuer information</b>	The Company is a Swedish public limited liability company (Sw. <i>aktiebolag</i> ) with LEI-code: 5493000TMEGW9DHNOQ70. The Company was incorporated in Sweden and is subject to Swedish corporate law.
<b>The issuer's principal activities</b>	<p>The group for which the Company is parent company (the "Group" or "Synsam") is a leading optical retailer in the Nordic region<sup>1)</sup> with 490 stores as of 30 June 2021. The Company's stores offer certified opticians which look after customers' optical health, provide individual quality spectacles and contact lenses and offer optical lifestyle subscriptions packages. Its comprehensive and innovative product range and service offering within optical retail has resulted in Synsam being the number one optical retail company in Sweden, the number two in Norway, the number two in Denmark (under the brand name Profil Optik), and the number five in Finland.<sup>2)</sup></p> <p>As of 30 June 2021, the Company operates a distinct Omni-channel concept with a network of 451 directly-owned stores and 39 franchise stores across Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands. The Group operates its stores under the Synsam and Profil Optik banners, and targets a broader range of customers with its extensive offering of own house brands as well as branded spectacles, sunglasses and sports glasses to consumers in all multiple price segments. In addition to the stores, the Group has a strong online and social media presence across all operating segments through Synsam, Profil Optik and Ai websites.</p> <p>Having invested heavily in systems and a centralised infrastructure, Synsam now has an innovative customer offering, focusing on a lifestyle concept that responds to consumers' needs. The concept includes the launch of Lifestyle subscription packages, in-house brands, contact lens subscription, Synsam Sports, Ai and upgraded stores.</p> <p>Synsam offers a comprehensive and innovative product range and services within optical retail through an Omni-channel concept. Products include spectacles (traditional spectacles, sunglasses, and sports glasses) and contact lenses from 35 external and ten house brands as of 31 December 2020. Services include Synsam's disruptive subscription model for spectacles, the Lifestyle subscription and contact lens subscription, as well as eye health services, such as eye examinations.</p> <p>1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value. 2) The Market Study.</p>
<b>Issuer's major shareholders</b>	The Principal Shareholder, a company indirectly majority owned by CVC European Equity Fund V, is the largest shareholder in the Company.
<b>Key managing directors</b>	The Company's board of directors comprises: Peter Törnquist (chairman), Håkan Lundstedt (CEO and member of the board of directors), Philip Røpcke, Kenneth Bengtsson, Terje List, Gustaf Martin-Löf, Christoffer Sjøqvist, Helena Johnson and Ann Hellenius. The executive management group of the Company comprises: Håkan Lundstedt (CEO), Per Hedblom, Martin Daniels, Jenny Fridh, Henrik Persson, Malcolm Lidbeck, Michael Grimborg, Marina Kerekliou, Jesper Koefoed, Ingrid Holm, Jimmy Engström, Trond Gudbrandsen, Tina Høyer Gaardsholt, Vesa Mars, Krister Duwe, Susanne Westford, Andreas Sjöharald, Heba El Sheemy and Olav Torgersen.
<b>Auditor</b>	KPMG AB is the Company's auditor.

**Key financial information to the issuer**

Key financial information in summary	Selected income statement items					
	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>		
	SEK million	2020	2019 <sup>3)</sup>	2018	2021	2020
Total revenue		3,860.3	3,781.2	3,410.4	2,276.8	1,762.8
Operating profit/loss (EBIT)		401.9	397.2	261.9	310.8	108.5
Loss for the period		-195.3	-177.9	-299.6	1.7	-136.8
Operating profit (EBIT) margin, %		10.4%	10.5%	7.7%	13.7%	6.2%
	Selected balance sheet items and net debt					
	As of 31 December <sup>1)</sup>			As of 30 June <sup>2)</sup>		
	SEK million	2020	2019 <sup>3)</sup>	2018	2021	2020
Total assets		7,258.1	6,893.0	6,418.0	7,317.7	7,224.7
Equity attributable to parent company shareholders		-1,574.6	-1,371.8	-1,196.7	-1,572.2	-1,496.8
External net debt		2,635.9	3,227.3	3,012.3	2,580.1	2,931.9
	Selected cash flow items					
	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>		
	SEK million	2020	2019 <sup>3)</sup>	2018	2021	2020
Cash flow from operating activities		898.5	803.5	363.2	334.9	454.8
Cash flow from investing activities		-165.5	-166.4	-109.7	-108.2	-95.0
Cash flow from financing activities		-131.6	-699.0	-79.1	-426.0	76.7
The key financial information below is presented in addition to the information that is required to be described in the summary of the prospectus, in accordance with Regulation (EU) 2017/1129.						
	Selected key performance indicators					
	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>		
	SEK million	2020	2019 <sup>3)</sup>	2018	2021	2020
Net sales		3,806.5	3,740.6	3,380.0	2,247.5	1,742.4
Adjusted EBITDA <sup>4)5)</sup>		947.9	983.6	643.2	603.7	383.6
Adjusted EBITDA margin <sup>4)5)</sup> , %		24.6%	26.0%	18.9%	26.5%	21.8%
<sup>1)</sup> Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018. <sup>2)</sup> Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020. <sup>3)</sup> As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 2019. For a disclosure of the effects, see the section "Historical financial information". <sup>4)</sup> Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures". <sup>5)</sup> Including adjustments for brand repositioning, IT-platform and development of administrative processes, IPO-preparatory costs, IT-attack and owner-related expenses. For details, see the section "Historical financial information".						

### Key risks that are specific to the issuer

<b>Main risks related to the issuer and the industry</b>	<p>The material risks which are related to the Company include, <i>inter alia</i>, the following industry- and business-related risks:</p> <ul style="list-style-type: none"> <li>● <i>There is a risk that the Group will not be successful in competing against existing or future competitors, and changes to the competitive landscape in the Group's market is considered likely over time. If the Group's existing or future competitors would introduce technological advances more successfully than the Group, introduce technological advances that would reduce the demand of the Group's products or services, or increase their market share by developing more attractive customer experiences through omnichannel retailing than the Group, it could have a material adverse effect on the Group's business.</i></li> <li>● <i>The Group's ability to recruit and retain competent staff, in particular licensed opticians, is critical to maintaining stores as well as opening new stores in line with the Group's strategy.</i></li> <li>● <i>There is a risk that the Group's actual results or financial condition could differ materially from those expressed or implied by the Group's financial targets for organic growth, dividend levels and profitability as a result of a number of factors.</i></li> <li>● <i>If the factors were to reduce the number of receivables that they purchase or if the Group is unable to maintain the agreements with these factors on commercially reasonable terms, or find other suitable financing solutions, this could have a material adverse effect on the Group's cash flows, particularly in the short to medium term.</i></li> <li>● <i>There is a risk that the Group's interpretation and application of applicable laws, rules and regulations, judicial practice and the administrative practices of relevant tax authorities has not been or will not continue to be correct or that such laws, rules and regulations, or judicial practices will change, potentially with retroactive effect. Furthermore, there is a risk that the tax authorities in relevant countries will make decisions that are different from the Group's interpretation.</i></li> <li>● <i>It cannot be ruled out that competent regulatory authorities may conclude that the Group is not in compliance with the GDPR, particularly given the lack of practical experience with the application and enforcement of the GDPR. In addition, the stricter rules of the GDPR and any limitations imposed by a stricter interpretation of the existing requirements or by future modifications of the data privacy laws could have a significant impact on the Group's business and its ability to offer, structure and market certain of its current products and services at current costs or at all and significantly increase the Group's compliance costs.</i></li> </ul>
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## KEY INFORMATION ON THE SECURITIES

### The main features of the securities

<b>Securities offered</b>	The Offer is in respect of existing shares in Synsam AB (publ) (ISIN SE0016829709). The shares are denominated in Swedish Kronor (SEK). As of the day of the Offering Circular, the shares are subject to a post-transfer acquisition right clause according to the Company's articles of association. At the extraordinary general meeting held on 19 October 2021 it was resolved to adopt new articles of association without a post-transfer acquisition right clause. The Company estimates that the new articles of association will be registered with the Swedish Companies Registration Office and therefore be applied from 21 October 2021, whereby the Company's shares will be freely transferable well in advance of the shares being admitted to trading on Nasdaq Stockholm.
<b>Total number of shares in the Company</b>	As of the date of the Offering Circular, there are a total of 37,181,942 shares outstanding in the Company, of which all are ordinary shares. All outstanding shares are fully paid. Each share has a quota (par) value of approximately SEK 0.013447. Following registration of the share split resolved by the extraordinary general meeting held on 19 October 2021, the number of shares in the Company will amount to 71,611,720, each with a quota (par) value of approximately SEK 0.006982. In connection with completion of the Offer, all direct and indirect shareholders have committed to convert all outstanding instruments and ownership interests into ordinary shares in the Company, which will be allocated among them based on the value of their respective holdings applying the final price in the Offer. This applies also to shareholder loans held by the Principal Shareholder, which will be set-off at the final price in the Offer. The number of shares in the Company at the first day of trading will therefore amount to 150,000,000, each with a quota (par) value of approximately SEK 0.006982.
<b>Rights associated with the securities</b>	Each share in the Company will, at first day of trading, entitle the holder thereof to one (1) vote at general meetings. All shares will at that time carry equal rights to the Company's assets in the event of liquidation and to dividends. The shares entitle the holder the right to dividend for the first time as of the record date for distribution that occurs after the listing of the shares. Persons registered as owners in the share register maintained by Euroclear Sweden AB ("Euroclear") on the record date determined by the general meeting are entitled to dividend.
<b>Dividend policy</b>	According to the Company's dividend policy, the Company aims to pay 40–60 per cent of previous year's net profit as dividend. Any decisions regarding dividends and the size of the dividends must take into account the Company's plans for expansion and potential acquisitions as well as its financial position and leverage.

### Where will the securities be traded?

<b>Admission to trading</b>	Nasdaq Stockholm's listing committee have assessed that Synsam AB (publ) fulfils Nasdaq Stockholm's listing requirements, subject to customary conditions, such as that the dispersion requirements in respect of the Company's shares are fulfilled not later than the first day of trading. Trading is expected to begin on 29 October 2021. The Company's shares will be traded in SEK on Nasdaq Stockholm.
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### What are the key risks that are specific to the securities?

<b>Main risks related to the securities</b>	<p>Key risks deemed to be of significance for the Company's shares include:</p> <ul style="list-style-type: none"> <li>• <i>The Company's shares will be quoted in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, if any, when converted into other currencies if the Swedish krona depreciates against the relevant currency.</i></li> <li>• <i>Synsam's ability to make required payments of interest and principal on its debt and fund its working capital, as well as to pay dividends, is dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries and is also affected by the ability of the subsidiaries to transfer available cash resources to the parent company. The transfer of funds to a parent company from its subsidiaries (by way of dividends, intercompany loans or otherwise) may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiaries and their directors.</i></li> </ul>
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## KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

### Under which conditions and timetable can I invest in this security?

<b>In general</b>	<p>The Offer comprises up to 45,000,000 existing shares offered by the Principal Shareholder, and is divided into two parts: an offer to the general public and an offer to institutional investors. The Principal Shareholder has reserved the right to increase the Offer with up to 7,500,000 shares, corresponding to not more than 16.7 per cent of the total number of shares in the Offer (the "Upsize Option"). In addition, the Principal Shareholder has granted an option to the Managers (as defined below) to purchase up to 7,875,000 additional shares, corresponding to 15.0 per cent of the total number of shares in the Offer under the assumption that the Upsize Option is exercised in full, from the Principal Shareholder to cover any potential over-allotment in connection with the Offer (the "Over-Allotment Option"). Provided that the Upsize Option and the Over-Allotment Option are exercised in full, the Offer will comprise up to 60,375,000 shares, which corresponds to approximately 40.3 per cent of the total number shares in the Company following the Offer.</p> <p>"Joint Global Coordinators" refers to Carnegie Investment Bank AB (publ) ("Carnegie Investment Bank"), Goldman Sachs Bank Europe SE, Citigroup Global Markets Europe AG ("Citi") and Nordea Bank Abp, filial i Sverige ("Nordea"). "Joint Bookrunners" refers to the Joint Global Coordinators, Danske Bank A/S, Danmark, Sverige Filial ("Danske Bank") and Swedbank AB (publ) ("Swedbank"). "Managers" refers to the Joint Global Coordinators and the Joint Bookrunners.</p>
<b>The share price in the Offer</b>	The price of the shares in the Offer is expected to be set in the price range of SEK 46–56 per share. The final price in the Offer will be announced through a press release around 29 October 2021.
<b>Application period</b>	The application period for the general public in Sweden is from 21 October–28 October 2021. Institutional investors in Sweden and abroad are offered the right to participate in a form of book-building process from 21 October–28 October 2021.
<b>Allotment</b>	Decision on allotment of shares is made by the Company's board of directors and the Principal Shareholder after consultation with the Joint Global Coordinators, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the public in Sweden, Norway, Denmark and Finland, in order to facilitate regular and liquid trading in the Company's shares on Nasdaq Stockholm. The allotment does not depend on when the application is submitted during the application period. Only one application per person or legal entity will be considered. Allotment is expected to occur on 29 October 2021.
<b>Payment</b>	Acquired and allotted shares must be paid in accordance with instructions on the contract note. Where applicable, payment is expected to be deducted from the bank account stated on the application form or from the specified securities depositary account and from the investment savings account, respectively, on or about 2 November 2021.
<b>Registration</b>	Registration with Euroclear of allotted and paid-up shares is expected to take place on or about 2 November 2021, after which Euroclear will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account or service account. Shareholders whose holdings are nominee registered will be notified in accordance with the procedures of the respective nominee.
<b>Conditions for completion of the Offer</b>	The Offer is conditional upon the interest in the Offer being sufficient to achieve effective trading in the shares, that the Company and the Principal Shareholder enter into an agreement on the placing of shares (the "Underwriting Agreement"), which is intended to be entered into on or around 28 October 2021, that certain conditions in the Underwriting Agreement are fulfilled as well as that the Underwriting Agreement is not being terminated prior to settlement on 2 November 2021. In assessing whether the interest is sufficient to achieve effective trading in the shares, the number of notifications received and the aggregated amount for which notifications of acquisition have been made is among other things taken into account. This assessment is made at the discretion of the Joint Global Coordinators. The terms for completion of the Offer in the Underwriting Agreement includes, <i>inter alia</i> , certain customary opinions being issued from legal advisors and auditors as well the final approval of the admission to trading on Nasdaq Stockholm. If these terms are not fulfilled or if the Underwriting Agreement is terminated the Offer may be cancelled. In such case neither delivery nor payment of shares will be carried out under the Offer.

<b>Dilution</b>	The Offer is solely comprised of existing shares offered by the Principal Shareholder. Consequently, the Offer will not entail any dilutive effect for the shareholders of the Company.
<b>Costs for admission to trading</b>	Synsam's total costs relating to the admission to trading of the Company's shares on Nasdaq Stockholm as well as planned restructuring and refinancing, including payment to issuing agent and advisors and other estimated transaction costs, is estimated to amount to approximately SEK 100.5 million.

### Who is the offeror and/or the person asking for admission to trading?

<b>Offeror</b>	<p>The Principal Shareholder, Theia Holdings S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) incorporated and existing under the laws of the Grand Duchy of Luxembourg, will sell shares in the Offer. Through the Underwriting Agreement that is expected to be entered into on or about 28 October 2021, the Principal Shareholder, certain members of the board of directors and certain employees within the Group, including executive management, holding shares, will undertake to, with certain exceptions, not to sell, pledge or otherwise transfer their respective holdings during a certain period of time after the trade at Nasdaq Stockholm has been initiated (the "Lock-up Period"). The Lock-up Period for the Principal Shareholder and certain former employees of the Company and the Principal Shareholder will be 180 days after admission to trading, while the Lock-up Period for shareholding board members and certain shareholding employees, including the Company's executive management, will be 365 days after admission to trading. The Joint Global Coordinators or, in the case of the Principal Shareholder, a majority of the Joint Global Coordinators or a majority of the Managers, can grant exemptions from these lock-up undertakings. In the Underwriting Agreement, the Company will also undertake to the Joint Global Coordinators, among other things, with certain exceptions, during a period of 180 days from the first day of trading in the Company's shares, not to issue, offer, lend, pledge or sell shares or securities convertible into shares, without written approval from the Joint Global Coordinators.</p>
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### Why is this Offering Circular being produced?

<b>Reasons for the offer</b>	<p>The diversification of ownership and the listing is expected to contribute to the further development and expansion of Synsam's operations and commercial opportunities. The Company believes that the listing of the shares on Nasdaq Stockholm will strengthen the Group's public profile through increased attention and brand awareness among current and potential customers, commercial partners as well as other interested parties. Furthermore, Synsam's board of directors and management are of the opinion that an initial public offering will benefit the Group by giving the Company access to the Swedish and international capital markets for any future capital needs.</p>
<b>Interests and conflicts of interest</b>	<p>Carnegie Investment Bank, Goldman Sachs Bank Europe SE, Citi and Nordea are Joint Global Coordinators. Danske Bank and Swedbank are Joint Bookrunners. Managers refers to the Joint Global Coordinators and Joint Bookrunners. Legal advisers to the Company and the Principal Shareholder in connection with the Offer and the listing on Nasdaq Stockholm is Roschier Advokatbyrå AB as to Swedish law and Freshfields Bruckhaus Deringer LLP as to US and English law. The Managers provide financial advice and other services to Synsam and the Principal Shareholder in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Managers have, from time to time, provided and may in the future provide, the Principal Shareholder and parties related to the Principal Shareholder, services within the scope of the daily operations in connection with other transactions. In connection with the Offer, the Company's and the Principal Shareholder's legal advisors will receive customary compensation for the advice given. The legal advisors have also, from time to time, provided, and may in the future provide, the Principal Shareholder and parties related to the Principal Shareholder with legal advice within the scope of the daily operations in connection with other transactions.</p> <p>In connection with the Offer, Citibank, N.A., Jersey Branch, Danske Bank, Goldman Sachs Bank Europe SE, Nordea and Swedbank will form the group of lenders which, subject to certain customary conditions, have undertaken to provide the Company certain credit facilities upon closing of the Offer in order to refinance the Existing Financing and to ensure the ongoing financing of the Group's operations. In addition, some of the mentioned lenders are also lenders under the Company's current credit facility.</p>

# RISK FACTORS

An investment in the shares in the Offer involves a number of risks. Investors should carefully consider each of the risks described below and all of the other information set forth in the Offering Circular before an investment decision is made in regards to the shares in the Offer. In accordance with regulation (EU) 2017/1129 (the “Prospectus Regulation”), the risk factors mentioned below are limited to risks which are specific to the Company and/or the securities and which are material for making an informed investment decision. The assessment of the materiality of each risk factor is based on the probability of the occurrence of the risk and the expected magnitude of its negative impact. The assessment has been made based on information available as of the date of the Offering Circular. If any unforeseen event would occur, it cannot be ruled out that the Company’s assessment of the materiality of the risks will be outdated. The risk factors that the Company currently believes are the most material are presented first in each subsection, but otherwise the risk factors are not ranked in any specific order of importance.

## RISKS RELATED TO THE ISSUER

### **Risks related to the issuer’s business activities and industry**

#### ***Failure to compete successfully could negatively affect the Group’s business.***

Synsam operates in a competitive industry. The Group has a number of competitors across different product categories and segments, including direct competition with other optical retail chains, internet-based retailers and independent opticians located in the Group’s geographic markets. Some of the actors in the industry in the European market are vertically integrated and are engaged in the manufacture and distribution of lenses and eyewear. It is possible that these competitors could leverage this structure to their advantage to compete more aggressively, which could make it more difficult for the Group to compete and be profitable. An international competitor could also expand its business into the Group’s geographic markets or begin to offer its products online and thus start competing directly with the Group.

In addition, the optical retail industry is affected by the introduction of new technologies and increased focus on

Omni-channel retailing. For example, the Group’s ability to compete successfully may be affected by technological advances in the form of eye examinations through a video call or other similar online services that match the quality of in-person eye examinations. If the Group’s existing or future competitors would introduce technological advances more successfully than the Group, introduce technological advances that would reduce the demand of the Group’s products or services, or increase their market share by developing more attractive customer experiences through omnichannel retailing than the Group, it could have a material adverse effect on the Group’s business.

There is a risk that the Group will not be successful in competing against existing or future competitors, and changes to the competitive landscape in the Group’s market is considered likely over time. For example, one of the Company’s competitors provides a spectacles subscription service, which is substantially similar to the Lifestyle concept. Further, mergers and acquisitions as well as other structural changes in the Company’s competitive landscape may change the playing field. As an example, some of the Group’s main suppliers have merged during recent years and one of such merged groups acquired in July 2021 the majority stake of a major optical retailer that is one of the Group’s principal competitors. Inability to respond effectively to improved performance by competitors, increased competitive pressures or changes in the retail markets could result in lost market share, decreased sales, fewer customers or reduced margins.

#### ***Risk factor relating to the outbreak of COVID-19.***

In late 2019, a new coronavirus was discovered in the city of Wuhan in China, which would later be named COVID-19. At the end of January 2020, the outbreak of COVID-19 was classified by the World Health Organization (WHO) as a public health emergency of international concern. During 2020 and the beginning of 2021, COVID-19 has disturbed market conditions globally and has thus affected the prospects and financial as well as social conditions of countries and companies. There are no guarantees that extensive vaccination, restrictions or other measures taken will lead to rapid and adequate

improvement of such market conditions in the future. If the situation gets worse by, for instance, the spread of a mutated version of COVID-19 that cannot be prevented with the COVID-19 vaccines, further restrictions may be imposed, or current or new restrictions persist for an extended period of time, which may have an even greater material adverse effect on the global economy.

The spread of COVID-19 had a material adverse effect on the Group's sales during the period of March to May 2020 due to the restrictions taken by the governments, especially in Denmark and Norway. Overall, the Group's net sales were 0.3 per cent lower in the first quarter of 2020 as compared to the first quarter of 2019, and 14.2 per cent lower in the second quarter of 2020 as compared to the second quarter of 2019. The Group's loss for the period was 124.0 per cent higher in the first quarter of 2020 as compared to the first quarter of 2019, and 2,596.1 per cent higher in the second quarter of 2020 as compared to the second quarter of 2019. The Group's Adjusted EBITDA was 17.0 per cent lower in the first quarter of 2020 as compared to the first quarter of 2019, and 26.9 per cent lower in the second quarter of 2020 as compared to the second quarter of 2019.<sup>1)</sup> The Company assesses that the decreases in sales during the first half of 2020 compared to the same period in 2019 was partly related to the effect of COVID-19. In the second half of 2020, the restrictions were loosened in the markets where the Group operates due to a declining number of COVID-19 cases. As a result, the Group's sales increased and the long-term effect of COVID-19 is so far deemed to have had a limited adverse effect on the Group's business, ability to generate sales and its results of operations. However, there is a risk that COVID-19, or the spread of new viruses, may result in restrictions in the future which may have a material adverse effect on the Group's sales. Furthermore, there is a risk that such viruses will make it more difficult for the Company to obtain the liquidity needed in the near future, as the great uncertainty in the capital markets around the world may lead to a reduced willingness to invest in the Company. Should COVID-19 continue for an extended period of time, or should a new mutated version of COVID-19 spread, it could further affect the Company's ability to obtain financing in the longer term.

Notwithstanding the development of the spread of COVID-19 or other viruses, the stock market may be unusually volatile in the near future and there is consequently a risk that the price of the Company's shares will be affected by these extraordinary fluctuations in the market regardless of the Company's financial development in general.

***Failure to recruit and retain professionals, in particular licensed opticians, could adversely affect the Group's business and results of operations.***

Synsam usually has at least one licensed optician in every store, but occasionally certain stores may have no licensed optician during limited periods. The Group's ability to recruit and retain competent staff, in particular licensed opticians, is critical to maintaining stores as well as opening new stores in line with the Group's strategy.

In addition to eyewear the Group's stores offer eye examinations. Licensed opticians are therefore important for the Group's business. In order to practice as an optician in the majority of Group's geographic markets a degree in optometry and a national licence is required.

According to the Market Study, the supply of opticians is very uniform in all four countries where Synsam operates and has been stable over time. For instance, the number of opticians in Sweden has grown by 1.2 per cent CAGR between 2005 and 2018 according to the Market Study. Nevertheless, the number of graduating opticians each year and practicing opticians in the Group's geographic markets except Finland are today limited, and there is a risk that the number of graduating opticians may decrease in the future. It is therefore important for the Group to be viewed by opticians as an attractive employer (for instance through competitive compensation, benefits, flexible working hours, reputation and by providing access to the latest technology).

Should the Group not be viewed as an attractive employer by opticians, or if there are increased regulatory demands imposed upon opticians or other difficulties in obtaining a license, or if admissions to the optometry programmes decrease, or if increased competition for a limited number of opticians results in difficulty or added costs in recruiting or retaining such opticians, opening and maintaining attractive stores or if the Group experiences other added costs associated with the limited number of available opticians such as an extensive hiring of consultants, among other things, the Group's ability to generate sales, and by extension, its results of operations may be adversely affected.

***Failure to retain a qualified management team could have a material adverse effect on the Group's business, financial condition, and results of operations.***

Synsam is led by an entrepreneurial management team with relevant industry experience and experience of successfully transforming businesses. The CEO, CFO and Chief Innovation Officer joined the Company during 2014–2017. Between 2015 to 2020, Synsam had a net sales growth of 7 per cent CAGR and the management team reverted a negative revenue trend in Denmark in 2017. Together, the management team has developed Synsam into a leading and highly profitable lifestyle company within optical retail and eye health in the Nordics. Key management personnel are of great importance when it

1) The information is derived from the Company's internal reporting systems and is unaudited.



comes to implementing strategic objectives and effectively directing, managing and controlling the operations in a competitive market. Consequently, the Group is dependent on the qualifications and experience of the management team. Loss of key management personnel may have a negative impact on the Group's ability to run the business strategically and operationally, which may affect the Group's ability to compete and negatively affect the Group's financial position. If key management personnel are not adequately and timely replaced, or if the Group is unable to recruit and retain qualified key management personnel in the future, this could have a material adverse effect on the Group's business, and by extension, its results of operations.

***Technological advances, greater availability of, or increased consumer preferences for alternatives to spectacles or contact lenses, could reduce the demand for the Group's products and could adversely impact the Group's business and profitability.***

Technological advances in vision care, such as the development of new or improved products or procedures, such as refractive surgery, other developments in the correction of vision-related problems, smart lens technologies, or offers of online services, such as eye examinations through a video call on a smartphone or tablet, could make the need and demand for the Group's existing products and services less attractive or even render such products or services obsolete. If consumer acceptance of such technologies increases, in-person eye examinations and the use of spectacles and contact lenses could decrease, thereby adversely affecting the Company's sales. This could have a material adverse effect on the Group's business and profitability.

***Changes in general economic conditions and other macroeconomic factors may have an adverse impact on consumer spending and the Group's business operations and financial results.***

The Group conducts business in several countries and is to some extent affected by the general financial and political situation at the global, regional and local level, as well as in the credit and financial markets. For instance, the spread of COVID-19 could lead to a prolonged period of uncertainty and volatility in the financial markets, which could make it more difficult for the Group to amend or renew the Group's existing credit arrangements when required, including but not limited to the financing of the Lifestyle subscriptions, as well to affect the Group's ability to finance new investments and expansions. A tightening of credit or disruption in the financial markets and/or financial difficulties could also disrupt or delay deliveries by the Group's suppliers and contractors as well as to increase prices from suppliers, which could have a material adverse effect on the Group's costs and results of operations.

Synsam operates within the optical retail market, which is a competitive industry. A lengthy economic downturn could lead to higher levels of unemployment, a decrease

in consumers' spending power and reduced consumer demand for the Group's products, which could have a material adverse effect on the Group's results of operations. Changes in general economic conditions in the Group's geographic markets could also result in consumer preferences for the Group's products with lower margins or profits for the Group, which could impair the Group's competitiveness and lead to the loss of market shares for the Group compared to its competitors.

***The Group's success depends on its reputation and any damage to it may have an adverse effect on the Group's business.***

The Group's success depends on its reputation and any damage to it could have a material adverse effect on the Group's ability to obtain and retain customers and recruit and retain personnel. Factors affecting the Group's reputation may include factors related to the quality of the Group's products, the service quality, potential patient safety incidents, consumer protection procedures, compliance with legislation and regulations and any sanctions resulting from actions by the authorities against the Group or other companies operating in the same industry, as well as negative publicity generally. The Group uses, *inter alia*, brand ambassadors to market the Group and its products and any action by a brand ambassador that is in conflict with the values represented by the Group or otherwise results in negative publicity could have an adverse effect on the Group's reputation. Events causing damage to the Group's reputation could, further, arise through a general decline in the quality of the Group's products and services, or through errors or omissions by individual persons. Product liability legislation applies to the Group's products, and product defects could result in liability, necessitate a product recall or damage the Group's reputation. Given that most of the Group's products, or parts of products, are sourced from external suppliers, the Group's ability to avoid such incidents is to some extent out of the Group's control. Furthermore, damage to the Group's reputation may be caused by negative publicity due to, for example, actions of the Group's franchisees or the view of the Group's sales terms from a consumer's perspective. The Group is constantly at risk of experiencing negative perceptions of its brands and faces the risks of not being able to adequately counter or meet such negative perceptions.

If the Group cannot effectively ensure the quality and presentation of its products, services and brand, this may have a material adverse effect on the Group's business in several areas as well as affecting its sales and ability to conduct business in a profitable manner.

***The Group relies on a limited number of suppliers.***

As of 2020, Synsam's top five suppliers accounted for 61 per cent of Goods for resale, with the leading supplier accounted for 23 per cent, while the second and third supplier accounted for 17 per cent and 10 per cent, respectively. Furthermore, the largest suppliers per

product type as of 2020 accounted for 98 per cent of all lenses, 35 per cent of all contact lenses and 48 per cent of all external frame brands. For the Group's house brands, one sourcing partner acts as intermediary between the Group and the factories producing the frames which accounts for 43 per cent of all frames sold (in terms of volume) by the Group. Consequently, the Group relies on a limited number of suppliers to supply the majority of the Group's lenses, contact lenses and frames.

The Group is exposed to supplier concentration risk. If the relationship with one or several major supplier(s) or sourcing partner(s) deteriorates, if the Group were to lose one or several significant supplier(s), or if the suppliers experience difficulties or disruptions in their operations, the Group may be unable to establish additional or replacement sources for its products that meet the Group's quality requirements, in a timely manner or on commercially reasonable terms. During recent years, some of the Group's main suppliers have merged and there is a risk that such merged groups realise significant revenue synergies by, for instance, using their increased market power to increase the prices they charge on goods supplied to the Group. Further, one of the merged groups acquired in July 2021 the majority stake of a major optical retailer that is one of the Company's principal competitors. The acquisition will strengthen these suppliers' retail offering, primarily in Europe. Since the optical retail industry is dominated by a few major suppliers, the risks associated with finding alternative sources at commercially reasonable prices may be exacerbated if major suppliers to the Group merge and/or otherwise strengthen their market position.

***Failure to predict and adapt to consumer eye fashion trends could lead to loss of sales, decreased market share or diminished reputation.***

The success of the Group's business relies to a large extent upon its product offering which is partly determined by eye fashion trends. The Group must regularly update its product mix, including its house brands, to meet trends as they evolve. The Group's ability to predict and react to changes in consumer trends and to develop innovative concepts and new products quickly, in order to respond to such trends, are key factors in determining whether it is able to maintain and increase interest in the Group's products and to retain its market position. Failure to do so could lead to decreased sales, inventory obsolescence as well as a diminished position and reputation in the market.

***Failure to open and operate new stores in a timely and cost-effective manner could negatively affect the Group.***

The Group's success and strategy depends in part on expanding the number of stores and expanding the Group's operations. As of 30 June 2021 the Group had 490 stores across Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands. During the fiscal year 2020,

the Group opened 17 new stores. Net sales from newly opened stores accounted for net sales growth of 3 per cent for the same period.

The ability to successfully open and operate new stores depends on many factors, including, among others, the ability to:

- recruit and retain licensed opticians;
- recruit, train and retain an expanded workforce of store managers and other personnel;
- address competitive, marketing, distribution and other challenges encountered in connection with opening of new stores and expansion of the Group's operations;
- successfully integrate new stores into existing management structure and operations, including IT system integration;
- find suitable retail locations;
- negotiate and maintain acceptable lease terms at suitable retail locations;
- obtain necessary permits and/or industry certificates;
- generate sufficient levels of cash or obtain financing on acceptable terms to support the expansion;
- achieve and maintain brand awareness in the relevant market; and
- identify and satisfy the product preferences and other preferences of the customers.

Should the Group not be successful in effectively meeting such challenges this could adversely affect the Group's ability to successfully open and operate new stores in a timely and cost-effective manner.

The Group opens new concept stores from time to time. For instance, the Group has developed and opened new concept stores, such as Flagship, Mega and Recycling Outlet stores, which are new to the Group's business. There is a risk that such stores might fail to reach the net sales or profitability levels comparable to those of the Group's existing stores within the time periods estimated, or at all. Should new stores or new concept stores, such as Recycling Outlet stores, fail to reach expected financial goals, or are unable to sustain acceptable levels of profit over time, the Group's business may be adversely affected and may incur additional significant costs associated with, for example, the closing of stores.

Accordingly, should the Group fail to be successful in maintaining and opening new stores, planned growth may not occur, the cost base may increase and generally the success of business may be negatively affected.

***The Group faces risks associated with suppliers and sourcing of products.***

The Group sources its products from domestic and international suppliers. For the Group's business to be successful, suppliers must be willing and able to provide products of high quality, in substantial quantities, in compliance with regulatory requirements, at acceptable costs and on a timely basis. In particular, long lead times for international suppliers could make it more difficult for the Group to follow industry trends and other developments. The ability to obtain a sufficient selection and/or

volume of products on a timely basis at competitive prices could suffer as a result of any deterioration or change in the relationships with such suppliers or events that adversely affect the suppliers.

The suppliers' commitments under the Group's supply contracts are typically not agreed for long terms, which means that the Group generally operates with limited contractual assurances of continued supply, certain pricing or access to certain products. The suppliers could discontinue supplying the desired products in sufficient quantities or offer less favourable terms on future transactions for a variety of reasons. For example, some suppliers have control over certain frame brands and therefore have strong negotiating powers, which could be reflected in contract terms. The negotiating power of some of the Group's suppliers could also be increased through market consolidation.

The Group's sourcing of products could be negatively affected if suppliers:

- discontinue supplying their products to the Group;
- enter into arrangements with competitors that could impair the Group's ability to sell its products, including by giving competitors exclusivity arrangements or otherwise limiting access to certain products;
- sell similar or identical products to competitors with similar or better pricing, some of whom may already purchase the products in significantly greater volume and at lower prices than the Group;
- raise their prices;
- lengthen supply lead times; or
- initiate or expand sales of their products to retail customers in the Group's geographic markets directly through their own stores, catalogues or through e-commerce and hence compete directly with the Group.

Events that adversely impact the Group's suppliers could impair the Group's ability to obtain adequate and timely supplies. Such events include, among others, difficulties or problems associated with the suppliers' business, financial instability, labour rights issues of suppliers, quality and product safety issues, natural disasters, inclement weather conditions, war, acts of terrorism and other political instability, cyberattacks, economic conditions, shipment issues, epidemics and pandemics, the availability of raw materials and increased production costs. Suppliers may be forced to reduce their production, shut down their operations or file for bankruptcy. As the Group relies on a limited number of suppliers to supply the majority of the Group's lenses, contact lenses and frames, any event adversely impacting such suppliers could have a material adverse effect on the Group's business (see the section *"Risk factors – Risks related to the issuer's business activities and industry – The Group relies on a limited number of suppliers."*).

The occurrence of one or more of the above events could have a material adverse effect on the Group's business, which could in turn and depending on the impact of the event, materially and adversely affect the Group's results of operations and financial position.

***The Group relies on a limited number of central warehouses.***

The Group receives most of its deliveries of frames, sunglasses and commodities to its central warehouse in Kumla and of contact lenses and e-commerce products to its central warehouse in Solna. In addition, the Group relies on deliveries from a third party owned and operated central warehouse in Warsaw for frames. If the central warehouses are not available for any reason, which could include, among others, natural disasters, labour stoppages or strikes, fires, sabotage, or restrictions due to an ongoing epidemic or pandemic, the Group is likely to face setbacks in its ability to distribute its products to its stores or direct to its consumers, which could have a material adverse effect on the Group's business and results of operations. Interruptions for a longer period of time of warehousing activities would also allow competitors to strengthen their positions and may entail increased costs for the Company, which could negatively affect the Group's short-term, mid-term and long-term competitive market position.

***The Group's franchisees are independent operators and the Group's control over their operations is limited in some respects.***

As of 31 December 2020, the Group's store network comprised 480 stores of which 38 were franchisees. SEK 10.5 million of the Group's revenue during the financial year 2020 derived from franchise fees from its franchised stores. The Group's results of operations and reputation is hence affected by its franchised stores. However, the Group's franchisees are independent operators and the Group cannot control certain factors that impact the performance of franchised stores. Although the Group is responsible for, among other things, implementing marketing and communications strategies and preparing product and store layout and other store concepts, franchisees may set their own business targets and devise their own means to achieve them. The Group is not in a position to impose budgetary constraints on franchisees that would otherwise help to ensure that their performance is maximised and maintain consistency across stores in the Group's networks. For instance, the Group's franchise agreements require franchisees to regularly update their store layout to reflect the Company's latest store concept, but franchisees are responsible for financing the refurbishment and may delay the process, which may harm the Group's brand image and negatively impact the Group's commercial practices across the network.

In addition, Syntam and the franchisees may from time to time experience disputes regarding the operations and the interpretation of the franchise agreements or their implementation, which in turn could affect the financial effects of the franchise arrangements, historically as well as going forward.

Disputes with the franchisees could divert management's attention from day to day business operations, damage the Group's reputation or its business and have

a material adverse effect on the Group's results of operations, and by extension, its financial position.

***The Group may be unable to maintain or renew leases for its premises when they expire on acceptable terms or at all.*** All but one of the Group's stores are leased. Not all lease agreements have an automatic extension clause. The Group may be unable to maintain or renew leases for its stores when they expire on acceptable terms or at all. The Group may not be able to lease other suitable locations on acceptable terms, or it may face onerous relocation costs. Such matters could have a material adverse effect on the Group's business.

***The Group faces risks in connection to its relocation of the production of spectacles.***

In February 2021, the Company announced that it will move its production of spectacles from Asia to Sweden due to, *inter alia*, the Group's long-term sustainability agenda. A factory and innovation centre will be built in Östersund and the Group's production of spectacles is estimated to start in the second quarter of 2022. The Company expects that the move of the production will entail capital expenditures of below SEK 100 million spread across 2021 and 2025. There is a risk that the construction will be delayed, which may result in a shortfall in the production and increased costs for the Group in order to cover such shortfall. In addition, the amount to be invested and the advantages of the move are based on forecasts and there is a risk that such forecasts prove to be inaccurate, which may result in higher costs than initially estimated and/or that the move will not be as advantageous to the Group as predicted. Furthermore, other events may occur in connection with the move of the production that the Company did not foresee when the decision was taken, which may have a negative impact to the Group.

The occurrence of one or more of the above events could have a material adverse effect on the Group's business, which could in turn and depending on the impact of the event, materially and adversely affect the Group's results of operations and financial position.

***The Group faces risks in connection to its e-commerce business.***

The Group operates an e-commerce business, which entails exposure to risks associated with internet-based business. The successful operation of the e-commerce business as well as the ability to provide a positive shopping experience that will drive subsequent visits and generate orders depends on efficient and uninterrupted operation of order-taking and fulfilment operations.

Risks associated with e-commerce business include:

- uncertainties associated with the Group's website including changes in required technology interfaces, website downtime and other technical failures, costs and technical issues relating to an upgrade of website software, inadequate system capacity, computer viruses, human error and security breaches;

- power outages;
- reliance on third parties for computer hardware and software;
- rapid technology changes;
- credit or debit card fraud and other payment processing related issues;
- changes in applicable regulations;
- liability for online content; and
- cybersecurity and consumer data protection.

In addition, the Group must keep up to date with competitive technology trends, including the use of new or improved technology, creative user interfaces and other e-commerce marketing tools. These technologies may increase costs without increasing sales or attracting customers.

Competitors may, in this regard, have greater resources than the Group and may also be able to benefit from changes in e-commerce technologies, which could adversely affect the Group's competitive position. While the Company believes that its business model and market position protect it to some extent from the impact of new start-up and e-commerce retailers, the great number of competitors establishing themselves online could also adversely affect the Group's competitive position.

Furthermore, the Group relies to a large extent on online bookings of eye examinations. There is a risk that changes in laws and regulations applicable to eye examinations, changes in current self-regulation by the large tech companies or technology shifts within digital marketing could occur, which may impact the Group's ability to attract traffic to its web pages. If the Group fails to attract traffic to its web pages, it could have a material adverse effect on the Group's eye examination bookings, e-commerce and traffic to stores. Failure by the Group to continually meet the challenges associated with e-commerce could have a material adverse effect on the Group's sales, and by extension, its results of operations.

**Risks related to the issuer's financial situation**

***The Group's future results of operations may differ materially from the financial targets included in the Offering Circular and investors should not place undue reliance on the financial targets.***

The board of directors has, among others, adopted financial targets for organic growth, dividend levels and profitability which have been included in this Offering Circular. These targets are objectives and targets and not assurances as to future results. There is a risk that the Group's actual results or financial condition could differ from those expressed or implied by these forward-looking statements as a result of many factors, including the other risks described in this section "Risk factors", and these differences could be material. If for example, the Group's establishment rate of new stores decreases due to failure by the Group in addressing competition, marketing, distribution and other challenges that arise in connection with the opening of new stores and expansion of the Group's business, or failure to successfully



integrate new stores into the existing management structure and business operations, including integration of IT-systems, this could have a material adverse effect on the Group's possibilities to achieve the targets for organic growth and profitability, which by extension impairs the Group's ability to achieve the targeted dividend levels. In addition, unanticipated events could have a material adverse effect on the Group's actual results and financial position in future periods whether or not the Group's assumptions relating to the medium term or future periods otherwise prove to be correct. As a result, there is a risk that the Group's actual results or financial condition may vary materially from these targets and investors should not place undue reliance on them.

***Exchange rate fluctuations may have an adverse effect on the Group's results of operations and financial position.***

While the Group prepares its financial statements in SEK, it derives net sales and/or incurs costs in several different currencies, including Swedish kronor (SEK), Norwegian krone (NOK), Danish krone (DKK), Euros (EUR) and US dollar (USD). In the year ended 2020, 51 per cent of the Group's net sales were denominated in currencies other than SEK. For the same period, 49 per cent of its costs excluding depreciation and financial costs were denominated in currencies other than SEK. Accordingly, movements in exchange rates between any of these currencies and SEK could have an adverse effect on the Group's results of operations and financial position to the extent the Group has a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency. The Group currently has no hedging arrangements in place to limit any currency exchange risk. If the Group fails to adequately protect itself against currency exchange risk, the costs of importing its products and servicing its debt obligations may increase and its results of operations may be materially adversely affected.

In addition, the results of operations and financial position of individual companies within the Group are reported in the relevant functional currency of that Group company, which may not be SEK. These Group members' assets and liabilities are converted to SEK based on the exchange rate on the balance sheet date, and income statement items are converted to SEK based on the average exchange rate during the relevant financial period. Foreign exchange rates have seen significant fluctuations in recent years, and significant increases in the value of the SEK relative to foreign currencies could have a material adverse effect on the Group's financial position and results of operations.

## Internal control and financial risks

***The Group faces risks relating to the financing of Lifestyle subscriptions.***

The Group's sales of subscriptions of spectacles are made through the Lifestyle concept. These subscriptions run for at least a two-year period and the customer pays a monthly fee for the subscription of the spectacles. In 2020 the total net sales for the Lifestyle subscriptions amounted to SEK 1,555.1 million.<sup>1)</sup> To manage the Group's cash flows and credit risk the Group currently has non-recourse factoring agreements in place with two factors which purchase the Group's receivables from the Lifestyle subscriptions. These agreements do not contain any volume commitments, or only limited volume commitments, from the factors. This means that the Group has no guarantees that the factors will continue to finance the current volumes of receivables or finance an increased volume of receivables.

If the factors were to reduce the number of receivables that they purchase or if the Group is unable to maintain the agreements with these factors on commercially reasonable terms, or find other suitable financing solutions, this could have a material adverse effect on the Group's cash flows, particularly in the short to medium term. Furthermore, events outside the Group's control may affect the arrangement with the factors, such as disruptions of information technology systems or the connection with the Group's systems, which in turn could adversely affect the Group's business.

The occurrence of one or more of the above events, or other events that adversely affect the current arrangement with the factors, could materially adversely affect the Group's cash flow, particularly in the short to medium term, and the Group's results of operations and financial position.

***The Group carries significant goodwill and other intangible assets on its balance sheet and an impairment would negatively impact the Group's results of operations and financial position.***

As of 31 December 2020, the Group had SEK 2,476.5 million in goodwill and SEK 2,189.7 million in other intangible assets on its balance sheet. Goodwill and trademarks with an indefinite period are not amortised annually but are tested at least annually for impairment, except for the brand EyeQ which is amortised on a straight-line basis. Other intangible assets are amortised on a straight-line basis, but amortisation periods may differ across asset classes. The Group monitors relevant circumstances that affect its operations and financial position, and the possible effect such circumstances may have on the valuation of the Group's goodwill and other intangible assets. It is possible that changes in such circumstances, or in other factors that the Group considers when making its assessments, assumptions and estimations in connection with the valuation of goodwill and

1) See the section "Operating and financial review – Explanations of key consolidated income statement items" regarding the accounting treatment of Lifestyle.

other intangible assets, may in the future require the Group to re-evaluate goodwill or other intangible assets, which would affect the Group's results of operations. Impairment charges in respect of goodwill or other intangible assets may have a material adverse effect on the Group's financial position and results of operations.

***The Group faces risks relating to inefficient inventory management and the Group's supply and logistics chain.***

The Group is dependent on a well-functioning supply and logistics chain. The Group faces risks relating to the supply and logistics chain such as damaged goods, delayed shipments, strike or other industrial action at the Group's logistic partner, failure or disruption in information technology systems, increased shipping costs or trade restrictions. In addition, inefficient inventory management, such as lack of monitoring of stock levels, lack of safety stock or mismatched demand for the products in the inventory, could result in loss of sales, inventory shortage, capital being unnecessarily tied up in inventories or inventory obsolescence.

The majority of the Group's stores uses a just-in-time inventory system meaning that the stores generally keep one SKU per frame and sunglasses and that deliveries of external frame brands and sunglasses brands to the stores from the Group's central warehouses are made only when a frame or sunglasses have been purchased by a customer. In addition, the Group uses an on demand delivery solution for lenses, which means that lenses are delivered directly from the supplier to the store upon an order by a customer. The Group's inventory levels in stores are therefore low. The Group's house brands are to a large extent sourced from China with supply lead times of approximately five months. International sourcing of products entails risks relating to, among others, political climate, trade restrictions, tariffs or other trade barriers such as restrictions due to epidemics or pandemics, particularly when sourcing from China. Due to the long supply lead times, the Group faces risks associated with changes in eye fashion trends and customer demands. There is also a risk of inventory shortage.

Any interruption, delay or other issues affecting the Group's inventory balances or supply and logistics chain could materially adversely affect the Group's sales and costs as well as by extension its results of operations.

***The Group's financing agreements contain restrictions that limit the Group's flexibility in operating its business.***

The Group's credit facility and working capital facilities expose the Group to risks associated with debt financing. As of 31 July 2021, the Group had SEK 2,623.7 million of indebtedness under credit facilities.

The Group's ability to service its debts will depend on, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's cash flow is not sufficient

to service its current or future interest payments and amortisations, the Group may be forced to take actions such as reducing or delaying its business activities, store expansions, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital.

Further, the Group faces interest rate risks from borrowings with floating rates of interest. The Group may enter into and maintain certain hedging arrangements designed to fix or limit risk on a portion of these interest rates, but in the future such arrangements may not be available on commercially reasonable terms or at all. Hedging arrangements may involve certain risks in themselves, including that the Group may need to pay a significant amount to terminate them. If interest rates were to rise significantly the Group's interest expenses would correspondingly increase, and thus reduce the free cash flow, which could have a material adverse effect on the Group's business, financial position and results of operations.

There is also a risk that the Group will in the future encounter difficulties in obtaining additional financing. Difficulties in obtaining additional financing could materially adversely affect the Group's operations and financial position. Factors such as market conditions, the general availability of credit and the Group's credit rating may affect the availability of additional financing. Disruptions and uncertainty in the capital and credit markets, for example due to COVID-19, may also restrict the Group's access to capital. There is a risk that the Group in the future will not be able to obtain financing at reasonable cost or on acceptable terms.

Finally, there is a risk that the Company may not comply with its obligations under the credit facility. For example, the credit facility contains two financial covenants: (i) a leverage ratio (consolidated total net debt to consolidated pro forma EBITDA) and (ii) an interest cover ratio (consolidated pro forma EBITDA to consolidated total net cash interest expense), which may not deviate negatively from certain levels specified in the credit facility. The credit facility is also secured by a pledge over the shares of the Company's direct subsidiary and over any receivables in respect of downstream loans from the Company to its direct subsidiary. If the Company would breach the obligations under the credit facility, following the expiry of any applicable grace period, the banks are entitled to take certain action, including demanding full prepayment of all outstanding loans and enforcing security, which could have a material adverse effect on the Group's financial position and results of operations.

**Legal and regulatory risks**

***The Group is subject to certain tax related risks, including tax disputes and the use of its deferred tax assets.***

The Group operates its business, calculates its incurred tax expenses and determines the extent to which deferred tax claims exist in its financial statements in accordance with its interpretation of applicable tax laws

in Sweden and other countries where the Group operates. There is a risk that the Group's interpretation and application of applicable laws, rules and regulations, judicial practice and the administrative practices of relevant tax authorities has not been or will not continue to be correct or that such laws, rules and regulations, or judicial practices will change, potentially with retroactive effect. There is a risk that the tax authorities in relevant countries will make decisions that are different from the Group's interpretation.

The Group has to some extent grown by means of acquisitions. Acquisitions generally entail exposures of current and future tax positions relating to the targets of the acquisitions, which could have an adverse effect on the Group's business, financial position and results of operations.

The Group is currently engaged in a tax litigation in Sweden regarding denied interest deductions, where the Swedish Tax Agency has imposed additional tax and related surcharges for financial years 2014 and 2015. The Group appealed the Swedish Tax Agency's decisions to the Administrative Court, which upheld the Swedish Tax Agency's decision in a judgment from 14 October 2019. The Group has appealed to the Administrative Court of Appeal and has made a provision in the statutory accounts. The provision is SEK 74,236,838 per 31 December 2020, including interest.

The Group is also engaged in a tax litigation in Finland regarding VAT and arrears of an amount totalling EUR 429,326 for the financial years 2015 and 2016. However, the amount could be EUR 636,094 if the Group was to correct its VAT reporting in Finland for year 2015 and onwards as a result of an unfavourable legally binding ruling in the tax litigation. The Finnish subsidiary appealed the Finnish Tax Administration's decision to the Administrative Court, but on 9 June 2021, the appeal was denied. The ruling will be appealed by Synsam. The Group has made a provision of EUR 182,989 in the accounts, including interest on overdue payments.

The Finnish subsidiary has amended its VAT reporting for the year 2017 and onwards in accordance with the Group's interpretation of the Finnish Tax Administration's new guidelines concerning the matter of the VAT audits for 2015 and 2016. The Finnish subsidiary's amendments are in line with the views of the Finnish Association of Vision and Eyecare (NÄE ry). If the Finnish subsidiary was to correct its VAT reporting for year 2015 and onwards according to the tax authority's interpretation of the guidelines, e.g., as a result of an unfavourable legally binding ruling in the tax litigation in Finland described above, this would lead to a possible additional VAT to pay amounting to EUR 636,094 as per 31 December 2020. The aggregate effect on the Group's profit and loss account would in such case amount to EUR 882,431 as per 31 December 2020 (i.e. EUR 636,094 plus EUR 429,326 less EUR 182,989).

***Failure to adequately protect the Group's brands could harm the value of the same and adversely affect the business.***

The Group's success partly depends on the ability to build brand recognition using trademarks, including names and logos. In addition, it is difficult to fully prevent others from copying elements of brand products and also, there is a risk that the Group unknowingly infringes third parties' intellectual property. Further, any deficiencies as regards the Group's trademark protection and registrations may have a negative impact on the Group. For example, the Group has licensed the right to use certain of the Group's house brands in product manufacturing to suppliers in China, Hong Kong and Taiwan. However, the Group lacks brand registrations in China for the brands which the Group uses there and has limited opportunities to defend its rights to such brands. Further, there is a risk that the Group and the licensees are held responsible for infringements if a third party registers the Group's brands. A Chinese company has recently applied for registration of certain of the Group's brands. The application is not yet processed and the Group is considering appropriate actions together with its advisers in intellectual property law. For further information, see the section "*Legal considerations and supplementary information – Claims, litigations and investigations*".

Any failure by the Group fail to protect its brands or to defend against infringement claims, or any situation in which the Group is prevented from continuing to use its brands, could have a material adverse effect on the Group's business, result in increased costs and materially and adversely affect the Group's results of operations.

***The Group may be unable to prevent unethical, criminal or illegal acts by the Group's employees, partners or suppliers.***

The Group is subject to the risk that employees of the Group, including executives, may make decisions that are not consistent with the Group's strategies, internal guidelines or policies. Further, employees within the Group and other persons related to the Group, as well as its partners or suppliers, may perform acts that are unethical, criminal or otherwise contrary to applicable laws and regulations (e.g. violations of applicable anti-money-laundering, anti-corruption and bribery legislation as well as sanctions or competition regulations) or the Group's internal guidelines and policies.

It is important to the Group that its suppliers and partners operate in compliance with applicable laws, rules and regulations regarding for example employee working conditions and environmental compliance. As a result, the Group has become a member of the organisation amfori BSCI, which performs inspections in order to ensure compliance with applicable laws, rules and regulations. Additionally, the Group imposes upon its suppliers and business partners operating guidelines that require additional obligations in order to promote ethical business practices. If the Group's or amfori BSCI's internal

controls and other measures to ensure compliance with laws, regulations, internal guidelines and policies prove to be insufficient or if the Group or any one of the Group's partners or suppliers fail to operate in compliance with applicable laws and regulations or are perceived by the public as failing to meet certain environmental, labour or ethical standards, the Group could be the focus of adverse publicity and the Group's reputation and its brands could be damaged, which would adversely affect the Group's business, particularly in the short term. In addition, the Group may be affected by sanctions including penalties or fines, which could have a material adverse effect on the Group's expenses, and by extension, its operating results.

***The Group is subject to the risk of labour disputes and adverse employee relations.***

The Group is subject to the risk of labour disputes and adverse employee relations. In the Group's core markets, employees are represented by labour unions under several collective bargaining agreements. In addition, organisations collectively representing the Group and other employers in its industry may not be able to renegotiate satisfactory collective bargaining agreements when they expire. Some of the collective bargaining agreements that apply to a large number of the Group's employees particularly in Sweden have been subject to negotiations and will be subject to additional negotiations in the future, and there is no guarantee that the results of such negotiations would not be adverse to the Group and its business. In addition, existing collective bargaining agreements of the Group may not prevent a strike or other industrial action at any of its locations in the future.

If such labour disputes or other adverse employee relations, including but not limited to strikes and other industrial actions, or problems with the labour unions or collective bargaining agreements, occur, it could have a material adverse effect on the Group's business through, for example, decreased sales, postponed establishment of new stores and negative publicity. If the labour disputes would be long-lasting, it could have a material adverse effect on the Group's results of operations.

***Changes in applicable laws and regulations could adversely affect the Group's business, financial position and results of operations.***

The Group is required to comply with a wide range of laws and regulations, including, for example, data protection legislation, legislation regarding marketing, labour laws, product liability laws, environmental regulations and tax legislation. Since the prescription and testing of optical visual aids fall within the scope of, for example, the Swedish Act on Health and Medical Care (Sw. *Hälsö- och sjukvårdslag* (2017:30)) the Group must further comply with, among others, regulations relating to optical business adopted by the Swedish National Board of Health and Welfare (Sw. *Socialstyrelsen*) and patient safety legislation. Furthermore, the Group is subject to mandatory consumer protection legislation, such as the Swedish

Consumer Credit Act (Sw. *Konsumentkreditlag* (2010:1846)), the Swedish Consumer Sales Act (Sw. *Konsumentköplagen* (1990:932)), the Swedish Distance Contracts Act (Sw. *lag* (2005:59) *om distansavtal och avtal utanför affärslokaler*), the Swedish Consumer Contracts Act (Sw. *lag* (1994:1512) *om avtalsvillkor i konsumentförhållanden*) and corresponding legislation in other markets in which the Group operates.

The Group will also be required to comply with various other laws and regulations following admission to trading of the shares in the Company on Nasdaq Stockholm, including, for example, the so called Taxonomy Regulation (Regulation (EU) 2020/852, and amending Regulation (EU) 2019/2088). The Taxonomy Regulation is, *inter alia*, setting forth certain criteria in order to determine whether a business is sustainable from an environment perspective, which will affect the Company in the preparation of its future annual financial reports.

New legislation and regulations, or changes to existing legislation and regulations or the application thereof, could result in additional costs of operating the Group's business or ensuring compliance and could impair existing consumer concepts. Further, frequent or unexpected changes in legislation could result in the Group failing to comply with such legislation, which could result in regulatory fines, negative publicity and/or the Group not being able to provide its complete range of services, which could have an adverse effect on the Group's results of operations. In addition, changes in the Group's business structure or offerings may, intentionally or unintentionally, require that additional legislation or regulation must be considered or that certain legislation or regulation becomes applicable to additional parts of the Group's operations, for example regarding consumer credit. This may entail transition costs for the Group, which may affect the Group's operations in the short term.

***Risks related to information technology***

***Failure to comply with GDPR or similar regulations, could lead to a material adverse effect on the Group's reputation, business, financial position and results of operations.***

Data privacy and information security is heavily regulated in all of the jurisdictions where the Group is active. As an integral part of its business, the Group collects personal data from, for example, customers who subscribe to the Lifestyle subscription and patients in connection with eye examinations. The Group is therefore subject to both the General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR") as well as specific regulations regarding the processing of patient data in each jurisdiction where the Group operates.

The legislative and regulatory framework for data privacy and security issues in Europe is comprehensive, complex and rapidly evolving and due to the lack of case law and the relevant authorities' interpretation of the GDPR (which entered into force on 25 May 2018) is likely to remain uncertain in the foreseeable future. Data



protection laws within the European Union have changed substantially due to the GDPR. The GDPR harmonises data protection regulations throughout the European Union and implements a stricter data protection compliance regime, even though there might be minor differences in national legislation across the member states. The GDPR covers data protection within all areas, including the health care sector. Some jurisdictions where the Group operates, such as Sweden, have additional regulations regarding the processing of patient information that apply in addition to the GDPR and impose additional requirements and restrictions on the processing of health data. The GDPR has further substantially increased the sanctions for breach of data privacy laws (up to a maximum of 4 per cent of annual turnover).

It may not be possible for the Group to prevent cases of personal data breaches such as data leakage or the misuse of data as a result of human error, technological failure, cyberattacks, criminal activities or other factors. Violation of the GDPR may result, inter alia, increased costs and thereby have a material adverse effect on the Group's financial position and results of operations. A violation of the GDPR could also have an adverse effect on Synsam's reputation, which in turn could have an adverse effect on the Group's income, and therefore the Group's results of operations and financial position.

It cannot be ruled out that competent regulatory authorities may conclude that the Group is not in compliance with the GDPR, particularly given the lack of practical experience with the application and enforcement of the GDPR. In addition, the stricter rules of the GDPR and any limitations imposed by a stricter interpretation of the existing requirements or by future modifications of the data privacy laws could have a significant impact on the Group's business and its ability to offer, structure and market certain of its current products and services at current costs or at all and significantly increase the Group's compliance costs.

***The Group is exposed to risk of failure, inadequacy, interruption, or breach of information technology systems.***

The Group relies on its information technology systems as well as third parties' information technology systems for many functions across operations, including marketing and sales, payment solutions, hosting of the Group's systems, managing supplies, financial accounting and reporting, managing the Group's subscription offerings, storing customer data and operating the Group's website and e-commerce platform. The ability to effectively manage the Group's business depends significantly on the reliability and capacity of such systems.

The Group's information technology systems can be disrupted by, among other things, software failures, computer viruses, security breaches or cyberattacks (including ransom attacks), hardware breakdowns or other problems with hardware, power outages and physical damage. The Group uses, for example, point of sale (POS) systems for, among other things, sales and storing

of customer and patient data. Breakdowns and other failures of the POS systems may diminish the Group's quality of service or the customer experience in stores, make the Group's reporting and financial accounting more difficult or expose the Group to regulatory sanctions and reputational harm in case of unauthorised disclosure of customer data or other sensitive information. Furthermore, a system outage may cause loss of important data or disruptions in the e-commerce.

Cyberattacks may compromise the confidentiality and integrity of the information systems and data of the Group or its customers. The information technology systems may, for example, be held for ransom or hacked in order to gain monetary benefits by selling or misappropriating confidential information or customer data. An increase in social hacking (for example, unauthorised third parties attempting to gain credentials, access or information through direct personal interaction with the Group's employees) also creates a risk for the Group. Lack of sufficient data access restrictions for the Group's employees, or misuse of sensitive or confidential information by the Group's employees, could further expose the Group to regulatory sanctions and reputational harm. For more information on data protection, see the section *"Risk factors – Risks related to information technology – Failure to comply with GDPR or similar regulations, could lead to a material adverse effect on the Group's reputation, business, financial position and results of operations"*. Failure or disruption in critical information technology systems, security breaches or insufficient access control systems could have a material adverse effect on the Group's business, which could in turn and depending on the impact of the issue, materially and adversely affect the Group's results of operations and financial position.

Information technology systems must be upgraded from time to time in order for such systems to be up-to-date, sufficiently protected and adapt to changes and expansions in the Group's operations. The Group is dependent on skilled internal and external developers in order to upgrade and maintain, for example, the POS system. If the Group is unable to upgrade the POS system or other systems from time to time due to, for instance, inability to retain, recruit or engage skilled developers, the Group may be subject to unexpected costs, lost sales or other issues which could adversely affect the Group's operations. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and/or technology, or with maintenance or adequate support of existing systems, could also disrupt or reduce the efficiency of operations. For instance, the Group's information technology systems were subject to a cyberattack in September 2020 and the Group had to temporarily shut down its systems for a certain period of time. The cyberattack resulted in a material adverse effect on the Group's sales in September 2020.

## RISKS RELATING TO THE SECURITIES

### **Risks related to the offer to the public and/or admission of the securities to trading on a regulated market**

***Differences in currency exchange rates may have a material adverse effect on the value of shareholdings or dividends paid.***

As per the Group's current dividend policy, the Group aims to pay dividends of 40–60 per cent of the net profit for the year. The Company's shares will be quoted in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, if any, when converted into other currencies if the Swedish krona depreciates against the relevant currency.

***The Group will become subject to increased regulatory costs following the completion of the Offer.***

In the capacity as a listed company, the Company will be subject to certain laws, regulations and requirements, including (but not limited to) obligations regarding information disclosure, governance and financial reporting. At the date of this Offering Circular, the Company has no internal legal function which is responsible to ensure compliance with the increased regulatory requirements. As a consequence, the Group may face increased costs, e.g. for legal advice, which the Group did not have when the Company was an unlisted company, and certain activities will be more difficult, require more time and become more expensive and the demands for the Group's systems and resources will increase. The regulations and requirements applicable to listed companies are frequently changing, and the amendments can be difficult to survey, causing risk of infringements by the Company which can result in extensive fines and administrative fees. In addition, the board of directors and the executive management may be required to devote time and effort to ensure compliance with such rules and regulations, which may entail that less time and effort can be devoted to other aspects of the business.

***Sales of shares by existing shareholders could cause the share price to decline.***

The market price of the Company's shares could decline if there are substantial sales of the Company's shares, particularly sales by the Company's board members, executive management and significant shareholders, or otherwise when a large number of shares are sold. After completion of the Offer, the Principal Shareholder will own in aggregate approximately 65.4 per cent of the shares in the Company, based on a final price in the Offer at the midpoint of the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the Upsize Option and the Over-Allotment Option are not exercised. Members of the board of directors, executive management and other employees will, after completion of the Offer, own in aggregate approximately 4.6 per cent of the shares in the Company, under the assumption of a final price in the Offer at the midpoint

of the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and that no board members, senior executives or other employees will acquire shares in the Offer.

The Principal Shareholder and members of the board of directors, certain employees and executive management currently holding shares, have each agreed, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Joint Global Coordinators or, in the case of the Principal Shareholder, without the consent of a majority of the Joint Global Coordinators or a majority of the Managers. After the expiry of the relevant Lock-up Period or before the expiry, with written consent as described in the previous sentence, the shareholders subject to lock-up will be free to sell their shares in the Company. Any sales of substantial amounts of the Company's shares by the Principal Shareholder or the Company's other current shareholders, or the perception that such sales might occur, could cause the market price of the Company's shares to decline.

***The Principal Shareholder will continue to have substantial influence over the Group after the Offer and could delay or prevent a change in control over the Company.***

After completion of the Offer, the Principal Shareholder will own in aggregate approximately 65.4 per cent of the shares in the Company, based on a final price in the Offer at the midpoint of the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the Upsize Option and the Over-Allotment Option are not exercised. Assuming that the Upsize Option and the Over-Allotment Option are exercised in full, the Principal Shareholder will own in aggregate approximately 55.1 per cent of the shares in the Company after the Offer, based on a final price in the Offer at the midpoint of the price range and that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer. Thus, the Principal Shareholder is likely to continue to have a significant influence over the outcome of matters submitted to the Company's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. In addition, the Principal Shareholder will continue to have significant influence over the Company's management and affairs.

The interests of the Principal Shareholder may differ significantly from or compete with the Company's interests or those of the other shareholders, and the Principal Shareholder could exercise influence over the Company in such a manner that is contrary to the interests of the other shareholders. For example, there could be a conflict between the interests of the Principal Shareholder on the one hand, and the Company's interests or the interests of its other shareholders on the other hand with respect to distribution of dividends.

### **Risks related to the nature of the securities**

#### ***The Company is dependent on cash flow from its subsidiaries.***

The Company is a holding company and holds no significant assets other than investments in its subsidiaries. The Company's ability to make required payments of interest and principal on its debt and fund its working capital, as well as to pay dividends, is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries and is also affected by the ability of the subsidiaries to transfer available cash resources to the parent company. The transfer of funds to a parent company from its subsidiaries (by way of dividends, inter-company loans or otherwise) may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiaries and their directors. Limitations or restrictions on the transfer of funds between companies within the Group may in particular be stricter in relation to certain jurisdictions of group companies and may increase in the event that the Company experiences difficulties with respect to liquidity and its financial position. The Company has subsidiaries in Sweden, Norway, Denmark and Finland.

#### ***Undertakings of the Cornerstone Investors are not secured***

The Cornerstone Investors have undertaken to acquire shares in the Offer corresponding to an aggregate value of SEK 950 million. Provided that the Offer is fully subscribed and that the final price in the Offer is set at the midpoint of the price range, SEK 51, the undertakings amount to approximately 18,627,449 shares, corresponding to approximately 41.4 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are not exercised, approximately 30.9 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are exercised in full and approximately 12.4 per cent of the share capital and votes in the Company after the completion of the Offer. The Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges or similar arrangements. Therefore, there is a risk that the Cornerstone Investors may not be able to deliver payment for the shares and that delivery of the shares therefore cannot be completed in connection with the Offer as planned, which could have a material adverse effect on the completion of the Offer. In addition, the Cornerstone Investors' undertakings are subject to conditions. If any of these conditions is not satisfied, there is a risk that the Cornerstone Investors will not fulfil their undertakings, which could have an adverse effect on the completion of the Offer.

#### ***Shareholders in the United States or other countries outside Sweden may not be able to participate in any potential future rights offerings.***

If the Company issues new shares in a rights offering, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the

number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in the Company may be diluted or reduced.

#### ***Investors may not be able to recover in civil proceedings for U.S. securities law violations.***

The Company and its subsidiaries are organised outside the United States, and the business is conducted entirely outside the United States. All of the directors and executive officers of the Company are non-residents of the United States. Investors may be unable to effect service of process in the United States on the directors and executive officers of the Company and its respective subsidiaries and its directors and executive officers who are located outside the United States, and investors may be unable to enforce against them judgments obtained in U.S. courts. Moreover, as most of the assets and those of the directors and executive officers are located outside of the United States, actions of the Company may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Sweden. There is, therefore, doubt as to the enforceability in Sweden of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Sweden. In addition, the enforcement in Sweden of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a Swedish court would have the requisite power or authority to grant remedies sought in an original action brought in Sweden on the basis of U.S. securities laws violations.

# INVITATION TO ACQUIRE SHARES IN SYNSAM

Synsam and the Principal Shareholder have resolved to diversify the ownership of shares in the Company through the sale of existing shares by the Principal Shareholder. Accordingly, Synsam's board of directors has decided to apply for a listing of the Company's shares on Nasdaq Stockholm. The diversification of ownership is believed to contribute to increased attention and brand awareness among Synsam's current and potential customers as well as other parties. Furthermore, Synsam's board of directors and management are of the opinion that an initial public offering is to the Group's advantage since this gives the Company access to the Swedish and international capital markets for any future capital needs.

Nasdaq Stockholm's listing committee have assessed that Synsam AB (publ) fulfils Nasdaq Stockholm's listing requirements, provided that certain conditions and customary requirements, including the dispersion requirement for the Company's shares, are fulfilled not later than on the first day of trading. Accordingly, Synsam's board of directors intends to apply for a listing of the Company's shares on Nasdaq Stockholm and expects trading to commence on 29 October 2021.

The final price in the Offer will be determined by the Principal Shareholder, in consultation with the Joint Global Coordinators, based on a book building process and is expected to be set within the range SEK 46–56. The final price in the Offer to the general public will not exceed SEK 56 per share. The final price in the Offer is expected to be made public through a press release around 29 October 2021.

The Principal Shareholder has decided to offer, in accordance with the terms set out in the Offering Circular, the general public in Sweden, Norway, Denmark and Finland and institutional investors in Sweden and internationally up to 45,000,000 existing shares in Synsam. The Principal Shareholder has reserved the right to increase the Offer by up to an additional 7,500,000 shares, corresponding to not more than 16.7 per cent of the total number of shares in the Offer (the "Upsize Option"). In order to cover over-allotments, if any, in connection with the Offer, the Principal Shareholder has also granted an option to the Managers, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to acquire an additional 7,875,000 existing shares from the Principal Shareholder at a price corresponding to the final price in the Offer, corresponding to no more than 15.0 per cent of the total number of shares comprised by the Offer under the assumption that the Upsize Option is exercised in full ("Over-Allotment Option"). If the Upsize Option and the Over-Allotment Option are exercised in full, the Offer will comprise 60,375,000 shares, corresponding to approximately 40.3 per cent of the total number of shares in the Company following the Offer.



Cornerstone Investors have, subject to certain conditions, undertaken to acquire shares in the Offer of a total amount of SEK 950 million. Provided that the Offer is fully subscribed and that the final price in the Offer is set at the midpoint of the price range, SEK 51, the undertakings amount to acquisitions of approximately 18,627,449 shares, corresponding to approximately 41.4 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are not exercised, approximately 30.9 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are exercised in full and approximately 12.4 per cent of the share capital and votes in the Company after the completion of the Offer. For further information about the undertakings from the Cornerstone Investors, see the section “*Legal considerations and supplementary information – Undertakings from Cornerstone Investors in the Offer*”.

Stockholm, 20 October 2021

**Synsam AB (publ)**  
(The board of directors)

**Theia Holdings S.à r.l.**

*The board of directors of Synsam AB (publ) is responsible for the content of the Offering Circular. The board of directors hereby declares that, to the best of their knowledge, the information contained in the Offering Circular is in accordance with the facts and that the securities note make no omission likely to affect its import.*

*The board of directors of Synsam AB (publ) alone is responsible for the content of the Offering Circular in accordance with what is set out herein. However, the Principal Shareholder confirm their commitment to the terms and conditions of the Offer.*

*The Swedish prospectus has been approved by the Swedish Financial Supervisory Authority (the “SFSA”) as competent authority under Regulation (EU) 2017/1129.*

# BACKGROUND AND REASONS

Synsam is the leading optical retailer in the Nordic region<sup>1)</sup> with 490 stores as of 30 June 2021. The Company's stores offer certified opticians on site which look after customers' optical health, provide individual quality spectacles and contact lenses and offer optical lifestyle subscriptions packages. Its comprehensive and innovative product range and service offering within optical retail has resulted in Synsam being the number one optical retail company in Sweden, the number two in Norway, the number two in Denmark (under the brand name Profil Optik), and the number five in Finland.<sup>2)</sup>

Synsam and Profil Optik were founded more than 50 years ago, in 1968 and 1971, respectively. Both brands started as buying collectives. Over the years, the distinctive Synsam and Profil Optik brands with standardised store concepts and marketing programmes were developed. The Synsam brand was introduced in Norway and Finland in the 1990s. Synsam in its current form was created through three major transactions in 2007, 2010 and 2014, in which stores in Sweden, Denmark, Norway and Finland were acquired and integrated into a Nordic chain with centralised buying, administration and management functions.

The Company operates a distinct Omni-channel concept with a network of 451 fully owned stores, 39 franchise stores and a growing digital platform. Having invested heavily in systems and a centralised infrastructure, Synsam now has an innovative customer offering, focusing on a lifestyle concept that responds to consumers' needs. The concept includes the launch of Lifestyle subscription packages, in-house brands, contact lens subscription, Synsam Sports, Ai and upgraded stores. The successful development of Synsam's concept has been the key driver of the strong financial development.

The diversification of ownership and the listing are expected to contribute to the further development and expansion of Synsam's operations and commercial opportunities. The Company believes that the listing of the shares on Nasdaq Stockholm will strengthen the Group's public profile through increased attention and brand awareness among current and potential customers, commercial partners as well as other interested parties. Furthermore, Synsam's board of directors and management are of the opinion that an initial public offering will benefit the Group by giving the Company access to the Swedish and international capital markets for any future capital needs.

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020).  
The market shares are based on retail value.

2) The Market Study.

Synsam's board of directors and management, together with the Principal Shareholder, have for the aforementioned reasons made the assessment that a listing will support the Group's next step in the development towards its long-term objectives. In the light of this, Synsam's board of directors and the Principal Shareholder believe that the time is right to broaden the ownership and apply for listing of the Company's shares on Nasdaq Stockholm.

Following the Offer, the Principal Shareholder will continue to have a substantial shareholding in the Company. The Principal Shareholder will receive proceeds from the sale of the shares, after deduction of commissions and brokerage fees. The Principal Shareholder and certain former employees of the Company and the Principal Shareholder will undertake to refrain from selling its shares in the Company for a period of 180 days following the Offer. The shareholding board members and certain shareholding employees, including the Company's executive management, will refrain from selling their shares in the Company for a period of 365 days. For further information, see also the section "*Share capital and ownership – Undertaking to refrain from selling shares*".

Stockholm, 20 October 2021

**Synsam AB (publ)**  
(*The board of directors*)





# INDUSTRY OVERVIEW

This Offering Circular contains information on the market environment, market developments, growth rates, market trends and the competitive situation in the markets and regions in which the Company operates. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including external sources in the form of publicly available industry publications and sector reports, as well as a Market Study prepared for Synsam by the third-party consulting firm Boston Consulting Group (see the section "*Definitions*" for more information). The Company confirms that the information provided by external sources have been accurately reproduced and as far as the Company is aware of, and able to ascertain by comparison with other information disclosed by such external source, no information has been omitted which might cause the reproduced information to be inaccurate or misleading. Reference to "Company information" as source means that such information is derived from the Company's own estimates, which are based on information obtained from customers, suppliers, trade and business organisations and other contacts in the markets where Synsam operates.

Industry publications and reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The third-party consulting firm has compiled the market and competitive data in the Market Study in part on the basis of historical data and in part on the basis of assumptions, estimates and methods which the third-party consulting firm believes to be reasonable. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in the Offering Circular that were extracted or derived from external sources.

Data regarding the industry in which the Company competes and its market position and market share within this industry are inherently imprecise and are subject to significant business, economic and competitive

uncertainties beyond the Company's control, but the management believes they generally indicate size, position and market share within this industry. Additional factors, which should be considered in assessing the usefulness of the market and competitive data, are described elsewhere in this Offering Circular, including those in the section "*Risk factors*".

## MARKET INTRODUCTION

According to the Market Study, the Nordic optical retail industry, including Sweden, Denmark, Norway and Finland, was estimated to amount to approximately SEK 17.8 billion in 2020 and is typically segmented by product category. These product categories include spectacles (prescription or non-prescription), sunglasses (prescription or non-prescription) and contact lenses. The market sizes and growth rates presented in this section do not include disruptive business models and instead refer to traditional cash and online sales. The market is expected to grow at a steady pace with a forecasted annual growth rate of approximately 3 per cent between the years 2021 and 2025, with the total market size assessed to amount to approximately SEK 21.7 billion in 2025. The market growth is in line with historical trends, with the annual market growth rate between 2017 and 2019 being 3 per cent. According to the Market Study, the medical nature of spectacles leads to the market being characterised by resilience across economic cycles and more resistant than broader retail to the online migration.<sup>1)</sup>

The total market growth is expected to be driven by a combination of increasing incidence and prevalence of vision correction needs in addition to changing consumer preferences, such as shortening replacement cycles and increasing focus on eye fashion. Between 2019 and 2021, a market growth of 1 per cent per annum is expected. The market growth during this period is negatively affected by COVID-19, causing the market to decline in size between 2019 and 2020, from approximately SEK 18.9 billion in 2019 to approximately SEK 17.8 billion in 2020.<sup>1)</sup>

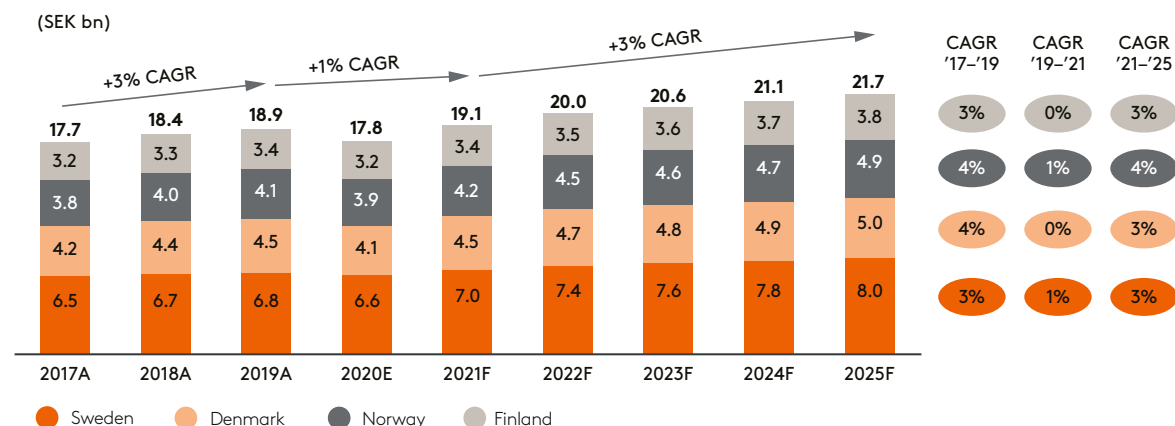
1) Market Study.

According to the Market Study, within the Nordic optical retail market, retail chains represent 80–95 per cent market share in value terms, with the four largest players representing approximately 60–70 per cent. The Nordic

market over the last couple of years has been characterised by independent store closings and loss of market share due to lack of scale, margin pressure and inability to innovate.<sup>1)</sup>

## NORDIC OPTICAL RETAIL INDUSTRY VALUE

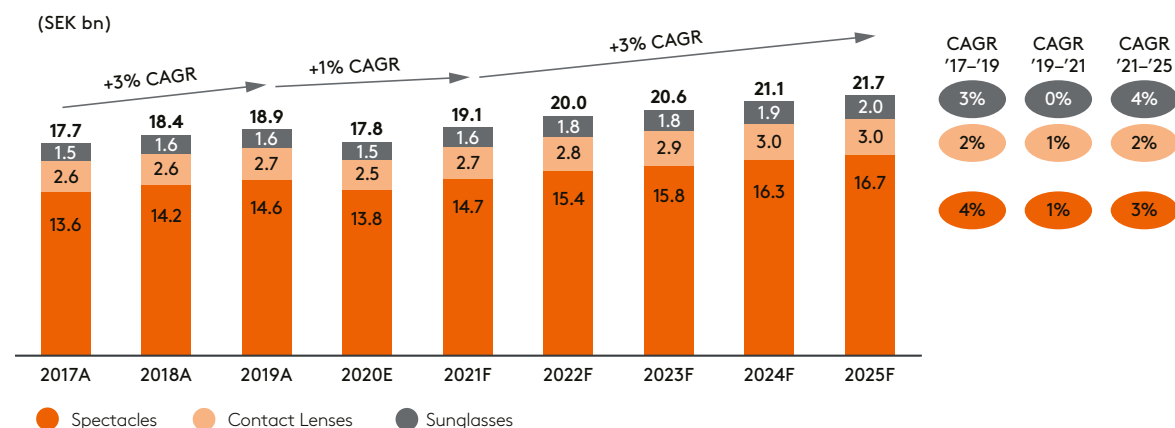
### RETAIL VALUE BY COUNTRY



Source: Market Study.

Note: Sales value from eye examinations excluded here due to data restrictions; historicals suggest minimal change to this segment. Market size not including potential of disruptive business models – refers to traditional cash and e-commerce sales.

### RETAIL VALUE BY PRODUCT TYPE



Source: Market Study.

Note: Excludes VAT, excludes eye health services such as eye examinations.

### Product categories

While the Company serves its customers through a variety of innovative products and services, products in the broader market offering can be organised into three major product categories: spectacles, contact lenses and sunglasses.

### Spectacles

This product category, including both lenses and frames, represented approximately 78 per cent of the Nordic optical retail industry in 2020 and represents the main contributor to the expected growth of the optical retail market until 2025. Typically, lenses and frames are sold as a single unit; however, as prescriptions change over time, customers may replace only the lenses in their existing frame.<sup>1)</sup>

1) Market Study.

### *Lenses to spectacles*

The type of lenses can vary based on the customer's specific optical condition, the quality of the manufacturing, and the customisation required. The most common types of lenses include single vision lenses, which are used to correct a particular visual impairment such as nearsightedness or farsightedness, and multi-focal lenses, such as bi-focal and tri-focal lenses, which are used to correct more than one visual impairment at the same time. In addition to altering the vision enhancing elements of a lens, optical retailers often offer customisable technical features designed to address specific consumer needs. These include but are not limited to different materials affecting weight and thickness and different coatings. These variations can help correct visual impairment such as astigmatism or strabismus or provide non-medical features such as anti-fog, anti-scratch and polarisation. Non-prescription lenses can be used for fashion wear while ready-made lenses, such as reading spectacles, have slight corrective lenses but do not require a prescription to purchase.

### *Frames*

Depending on the lens, optical retailers offer a wide variety of frames based on both fashion and function. There is an extensive range of materials, shapes, styles and brands and frames are typically picked based on customer preference as well as the shape of the head and the underlying skin, eye, and hair tones. Some optical retailers, including the Company, design their own brands of frames.<sup>1)</sup>

### **Contact lenses**

This segment represented approximately 14 per cent of the Nordic optical retail industry in 2020. Within the contact lens segment, varieties include spherical, toric and multi-focal, and either daily or monthly lenses. The Company management believes, which is supported by the Market Study, that most customers who purchase contact lenses also typically have at least one pair of prescription spectacles and sunglasses, suggesting that consumers can own products in multiple product categories at the same time or move across categories as their vision or preferences change. The contact lens segment is expected to grow at a slower rate compared to the other product categories until 2025. Within contact lens segment, subscription programs are not very mature in the Nordics (except for Denmark). This could be explained by the perceived medical nature of contact lenses and the low awareness and lack of information about this kind of offering.<sup>1)</sup>

### **Sunglasses**

This segment represented approximately 8 per cent of the Nordic optical retail industry in 2020. Sunglasses can be provided as non-prescription and prescription based on the consumer's needs, and most optical retailers provide both options to their customers. The sunglasses market growth is expected to increase between 2021 and 2025 as a result of positive price development and increased volumes.<sup>1)</sup>

### **Key volume drivers**

According to the Market Study, there are three key secular growth trends that will continue to contribute to the stability and volume growth of the Nordic optical retail industry:

#### ***Ageing population***

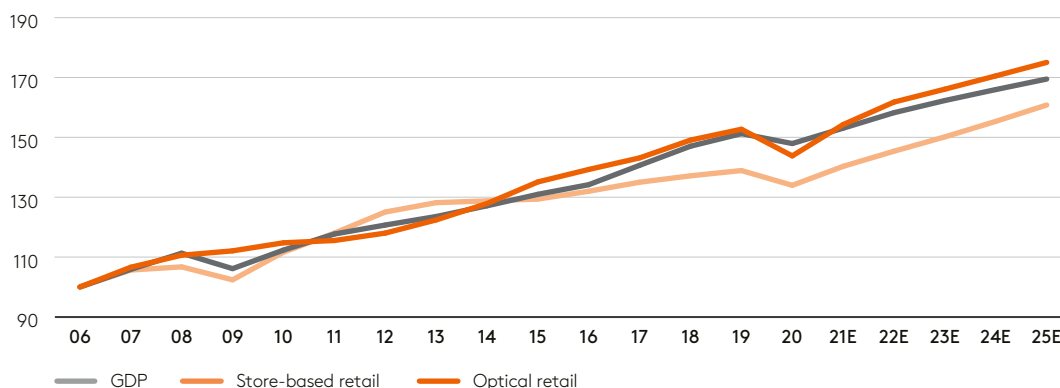
The demographic trends of an ageing population and longer life expectancy in the Nordic region are expected to continue. Eyesight deteriorates progressively with age; as these trends continue, the general need for vision correction should increase, which should drive incremental sales of eyewear and related accessories. For example, the Market Study in Sweden shows the presbyopia population grew at 1.4 per cent CAGR from 2015 to 2020 while the total population aged 45 and over grew at 1.1 per cent CAGR over the same timeframe. This trend of presbyopia growth outpacing population growth is expected to continue.

#### ***Increasing screen time***

The increasing penetration of laptops, tablets and smartphones has increased the amount of time the population spends in front of digital screens. This phenomenon, in addition to people spending more time indoors and less time in natural light, is leading to a growing prevalence of myopia across age groups which is observed most acutely in the youngest age categories. Between 2018 and 2022 the Market Study estimates that daily time spend on digital media will grow at a rate of approximately 6 per cent per annum. It is estimated that 50 per cent of the Nordic population will be myopic by 2050, a significant increase from approximately 34 per cent of the Nordic population today. It is anticipated that this trend will first affect developed nations where it is more common for both work and leisure to involve a screen. Several countries in Western Europe, including Sweden and Norway, require either the government or an employer to pay for ready-made spectacles to protect eyes against potentially damaging screen time. To address these issues, customers may eventually need multi-focal spectacles or contact lenses which will contribute positively to growth.

1) Market Study.

## GDP VERSUS NORDIC MACROECONOMIC INDICATORS, INDEXED TO 2006



Source: Market Study.

### Shortening replacement cycles

Consumers are becoming increasingly interested in eye fashion and spectacles are seen not only as a medical necessity, but increasingly as a fashion statement. According to the Market Study, the increased perception of eyewear as a fashion accessory is expected to drive an increase in the average number of spectacles per person. This development has been temporarily halted due to COVID-19, with the average number of spectacles per person in 2021 being 2.3, the same number as in 2015. In comparison, the number of spectacles per person in 2018 was 2.5. In addition to having more pairs of spectacles at any given time, consumers are also replacing them at a faster rate. The average replacement cycle for spectacles was 3.0 years in 2015 while industry experts and customer surveys indicate that the replacement cycle in 2021 is 2.3 years. These trends, in conjunction with more rapidly evolving fashion cycles, are driving increased volumes according to the Market Study. Specific consumer trends impacting the Nordic optical retail industry and the Company including market resilience and market trends, are discussed further below.

### Pricing dynamics<sup>1)</sup>

There is potential for pricing pressure from discount optical retail chains and online penetration, specifically in the contact lens product category. The entry of discount competitors has driven price transparency, competition and promotional activity, such as “two-for-one” offers across the market, which has driven prices down.

This is partly offset by a shift in product mix as the need for multi-focal spectacles and contact lenses grows alongside an increasingly ageing population and the associated presbyopia. According to the Market Study, from 2015 to 2020, multi-focal spectacles in Sweden grew from 29 per cent of the spectacles lens sales to 35 per cent, while multi-focal contact lenses sales grew from

27 per cent to 28 per cent over the same timeframe. This trend is expected to continue, applying a slight upward price pressure from a more favourable product mix. Both multi-focal spectacles and contact lenses have higher price points; multi-focal lenses, for example, are approximately 2.5 times more expensive than single vision lenses and multifocal contact lenses are approximately 1.5 times more expensive than spherical contact lenses. Estimated average unit prices in the Nordics in 2021 are SEK 3,023 per pair of spectacles, SEK 921 per pair of sunglasses and SEK 11.7 per contact lens.

Despite the potential for pricing pressures, the Nordic optical retail industry is volume-driven, underpinned by favourable demographic and lifestyle drivers. Due to these trends, it is expected that the historic growth momentum will continue in the near to medium term.

### Market resilience

The Nordic optical retail industry has exhibited stable growth across economic cycles. The medical nature of spectacles has made the optical retail industry more resilient than the broader retail market to changes in economic conditions as demonstrated by the Nordic gross domestic product and the Nordic retail market. Irrespective of economic conditions, replacement cycles of both spectacles and sunglasses tend to be stable and have historically been unaffected by the overall market and positive growth trajectory. During the global financial crisis from 2008 to 2009, Nordic gross domestic product declined 4 per cent while the optical retail industry, in contrast, expanded 3 per cent, which indicates that consumers do not change their buying patterns during economic downturns. During 2020 a decline in the Nordic optical retail market was observable, a decline which according to the Market Study is explained by COVID-19 induced lockdowns and restrictions rather than the simultaneous economic downturn. The Customer Survey

1) All information in this section “Pricing dynamics” has been derived from the Market Study.



supports this conclusion, establishing that the two most common reasons for consumers buying their most recent pair of spectacles were changes to their vision and a lost or damaged existing pair, both of which are not impacted by economic conditions. Additionally, the medical nature of spectacles, which represents the largest component of the market, favourable demographic trends, and a positive shift in consumer behaviour all contribute to the broader macroeconomic environment.<sup>1)</sup>

### Distribution channels<sup>2)</sup>

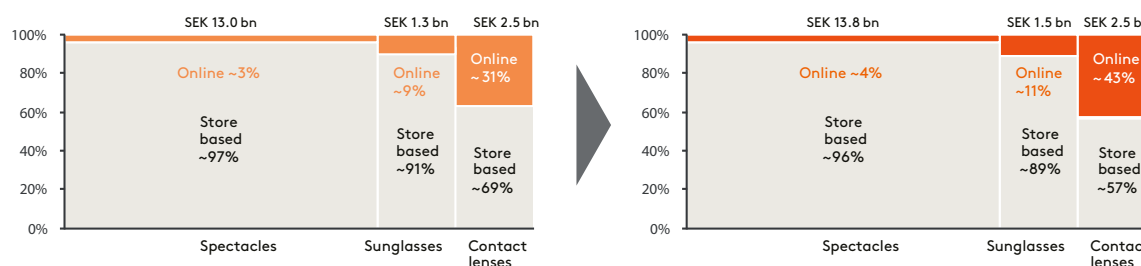
According to the Market Study, traditional optical retail stores make up the majority of the optical retail industry which is a consequence of customer preferences and key elements of the purchasing process such as the need for an eye examination. In 2020, it is estimated that approximately 4 per cent of the number of spectacles purchased in the Nordic region were purchased online. The Customer Survey indicated several reasons for choosing not to purchase spectacles online, including the need for an in-person eye examination, willingness to be advised on one's vision impairment needs, and willingness to be advised on choice of frame.

Sunglasses are also typically purchased in person with only approximately 11 per cent of transactions by volume

estimated to have occurred online in 2020, across the various Nordic countries. Online penetration is expected to increase for non-prescription sunglasses, but not for prescription sunglasses. Given the low online penetration, there is an opportunity for the optical retail industry to present an Omni-channel offering, with the flexibility to browse and virtually try on spectacles and sunglasses online while also having the support of a full in-person staff for the transaction. However, the fashion element will keep driving customers that want to try on sunglasses and need style advice to stores.

Contact lenses have experienced the highest level of online penetration in the optical retail industry. The main reason customers have chosen to buy online is the attractive pricing and ease and convenience of buying. Additionally, traditional optical retail stores had non-differentiated product offerings and therefore competed in the contact lens space category based on price. In Sweden, Norway and Finland, approximately 40 to 60 per cent of contact lenses were purchased online in 2020. In Denmark, which has a long history of offering subscription services for contact lenses, much less of the contact lens market has moved to the online channel, with an estimated 23 per cent of contact lenses sold in Denmark in 2020 sold online.

### 2015 AND 2020 OVERVIEW OF SALES CHANNEL BY VOLUME



Source: Market Study.

1) Market Study.

2) All information in this section "Distribution channels" has been derived from the Market Study.

## OPTICAL RETAIL INDUSTRY BY SEGMENT

**Sweden**

In Sweden, the optical retail industry in 2020 was estimated to approximately SEK 6.6 billion. From 2017 through 2019, the market experienced steady growth of approximately 3 per cent per annum which was supported by ongoing demographic and lifestyle trends.<sup>1)</sup>

The market is estimated to grow to SEK 8.0 billion in 2025 with the growth forecast of approximately 3 per cent per annum from 2021 through 2025 with the demographic development and lifestyle trends as drivers. Continued volume growth across product categories is expected. From a pricing perspective, discount price competition and online penetration has the potential to create downward pressure; however, these factors may be offset by an improving product mix, such as multi-focal lenses. At present, prices in Sweden are slightly lower than those for similar products in Norway and Finland and slightly higher than those in Denmark.<sup>1)</sup>

Spectacles is the largest category and the sunglasses category is growing, while the contact lens category is expected to grow at a slightly slower rate than the other categories due to stronger price pressure.<sup>1)</sup>

**Denmark**

In Denmark, the optical retail industry in 2020 was estimated to approximately SEK 4.1 billion. From 2017 through 2019, the market experienced growth of approximately 4 per cent per annum which was driven by volume growth explained by underlying demographic and lifestyle trends.<sup>1)</sup>

The market is estimated to grow to SEK 5.0 billion in 2025 with an expected growth forecast of 3 per cent per annum from 2021 through 2025 due to stable volume growth, offset by slight pricing pressure. From a volume perspective, an ageing population and digital habits are resulting in more eye-related conditions, such as presbyopia and myopia. At the same time, it is becoming more common for consumers to buy multiple sets of spectacles for both fashion and health reasons. From a pricing perspective, discount price competition and online penetration has the potential to create downward pressure but could potentially be mitigated by a shift to more complex products, such as increased multi-focal lenses. At present, prices in Denmark are slightly lower than those for similar products in other Nordic markets due to the highly competitive nature of the market in Denmark.<sup>1)</sup>

The relative share of the product segments is expected to remain stable in the near term.<sup>1)</sup>

**Norway**

In Norway, the optical retail industry in 2020 was estimated to approximately SEK 3.9 billion. From 2017 through 2019, the market experienced growth of approximately 4 per cent per annum, which was supported by ongoing demographic and lifestyle trends.<sup>1)</sup>

The market is estimated to grow to SEK 4.9 billion in 2025 with an estimated growth rate of approximately 4 per cent per annum from 2021 through 2025, in line with historical development due to Norwegian economic prosperity and government policy providing stability and predictability to the market. From a volume perspective, volume growth is expected to increase to approximately 3 per cent per annum between 2021 and 2025, compared to volume growth of approximately 2 per cent per annum between 2017 and 2019. The increase is driven by demographic and lifestyle changes in spectacles and contact lenses as well as a shortening replacement cycle for spectacles and sunglasses. From a pricing perspective, discount price competition and online penetration has the potential to create downward pressure; however, these factors may be offset by an improving product mix, such as multi-focal lenses. At present, prices in Norway are slightly higher than those for similar products in other Nordic markets due to the focus on premium brands.<sup>1)</sup>

Spectacles remain the largest category, while sunglasses category have the highest growth forecast due to increased trend sensitivity and penetration.<sup>1)</sup>

**Finland**

In Finland, the optical retail industry in 2020 was estimated to approximately SEK 3.2 billion. From 2017 through 2019, the market experienced growth of approximately 3 per cent per annum, driven by volume growth and is explained by underlying demographic and lifestyle trends.<sup>1)</sup>

The market is estimated to grow to SEK 3.8 billion in 2025 with an expected growth rate of 3 per cent per annum from 2021 through 2025 due to underlying volume drivers remaining on current trend coupled with a deceleration of pricing pressure. From a volume perspective, an ageing population and digital habits are resulting in more eye-related conditions, which is leading to volume growth in spectacles. Further, an increasing number of disposable lenses are driving growth in contact lenses, while sunglasses sales remain low. From a pricing perspective, the recent price pressure is expected to ease with increased prices of frames being the primary driver behind the price development. At present, prices in Finland are slightly lower than those for similar products in Norway and higher than in Sweden and Denmark.<sup>1)</sup>

The relative share of the product segments is expected to remain stable in the near-term.<sup>1)</sup>

1) Market Study.

## COMPETITIVE LANDSCAPE

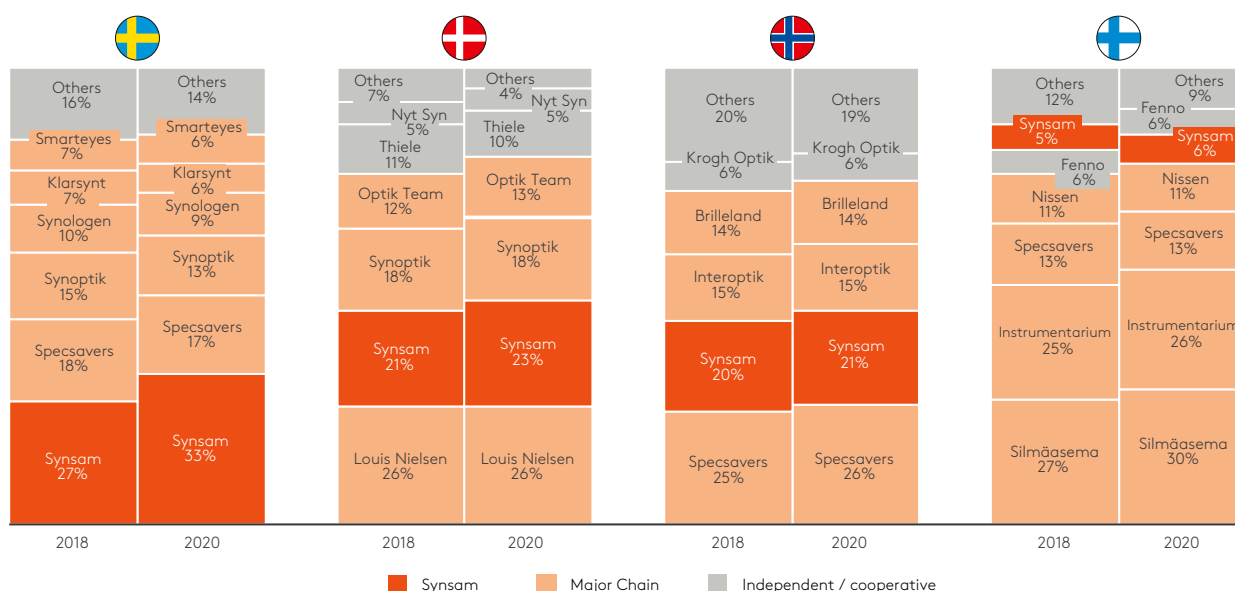
### Key competitors

The Nordic optical retail industry is consolidated, with optical retail chains representing 80 to 95 per cent of the total market share. Norway, where the top three optical retailers represent approximately 62 per cent of the market, is the least consolidated, with 19 per cent market share held by either small chains or independent optical retail stores. Many independent optical retail stores are organised into larger “buying groups” such as C-Optikk and Alliance Optikk, to access centralised buying scale. Finland is the most consolidated market where the top three optical retailers represent approximately 69 per cent of the total market share. In Sweden, Denmark and Finland, the top three optical retailers represent approximately 63 per cent and 67 per cent, respectively.<sup>1)</sup>

Across the Nordic markets, there are several companies that operate in all markets, including Synsam, Specsavers and GrandVision (whose brands include Synoptik, Interoptik, Brilleland, Instrumentarium, Nissen and Keops). Synsam faces competition from these cross-Nordic optical retail chains, as well as from smaller retail chains and independent optical retail stores. Synsam also faces competition from eye clinics offering refractive surgery.<sup>1)</sup>

Independents make up a much smaller share of Nordic markets when compared to other European markets. In Sweden, Denmark and Finland, the market share of independents has steadily been declining as price competition and increasing customer demands have favoured the larger retail chains.<sup>1)</sup>

### NORDIC MARKET COMPETITIVE LANDSCAPE IN 2020



Source: Market Study.

Note: Based on RSP (retail selling price), 2020. Grand Vision includes the following banners: Synoptik, Interoptik, Brilleland, Instrumentarium and Nissen. Specsavers include the following banner: Louis Nielsen. Market definition includes spectacles, contact lenses and sunglasses, based on value.

1) Market Study.

## Competitive landscape by country

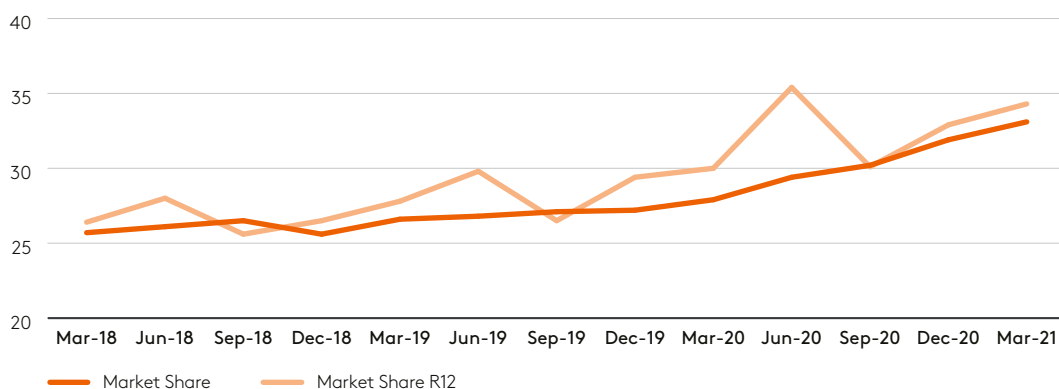
### Sweden

In 2020, Synsam was the largest optical retail banner in Sweden with a total market share of approximately 33 per cent. Throughout 2020, Synsam's net sales grew 10.9 per cent in SEK versus market growth of -2.9 per cent in SEK which further strengthened its position versus competitors in Sweden.<sup>1)</sup>

Specsavers entered the Swedish market in 2004 and is now a well-established low-end competitor and the

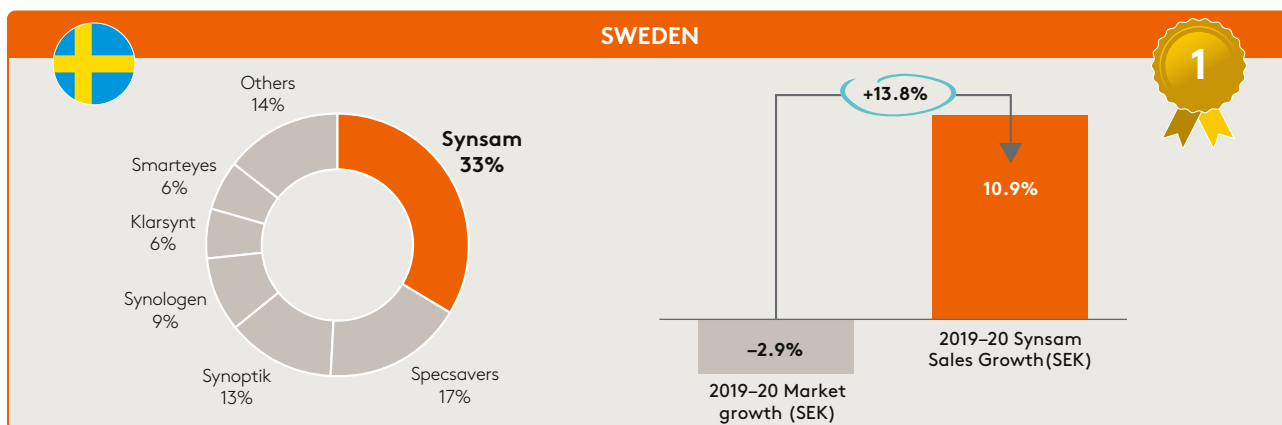
leader in terms of volume. There are approximately 800 independent optical retailers (stores) in the Swedish market, representing approximately 14 per cent of the market and declining in recent years.<sup>1)</sup>

The below graph illustrates Synsam's estimated market share in Sweden per quarter and rolling twelve months.



Source: Company information.

## 2020 SWEDEN MARKET SHARE BY VALUE AND YEAR-ON-YEAR MARKET GROWTH IN SEK



Source: Information on Synsam's sales growth (marked orange in the chart to the right above) has been derived from the Company's financials. Information on market growth, Synsam's market share (marked orange in the chart to the left above) and Synsam's competitors has been derived from the Market Study.

Note: Market shares and market growth based on RSP (retail selling price); Synsam sales growth calculated in SEK. Synsam's sales growth does not include Other and Central functions sales.

1) Market Study.



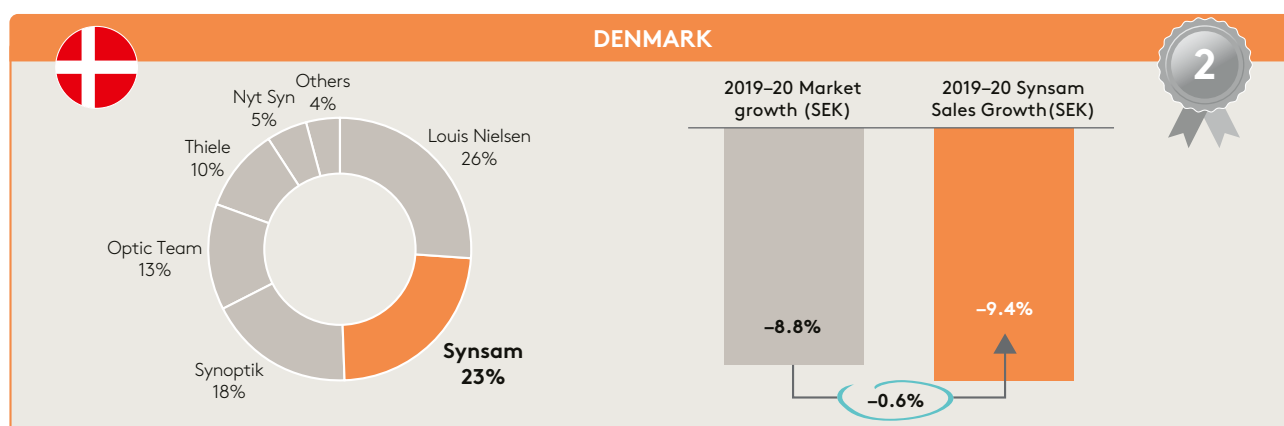
### Denmark

Synsam operates under the Profil Optik banner in Denmark and was the second largest optical retail banner in 2020 with a total market share of approximately 23 per cent. Throughout 2020, Synsam's net sales declined by 9.4 per cent in SEK versus market growth of -8.8 per cent in SEK.<sup>1)</sup>

Compared to other Nordic markets, Denmark is more competitive, as a number of competitors have similar

market shares. Profil Optik is viewed as one of the higher end competitors, along with Thiele. Specsavers operates under the brand Louis Nielsen and is a well-established low-end competitor focused on volume who currently holds the number one market position. There are various independent optical retailers in Denmark, representing approximately 4 per cent of the market and declining in recent years.<sup>1)</sup>

### 2020 DENMARK MARKET SHARE BY VALUE AND YEAR-ON-YEAR MARKET GROWTH IN SEK



Source: Information on Synsam's sales growth (marked orange in the chart to the right above) has been derived from the Company's financials. Information on market growth, Synsam's market share (marked orange in the chart to the left above) and Synsam's competitors has been derived from the Market Study.

Note: Market shares and market growth based on RSP (retail selling price); Synsam sales growth calculated in SEK.

1) Market Study.

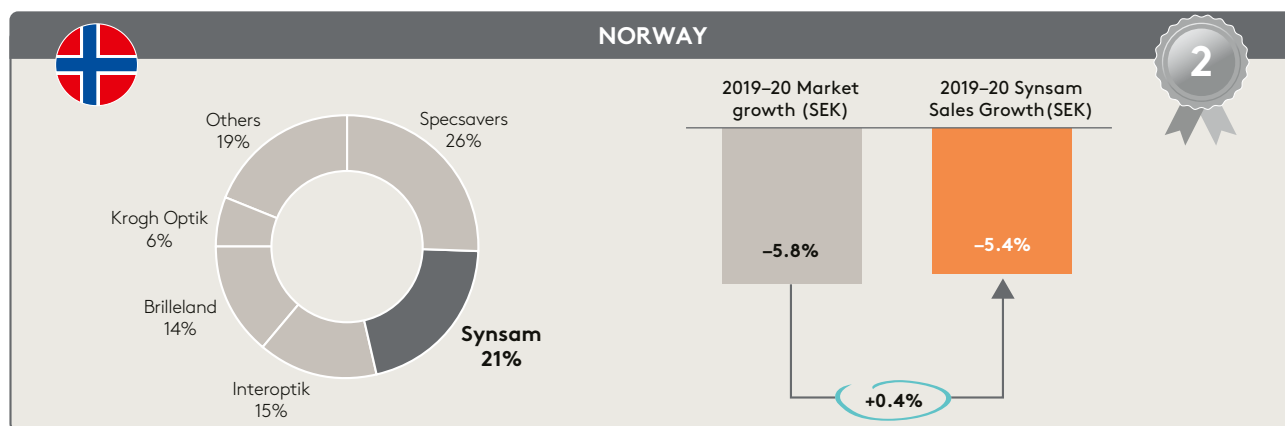
### Norway

In 2020, Synsam was the second largest optical retail banner in Norway with a total market share of approximately 21 per cent. Throughout 2020, Synsam's net sales declined by 5.4 per cent in SEK versus market growth of -5.8 per cent in SEK which further strengthened its position versus competitors in Norway.<sup>1)</sup>

Synsam is the market leader in the mid to high end market, while Specsavers is the number two competitor and operates mainly in the value-for-money segment, offering low prices enabled by a volume-driven strategy. The

market has been relatively stable since Specsavers entered Norway in 2005; Specsavers had the greatest impact on GrandVision's Brilleland banner, which operates with a very similar value proposition to customers. There are approximately 850 independent optical retailers in Norway, the highest prevalence across the Nordic region, representing approximately 19 per cent of the market. In recent years, many have joined regional or national buying groups to help combat pricing pressures.<sup>1)</sup>

### 2020 NORWAY MARKET SHARE BY VALUE AND YEAR-ON-YEAR MARKET GROWTH IN SEK



Source: Information on Synsam's sales growth (marked orange in the chart to the right above) has been derived from the Company's financials. Information on market growth, Synsam's market share (marked dark grey in the chart to the left above) and Synsam's competitors has been derived from the Market Study.

Note: Market shares and market growth based on RSP (retail selling price); Synsam sales growth calculated in SEK.

1) Market Study.

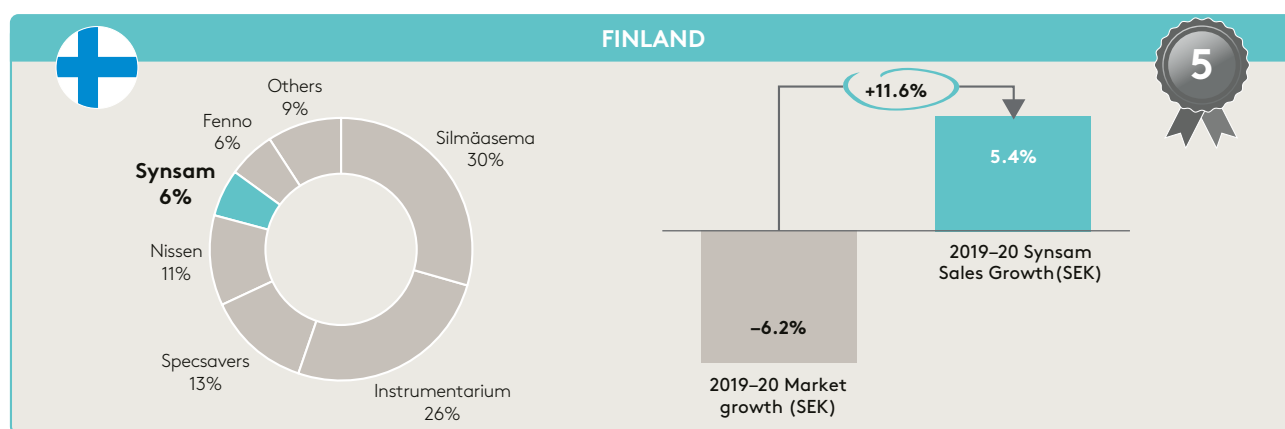
### Finland

In 2020, Synsam was the fifth largest optical retail banner in Finland with a total market share of approximately 6 per cent. Throughout 2020, Synsam's net sales grew 5.4 per cent in SEK versus market growth of -6.2 per cent in SEK which further strengthened its position versus competitors in Finland.<sup>1)</sup>

Overall, the market is relatively stable, the last structural change coming with Silmäasema's introduction of ophthalmologist appointments, today considered the

market norm. GrandVision has the highest market share with its two brands, Instrumentarium and Nissen, targeting the higher end and the lower end of the markets respectively. There are various independent optical retailers in Finland, representing approximately 9 per cent of the market and declining in recent years.<sup>1)</sup>

### 2020 FINLAND MARKET SHARE BY VALUE AND YEAR-ON-YEAR MARKET GROWTH IN SEK



Source: Information on Synsam's sales growth (marked blue in the chart to the right above) has been derived from the Company's financials. Information on market growth, Synsam's market share (marked blue in the chart to the left above) and Synsam's competitors has been derived from the Market Study.

Note: Market shares and market growth based on RSP (retail selling price); Synsam sales growth calculated in SEK.

1) Market Study.



# BUSINESS DESCRIPTION

## SYNSAM IN BRIEF

Synsam is the leading<sup>1)</sup> optical retailer in the Nordics. The Group operates directly-owned stores ("DOS"), franchise stores, e-commerce channels, as well as multiple subscription programs. Synsam was founded in 1968, and has evolved from a group of individually run optical stores to a leading<sup>1)</sup> and customer-focused Omni-channel operator with 490 stores as of 30 June 2021 and around 908 opticians performing approximately 673,000 eye examinations per annum. The Group is led by a highly experienced management team supported by both corporate and country management teams with in-depth understanding of, and longstanding retail experience in, each of the local markets.

As of 30 June 2021, the Group had 451 DOS and 39 franchise stores across Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands divided between the operating segments Sweden, Denmark, Norway and Finland. The Group operates its stores under the Synsam and Profil Optik banners, and targets a broader range of customers with its extensive offering of own house brands as well as branded spectacles, sunglasses and sports glasses to consumers in all multiple price segments. Synsam is the market leader in Sweden<sup>2)</sup>, runner-up in both Norway and Denmark<sup>3)</sup>, and has a strong challenger position in Finland<sup>4)</sup>.

In addition to the stores, the Group has a strong online and social media presence across all operating segments through Synsam, Profil Optik and Ai websites. This presence enables Synsam to increase customer interaction and enables customers to engage with Synsam whenever and however they choose, access extensive product and service information and purchase products (online e-commerce), book eye examinations and manage

Lifestyle and contact lens subscriptions online. Moreover, Stylelab by Synsam allows customers to virtually try the full assortment of spectacles on their mobile devices. Finally, on the Ai website, customers can now take eye examinations to preliminary test their eyesight and see if prompted to come in for a more thorough exam. Synsam considers itself to be at the forefront of developing online eye examinations.

Synsam offers a comprehensive and innovative product range and services within optical retail through an Omni-channel concept. Products include spectacles (traditional spectacles, sunglasses, and sports glasses) and contact lenses from 35 external and ten house brands as of 31 December 2020. Services include Synsam's disruptive subscription model for spectacles, the Lifestyle subscription and contact lens subscription, as well as eye health services, such as eye examinations. The Lifestyle subscription service is an all-inclusive service which was launched in June 2016. The subscription model is set up with monthly payments, and the customer benefits from having access to a range of services and choice of products from a broad assortment. The Company is of the view that the Lifestyle subscription program contributes to increased customer loyalty and it has grown rapidly since inception to now account for 45 per cent of net sales in the six-month period ending 30 June 2021, with revenues coming from approximately 336,000 Lifestyle subscribers. A contact lens subscription service was also launched in 2018 and is outlined in more detail in the section "*Business description – Synsam's position in the value chain – Subscription Services*". Eye examinations are an important part of Synsam's offering and are provided in all stores across the Nordics. Synsam also offers advanced eye examinations and has 64 eye health centres in the Nordics as of 31 December 2020.

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value.

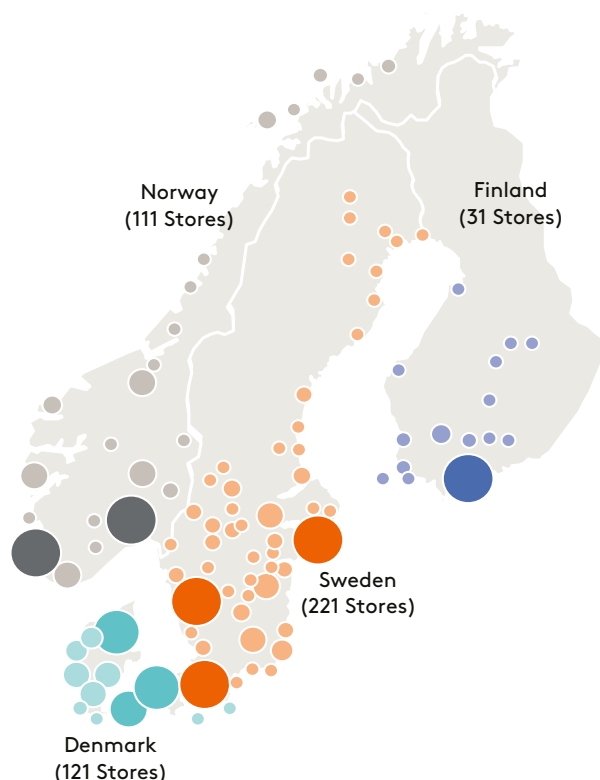
2) According to the Market Study, Synsam has a leading market position in Sweden (in terms of market share in 2020). The market shares are based on retail value.

3) According to the Market Study, Synsam has a number two market position in both Denmark and Norway (in terms of market share in 2020). The market shares are based on retail value.

4) According to the Market Study, Synsam has a fifth market position in Finland (in terms of market share in 2020). The market shares are based on retail value.



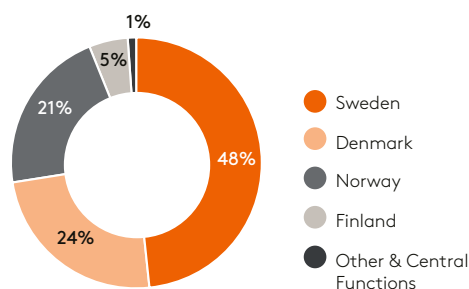
### NUMBER OF DOS AND FRANCHISE STORES AS OF 30 JUNE 2021 BY OPERATING SEGMENT<sup>1)</sup>



Larger bubbles are shown for areas with a higher concentration of stores.

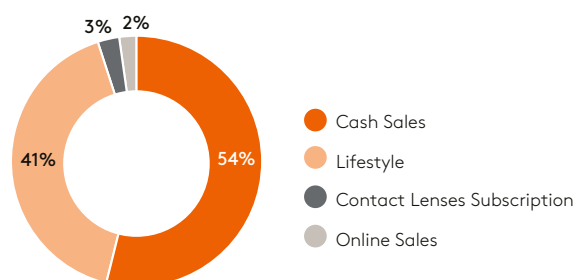
1) Excluding the Company's three Ai stores and three hearing aid stores on group level.

### 2020 NET SALES BY GEOGRAPHIC SEGMENT<sup>1)</sup>



1) The percentages have been rounded off, which is why the sum does not add up to 100%.

### 2020 NET SALES BY PRODUCT CATEGORY



## GROUP HISTORY

Synsam's history is best characterised by four phases of development: "The creation of Synsam and a Nordic voluntary chain", "Formation of an integrated retail platform and further consolidation", "Shift from traditional retailer to customer-centric optical lifestyle company" and "Transformed platform to drive long-term growth". These phases of development are described in more detail below.

### The creation of Synsam and a Nordic voluntary chain (1968–2007)

Synsam was founded in Sweden when a group of ten independent stores united and formed a local optical chain under the Synsam banner. Once the chain had been established, it began to expand systematically into new regions in Sweden. Synsam continued its expansion throughout Sweden by establishing own stores and franchise stores. In the 1990s, the first franchise agreements under the Synsam banner were signed in Norway. In 1971, Synsam founded the optical chain Profil Optik in Denmark, initially under the "Optik Kob" banner. Over

the years, the number of stores belonging to the chain grew and Synsam evolved from a local optical chain into an established and nationwide operator in Sweden, Denmark, Norway and Finland.

### Formation of an integrated retail platform and further consolidation (2007–2014)

In 2007, a private equity company invested in Synsam which accelerated the expansion of the business. Following the investment, Synsam chose to focus on consolidating its operations which largely consisted of independent stores whose success was limited to their individual local markets with the aim of forming a consolidated group where all stores in the chain share best practices and common store behaviour. Efforts were also focused on centralising functions such as purchasing, marketing, IT and finance, together with continued expansion through acquisitions and greenfield establishments. The franchise offering was also developed as franchise agreements in Sweden and Norway were renegotiated.

### Shift from traditional retailer to customer-centric optical lifestyle company (2014–2019)

In 2014, Synsam was acquired by the Principal Shareholder. Under the new ownership and the new management team led by Håkan Lundstedt, who became CEO in 2015, Synsam went through an extensive strategic review. Data collection was the first step and included, among others, consumer surveys, consumer focus groups, store benchmarks, store manager surveys, employee satisfaction surveys, employee commercial surveys and mystery shopping, all of which was used to build the foundation for further growth.

As a result of the strategic review, Synsam launched a new overall strategy for the Group, shifting its focus towards the customer by introducing a value for money concept and implementing an innovative store concept with an emphasis on consumer needs, and thus creating the ultimate lifestyle customer experience.

To support the new strategic direction, a full assessment of the management team at the time was carried out, resulting in the replacement of many members of the Company's general management team. In 2014, Martin Daniels joined the Company as Head of Programme Management Office and later on became Chief Innovation Officer in 2017, while Per Hedblom joined as CFO in 2017. In addition, new country managers were hired or recruited internally to implement the new strategy in the respective countries. Following the change of leadership, the Group introduced a new store concept and consequently invested significantly in the refurbishment of its current stores in the centralised regions. The Lifestyle subscription service, which is a subscription service for spectacles, was launched in June 2016 and was the first subscription service of its kind among the largest optical retailers in the Nordics<sup>1)</sup>. To complement the existing customer offering, Synsam introduced house

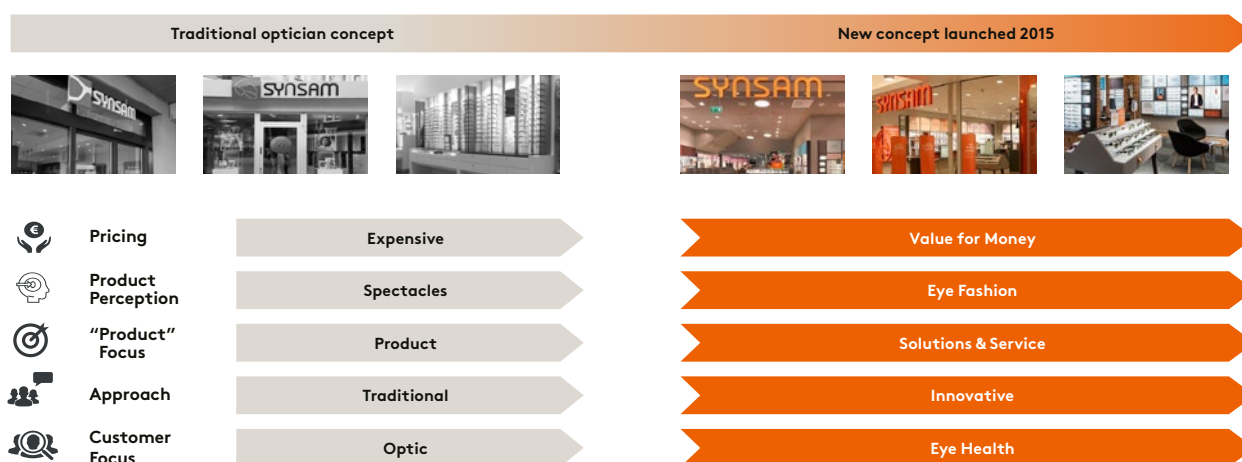
brands and Synsam Sports, and in the second quarter of 2018, launched Ai, a new store concept.

As part of the transformation of the business, the Group implemented significant operational changes. Synsam streamlined its portfolio into a single harmonised offering, simplified its supply chain by significantly reducing the number of frame suppliers and SKUs<sup>2)</sup> as well as invested in all Group functions, including the launch of an e-commerce platform, new IT systems and new talent management organisation.

In order to support the new strategy, build and maintain a homogenous culture of change and excellence, all employees were trained in sales excellence to provide the best customer experience and advice in stores. The Company believes that the customer-centric approach, attractive and customer oriented concepts, value-for-money offering and focus on sustainability has transformed Synsam into the leading and highly profitable lifestyle company, with the highest Adjusted EBITDA margin in optical retail and eye health across the Nordics, that it is today. In addition, Synsam received the award for the best concept and optical retailer by Evimetrix, has been nominated for the Omni-channel and Retail Brand of the Year in 2018, and won the most Sustainable Brand Index's award for most sustainable brand within Optical Retail three times between 2018 and 2020. The Flagship store concept was also awarded best Store concept by Management Events Retail Awards in 2019.

### Transformed platform to drive long-term growth (2020–)

Today, the Group has an established management team focused on further innovation and driving the business forward by pursuing growth, operational improvements and continuing to establish Synsam's culture throughout the organisation. The Group is focused on maintaining its



1) According to the Market Study.

2) SKU (Stock Keeping Unit) is a product code that you can use to search and identify stock on hand from lists, invoices, or order forms.

leading position in Sweden, while strengthening its position in Norway, Denmark and Finland by continuing to expand its greenfield opportunities and optimise selected stores. In addition, Synsam believes that already launched initiatives (e.g. Lifestyle subscription, contact lens subscription, Synsam Sports, house brands and Ai) as well as a steady stream of new innovations (e.g. B2B offering, launch of new products/SKUs within house brands etc) will continue to spur growth. With its new strategic initiatives, Synsam aims to defend and increase the already high level of customer satisfaction, and to drive long-term growth.

The Group recently rolled out the latest v4.0 of the Lifestyle subscription offering and continue to build out its services and product offering with a robust digital platform offering several features like online eye-exams, booking, online-shopping, CRM systems, etc.

Synsam also now offers ten strong stand-alone “House Brands” to attract new customers and meet new challenges with growing pressure towards sustainable production of consumer goods that it will sell in its new store concepts with improved exterior visibility and customer journey.

## STRENGTHS AND STRATEGIES

Synsam is confident that its success to date is the result of the strengths described below. Furthermore, Synsam is of the opinion that it will continue to benefit from these strengths, and seize identified and new opportunities to generate growth, profitability and cash flow.

### Strengths

#### *The largest Nordic optical retail specialist*

Synsam is a market-leading optical retail company in the Nordic region.<sup>1)</sup> According to the Market Study, the Company holds the number one position in Sweden with a market share of 33 per cent, the number two position in Denmark with a 23 per cent market share, the number two position in Norway with a 21 per cent market share, and the number five position in Finland with a 6 per cent market share. Synsam outgrew the market across all geographies significantly between 2015 and 2019, and is in a strong position to take further market share going forward according to the Market Study.

Synsam believes that the Group’s leading market position, combined with its offering of innovative products and services, including its Lifestyle subscription, have given Synsam competitive advantages that will enable it to experience long-term growth and profitability. In order to maintain the market-leading position, the Group continuously improves existing products and services.

#### *Structurally growing and resilient market*

According to the Company management, Optical retail is one of the most attractive sub-segments of the broader retail sector. The optical retail market is characterised for stable and resilient growth throughout economic cycles compared to overall retail, which tends to be more cyclical in nature. This resilience is mainly driven by the medical nature of spectacles and shorter replacement cycles seen in recent years. The optical retail market is also known for strong and sustainable margins, scale advantages such as strong negotiation power versus suppliers and more efficient operations. Additionally, the optical retail market is resistant to the online shift which is driven by the need of a physical advanced eye examination, advice on vision impairment needs and advice on choosing the right frame. The Nordic optical retail market distinguishes itself slightly from the general optical market with unique features such as no channel conflicts, favourable regulatory environment with little reimbursement risk, low store saturation and positive receptiveness to subscription programs.

The Nordic optical retail market has grown at a 3 per cent CAGR between 2017 and 2019, reaching a total value of SEK 18.9 billion according to the Market Study. In 2020, the Nordic optical retail market declined to SEK 17.9 billion, largely due to the impact of the COVID-19 pandemic. Going forward, according to the Market Study, the Nordic optical retail market is expected to grow at a stable 3 per cent CAGR between 2021 and 2025. Market growth is expected to be driven by secular growth trends such as ageing population, increasing prevalence of eye conditions and growth in myopia. Other trends include growing focus on health and wellness and increasing number of spectacles per person.<sup>2)</sup>

Synsam believes that the Group, with its strong market position combined with the anticipated market growth, is well positioned to achieve continued profitable growth.

#### *Culture of innovation is part of Synsam’s DNA*

Synsam has consistently been a strong innovator in the Nordic optical retail market and has launched multiple innovations in (i) customer journey and digitalisation, (ii) product offering, (iii) ESG (Environmental, Social, and Governance) and (iv) subscription programs. These customer-centric innovations are expected to drive further traffic to Synsam’s stores, and provide customers with a broader offering.

#### *Customer Journey and Digitalisation*

Synsam believes that it is the leader in integrating digital channels in the customer journey. Digital channels are the starting point of the customer journey, with the

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value.

2) According to the Market Study.

majority of customers scheduling eye examinations online. In addition, customers are also able to manage subscriptions, and make purchases online. Synsam has made significant investments in improving its digital channel offering and leveraging digital solutions to optimise the customer experience. Synsam has a digital presence through both the Synsam and Ai websites, mobile phone applications, and social media platforms. Furthermore, Synsam also invests in digital marketing through social media, which enables personalised and visible content. In addition, Synsam has launched an innovative Stylelab app, which enables customers to try out frames at home, and offers an online eye examination in partnership with Easee.

#### *Product Offering*

Synsam has a differentiated collection of house brands that appeal to customers in terms of price, design and quality. Further, Synsam believes that it is building a unique niche in sports eyewear, leveraging its positioning as the leading Nordic optical retailer<sup>1)</sup>. Lastly, Synsam also offers contact lenses, in addition to eyeglasses, in order to broaden its product and service offering. Contact lenses represent an effective route for Synsam to reach new customers for eyeglasses, as the majority of contact lens customers also purchase eyeglasses and sunglasses.

Please refer to the section *“Business description – Synsam’s position in the value chain”* for more details on the Company’s product offering.

#### *Strong ESG Underpinning Across Product Offering*

Synsam has a strong ESG agenda underpinning across its product footprint. Furthermore, the Made in Sweden initiative will support the ESG agenda, with house brands produced in Sweden from locally sourced and more sustainable materials. In addition, Synsam is focused on its community through the *“Alla ska se!”* (Eng. *“Everyone should see!”*) initiative where Synsam provides free activity spectacles for approximately 30,000 children, and through the *“Vision for All”* program, which donates spectacles and eye-health visits in third world countries. Please refer to the sections *“Business description – ESG responsibility within Synsam”*, *“Business description – Responsibility for the environment”* and *“Business description – Social responsibility”* for more details.

#### *Subscription Program – Lifestyle Subscription*

Synsam was the pioneer in offering eyewear subscriptions in the Nordics through its innovative Lifestyle subscription offering. Lifestyle subscription is an all-inclusive package offering subscribers a number of features including (i) the ability to mix-and-match three or more products, (ii) the possibility of swapping one pair for a new pair each year, (iii) a free eye examination each year, (iv) a free lens change if eyesight changes and (v) insurance for loss, theft, and damage. Please refer to the section *“Business description – Synsam’s position in the value chain – Subscription Services – Lifestyle”* for more details.

#### *Subscription Program – Contact Lenses Subscription*

In addition to the Lifestyle subscription program, Synsam also offers a standalone contact lens subscription program. Please refer to the section *“Business description – Synsam’s position in the value chain – Subscription Services – Contact Lenses Subscription”* for more details.

#### **Well-invested store network and industry leading digital proposition**

Synsam has an extensive Nordic optical retail footprint, with a platform of 490 stores in Sweden, Denmark, Norway, and Finland. Synsam has undergone a significant store investment program amounting to SEK 915 million between 2016 and 2018, resulting in the vast majority of the 448 stores in place at the end of 2018 being rebuilt and an industry leading customer experience and proposition being developed. Furthermore, 64 stores have been opened between 2018 and 30 June 2021. Please refer to the section *“Business description – Synsam’s position in the value chain – DOS”* for more details.

#### **Attractive financial profile**

Synsam has an attractive financial profile with high organic growth, and according to the Market Study, significantly higher growth than the broader market. Furthermore, Synsam has between 2018–30 June 2021 demonstrated robust growth in Adjusted EBITA and EBITDA resulting from its revenue growth combined with its scalable cost base and high cash generation. In addition, Synsam’s asset-light business model and limited capital expenditure requirements has delivered strong cash generation meanwhile investing in the Company’s store base.

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value.

Since implementation of its new strategic plan in 2016, Synsam has demonstrated substantial revenue growth and industry-leading profitability according to the Market Study.

Synsam displayed strong performance through the COVID-19 pandemic. In 2020, net sales increased to SEK 3,806 million, from SEK 3,741 million in 2019, reflecting a 3 per cent organic growth, despite temporary COVID-19 closures impacting performance during the first half of the year. In the twelve-month period ended 30 June 2021, net sales increased to SEK 4,312 million, from SEK 3,598 million in the twelve-month period ended 30 June 2020, reflecting a 20 per cent growth. Overall, Synsam experienced strong momentum both before and after the COVID-19 related lockdowns, with eight months of 2020 delivering higher sales and Adjusted EBITDA than 2019<sup>1)</sup>.

#### **Multiple, tangible, sources of sustained growth**

Synsam is well positioned for future growth, derived from a combination of robust organic growth, and further upside potential. Organic growth is expected to be driven by similar drivers that have delivered strong historical organic growth including continued underlying market growth, growth in existing stores – from a combination of continued expansion of the Lifestyle subscription program, new offerings (including growth of house brands), online sales and contact lens sales, and growth from new stores – consisting of continued expansion with green-fields and rollout of new concepts. Furthermore, the strong organic growth potential is complemented by further growth potential from new initiatives including leveraging the Made in Sweden initiative for a wholesale business, and entering additional health verticals, with the first step being the launch of Synsam Hearing.

#### **Committed management team with strong track record**

Synsam is led by an entrepreneurial management team with relevant industry experience and experience of successfully transforming businesses. Together, the management team has developed Synsam into a leading and highly profitable lifestyle company within optical retail and eye health in the Nordics. The management team has a broad range of skills that are appropriate for the continued growth of the Company's business, comprising experience both from optical retail and other areas of the retail industry. The members of the management team have between 10–30 years industry experience and the Company's CEO, Håkan Lundstedt, and CFO, Per Hedblom, has similar experience of transforming Mekonomen Group, a leading automotive spare-parts chain in the Nordics, when acting as CEO and CFO during eight and five years, respectively, at Mekonomen Group.

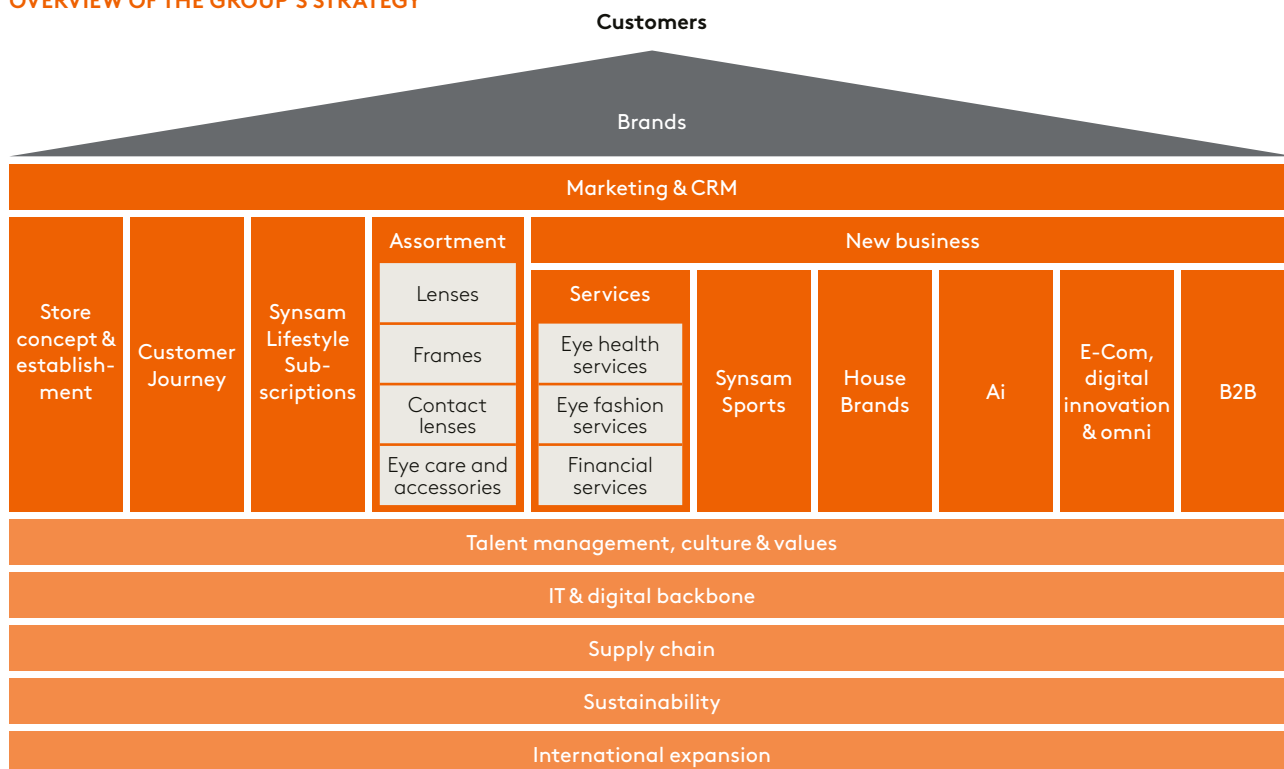
As a result of recent successes, the Group and the management team have received several industry awards at national level during in the past two years, including the 2018 Retail Awards "Årets Ledare" (Eng. "Leader of the Year") for Håkan Lundstedt, 2018 Resumé "Årets Bästa Marknadschef" (Eng. "Marketing Executive of the Year"), and the 2020 Chef Galan's "Årets Chef" (Eng. "Executive of the Year") award for Håkan Lundstedt.

The management team continues to be motivated to lead the Group into its next phase and continue to roll out the Synsam concept across the Nordic region.

1) See the section "Selected financial information" regarding definitions and calculation for alternative performance measures.



## OVERVIEW OF THE GROUP'S STRATEGY



Source: Company information.

## STRATEGY

Under the leadership of Synsam's management team, the Group has been implementing a new strategy since 2016. Going forward, the Group's strategy will be focused on Synsam's Omni-channel offering of attractive products and solutions to the Group's customers to drive LFL growth, expansion of Synsam's store footprint, and implementation of operational improvements in order to drive growth in profitability.

The customer journey concept, marketing and communication are at the heart of Synsam's development strategy. Synsam intends to achieve an innovative and customer-centric, clear and simple communication strategy, building on its Lifestyle subscription brand platform in order to generate customer interest and drive traffic to the Group's stores, e-commerce and eye examination bookings. The focus will be on strengthening the brand, increasing brand awareness and customer relationships. Furthermore, an important priority for Synsam will be to invest in increasing awareness of its house brands across the Nordic region as well as its new Ai concept. Additionally, Synsam will continue to develop its CRM system and enhance its CRM competency in-house in order to support its customer-centric initiatives.

### Focus on Synsam's customer offering and efficiency to drive LFL growth

By following its new strategy, Synsam believes it will continue to strengthen its market position and continue to deliver LFL growth in the coming years. Continued LFL growth is expected to be driven by a combination of Lifestyle, Synsam Sports, e-commerce, house brands and contact lens subscription.

### Market growth

The Nordic optical market is estimated to be approximately SEK 18 billion (2020) and is expected to experience stable growth of 3 per cent over the period 2021–2025 according to the Market Study. Synsam is convinced that, due to the Group's strong market position in the Nordic region<sup>1)</sup>, the Group is better positioned than its competitors to capitalise on long-term market trends such as favourable demographics and lifestyle trends as well as other market drivers such as low store saturation and growing demand for subscription services.

### Synsam Lifestyle and Contact Lenses Subscription

The Market Study indicates a large market opportunity for Lifestyle as subscriptions only make up approximately 4 per cent of the total eyewear market in the Nordics. According to the Market Study, approximately 60 per cent of customers who are not currently enrolled in a

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value.

subscription program could be interested in a subscription service for eyewear, subject to increasing awareness, and educating consumers on the economic benefits of a subscription model. To reach these potential subscribers the Group will focus on converting current Synsam customers and attracting new customers through several initiatives including continuous improvements of the Lifestyle customer offering, increased sales excellence coaching and training programs in stores to promote Lifestyle and customer retention activities to increase renewal rates. Please refer to the section *“Business description – Synsam’s position in the value chain – Subscription Services – Lifestyle”* for more details.

Synsam launched a new contact lens strategy in 2018 which includes a new assortment, product and lens campaign as well as introduction of a subscription service for contact lenses. The program is designed to transform one-off contact lens shoppers into a longer term relationship, with potential to cross-sell spectacles and other products. The contact lens subscription has proven to be an effective method for Synsam to reach cross-sell as the majority of the contact lens subscription customers also buy spectacles and sunglasses, which leads to additional higher spend among these customers compared to contact lens cash customers. Please refer to the section *“Business description – Synsam’s position in the value chain – Subscription Services – Contact Lenses Subscription”* for more details.

#### **Continued volume growth in house brands**

Synsam plans to acquire new customers from competitors through its house brands. House brands are a key differentiating factor relative to competition, as they allow Synsam to offer a broader and more tailored offering reflecting the tastes of Synsam’s Nordic customer base, which help expand the customer base and increase market share. Please refer to the section *“Business description – Synsam’s position in the value chain – House Brands”* for more details.

#### **Product Offering – Sports**

Synsam is building a unique niche in sports eyewear, leveraging its positioning as the leading Nordic optical retailer. Sports eyewear increases the breadth of Synsam’s product offering, with the current offering covering the 30 most common activities of the consumer base. Please refer to the section *“Business description – Synsam’s position in the value chain – Sports”* for more details.

#### **Expand Synsam’s store footprint and increase sales growth**

An integral part of Synsam’s growth strategy has been, and continues to be, to open new stores and new concepts. Synsam has a track record of successfully opening new stores and the Group believes that there are significant opportunities for new store openings in its existing countries of operations.

Synsam has undergone a significant store investment program between 2016 and 2018, resulting in the vast majority of the 448 stores in place at the end of 2018 being rebuilt. Since then, Synsam has shifted the focus to store openings, having opened 64 stores between 2018 and June 2021.

Synsam’s management continuously monitors and analyses the Group’s potential beyond the existing store network through a white space analysis in which the analysis is based on the performance of Synsam’s existing store network, demographics, population distribution, traffic and visitors and competition. A white space analysis prepared by the Company management (assessed in the Market Study as feasible) has identified more than 160 potential locations for new stores in the Nordics during the coming five-year period. In addition, there could potentially be more store opportunities if smaller chains and independent stores were to close down due to lack of scale causing margin pressure and inability to follow the rapid pace of innovation in the sector.

Synsam is well-positioned to take advantage of the situation and move into desired sites swiftly due to its scalable concept and fast and efficient roll-out model. A new store requires on an average between SEK 2 million and SEK 6 million (excluding Flagship stores). A new store is expected to reach two thirds of annual run-rate sales by month 12, and 100 per cent of annual run-rate sales by month 24, as well as being EBITDA positive (calculated prior to the application of the IFRS 16 accounting standard) on six months or less. Overall, the investment pay-back period for a new store is between two and three years.

During the period 2021–2023, Synsam plans to open over 90 new stores, of which a majority are Mega Stores and Recycling Outlet stores. Of such over 90 new stores, Synsam plans to open 40 in Sweden, eleven in Denmark, ten in Norway and 30 in Finland.

***Launch of Synsam Hearing***

Synsam has been evaluating adjacent health segments for further expansion. The first step of this expansion is the launch of Synsam Hearing, which provides hearing tests and hearing aids in selected stores. Synsam expects strong revenue synergy from the existing customer base, and the combination of hearing and optical retail is well established in other markets outside of the Nordics (e.g. Europe and Australia). To date, Synsam has launched the concept through an acquisition in 2021 as well as opened two new units in the second quarter of 2021. The plan is to expand the concept to selected Synsam stores.

***Maintain profitability and drive operational improvements***

The Group has succeeded in increasing profitability by making continuous improvements to the business. Synsam believes that there are opportunities to continue streamlining the business over the next few years through further efficiency initiatives on gross margin and operating expenses. On balance, Synsam believes there will be some negative pressure on the gross margin going forward which is expected to be offset by operating leverage.

Gross margin can be improved by continuing to increase volume of house brands and prescription sports glasses. Further refinement of the Group's assortment strategy and improving purchasing terms for certain suppliers is also expected to contribute to a higher gross margin. Synsam has also identified several efficiency initiatives that will reduce operating expenses going forward.

By moving edging and mounting of lenses to a separate central warehouse, store efficiency is expected to improve. Furthermore, investments in talent management are expected to increase sales going forward by having a better trained and more efficient staff. In addition, with increasing volumes Synsam is expected to utilise several of its operating functions more efficiently.

***Additional strategic initiatives***

Synsam has identified a number of additional strategic initiatives, which can provide further growth to Synsam. Within eye health, there are several growth initiatives that Synsam could pursue in the near term, such as expanding the number of eye health centres, creating additional strategic alliances with private eye healthcare providers and identifying eye health problems that can be conceptualised. Synsam could also explore the business-to-business ("B2B") initiative further to generate additional traffic to stores by offering discounts on computer spectacles and comprehensive service offerings including eye examinations. Existing and prospective B2B clients are both private and public sector. The B2B market is stable and Synsam is well-positioned to win upcoming tender processes. Furthermore, Synsam could in the long term expand in Europe by establishing any of Synsam's concepts, alternatively by acquisition of one or several mid-sized chains.

## STRATEGIC INITIATIVES BY COUNTRY

## Sweden

Similarly to the Group's strategy, the strategy for Sweden is built on the same key initiatives that have contributed to the strong performance of Synsam in the recent years. The priority in Sweden will be on expansion through new openings (greenfields), with a focus on opening additional Mega and Recycling Outlet stores. Sweden is one of the countries where most greenfield stores are expected to be opened, and there is put emphasis on focusing on the high street locations and shopping malls. Should it be more financially beneficial than a greenfield establishment, franchise stores may also be acquired in some cases.

The new stores will be established through Synsam's roll-out model. The model has been developed over the last few years throughout the transformation of store layout and opening of new stores. It also involves new initiatives to structurally improve hiring of competent employees for the right functions as well as bettering culture through sales training and bonus incentive plans. In Sweden, Synsam has a proven track record of opening 26 stores between 2017 and 2019, and for the next three

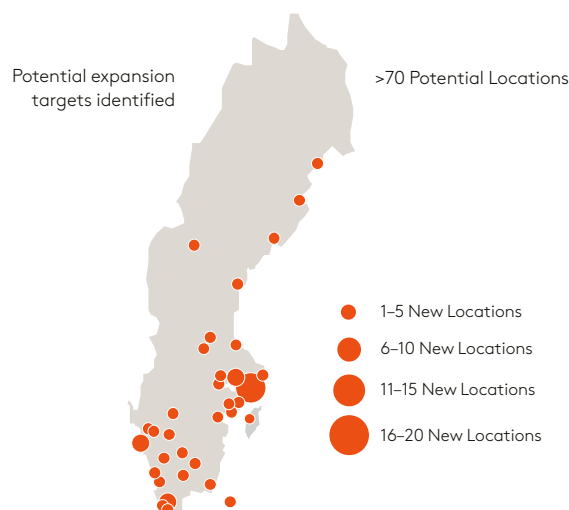
years, 40 new stores are planned to open. New store concepts are also part of the main drivers for Synsam's success in Sweden. Synsam currently has identified more than 70 potential locations for establishing stores in Sweden in the coming years.

Furthermore, Lifestyle subscription, supported by house brands and Synsam Sports, as well as contact lenses subscription offering, is expected to be the key drivers of sales and profitability going forward. Since launch in 2016, the Group has seen strong momentum in converting cash customers to Synsam Lifestyle subscriptions in Sweden. It differentiates itself from competitors based on quality and offering, and also has a strong record of hiring and retaining the best opticians with its compelling offer, despite competition in the broader market. The Company also has developed a common incentive and bonus model, which is leading to higher conversion and service quality. Inhouse competence is at the core of the winning culture. Synsam also aim to win tenders with corporate customers to drive growth in eye examinations and in turn convert these to private customers.

## PLANNED STORES AND MARKET WHITE SPACE, SWEDEN



Source: Company information.



## Denmark

Synsam has differentiated itself on customer offerings, eye health focus and sustainability. It plans to further strengthen the awareness of the Profil Optik brand and differentiate itself from competitors through focused marketing campaigns, including the successful Fellepini x Sea2See initiative and combined marketing campaigns with certain contact lens suppliers. In Denmark, it has had a successful implementation of house brands with an assortment offering low price, good quality and more premium frames.

It also continue to invest in the market by rolling out new concepts, and have planned new openings via green-fields will be mainly focused on the Copenhagen area and shopping mall locations in other locations throughout Denmark. Over the next three years, eleven new stores are planned to open, of which a majority are Mega Stores and Recycling Outlets. In addition, Synsam has in October 2021 liquidated the current franchise network of six stores in Denmark. In the segment Denmark, there are three remaining franchise stores located on Island and on Faroe Islands.

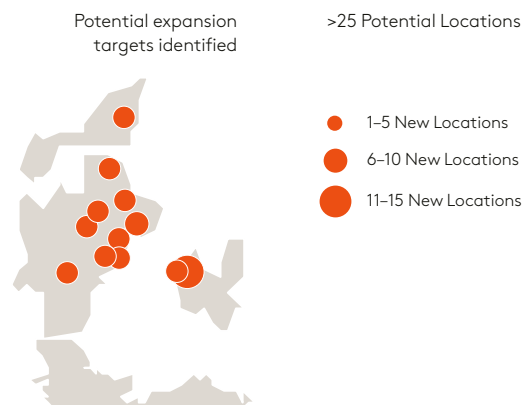
Furthermore, the Lifestyle subscription, supported by house brands and Synsam Sports, is expected to be the key driver of sales and profitability going forward. There is also a strong momentum for eye health services, and there are plans to expand offering in additional stores.

The Group installed a new management in Denmark in 2017, after making changes in the organization and also in culture both at headquarter and in the stores. Since then, Denmark has also focused on performance management through sales coaches, training stores in customer journey and the Lifestyle subscription model. Culture is centered around being innovative in product offering, like the Lifestyle subscription model, and being the market leader in offering sustainable products. This has led to strong momentum in converting cash customers and new customers to the Lifestyle subscription. The Lifestyle subscription offering has also helped to attract new customers from competitors' stores. There is also a push for distribution development, by upgrading regular stores to the better performing Mega concept, which in turn leads to higher conversion rates and better profitability.

## PLANNED STORES AND MARKET WHITE SPACE, DENMARK



Source: Company information.





## Norway

In Norway, Synsam has had a successful implementation of house brands. Synsam's house brand offering had been developed to range between all pricing segments, and through Synsam's understanding of the Nordic customer preferences, the Group is able to offer attractive high quality products at favourable prices. With this offering, Synsam is benefitting from the Norwegian optical retail market being focused on more premium products, as well as the Group now also offers more exclusive house brand products. Hence, price competition is not as high as in other countries due to the focus on quality frames and lenses.

The Group is planning on expanding through new greenfield establishments. Shopping malls are viewed as the most suitable locations to open new stores in the country, and the Company focus on open new Mega and Recycling Outlet stores in Norway as well. New stores will be established through the Synsam's roll-out model,

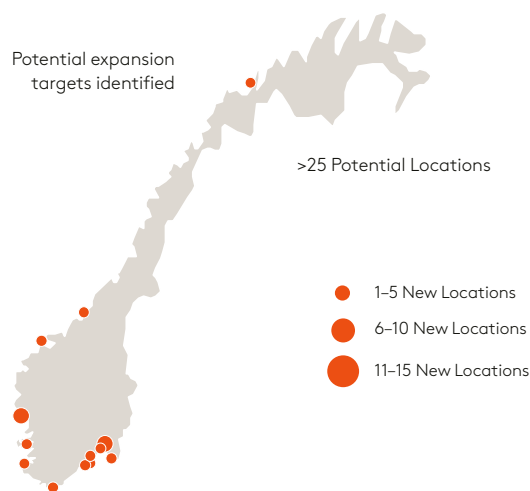
which has a proven track record of rolling out eleven stores in the period 2017 to 2019. Over the next three years, ten new stores are planned to open, of which a majority are Mega Stores and Recycling Outlets. Synsam currently has identified more than 25 potential locations for establishing stores in Norway in the coming years.

Furthermore, Lifestyle subscription, supported by house brands and Synsam Sports, as well as contact lenses subscription offering, is expected to be the key drivers of organic sales growth and profitability going forward. This is supported by Synsam's premium house brand offering, new and revamped store concepts, and also a focus on tailoring the eye exams help to generate customer loyalty and drive traffic. Synsam dedicates more time on eye exams, versus competitors. There is also a high potential for converting cash customers into subscription customers in Norway.

## PLANNED STORES AND MARKET WHITE SPACE, NORWAY



Source: Company information.



## Finland

The strategy in Finland is focused on organic growth in existing stores and there is a plan to expand through greenfields, particularly in the main cities and high traffic locations. Its latest success stems from the strong implementation of Lifestyle concept in the country and an extensive upgrade of the wider store network. Synsam also launched a co-operation in Finland which was started with the leading health care company Mehiläinen, where the eye doctor's receptionists are working from Synsam stores.

The increased market share in Finland is a result of an extensive restructuring of the store network between 2016 and 2018. Synsam closed all franchise stores, as they were not ready to upgrade to the new store layout. Management also cut back on directly operated stores, in order to increase focus on operational improvements.

New stores are established through the Synsam's roll-out model, with proven track record of opening a net of three stores between 2017 and 2019. Expansion plans are aimed

in areas with access to proven high customer flows and the Group generally looks to find more attractive lots over just filling whitespace, even if it already has nearby presence. For the next three years, 30 new stores are planned to open, of which a majority are Mega Stores and Recycling Outlets. Synsam currently has identified over 40 potential locations for establishing stores in Finland in the coming years.

Furthermore, Lifestyle subscription, supported by house brands and Synsam Sports, as well as contact lenses subscription offering, is expected to be the key drivers of sales and profitability going forward.

Synsam differentiates itself from competitors based on quality and offering, and has seen a strong momentum in converting cash customers and new customers to lifestyle.

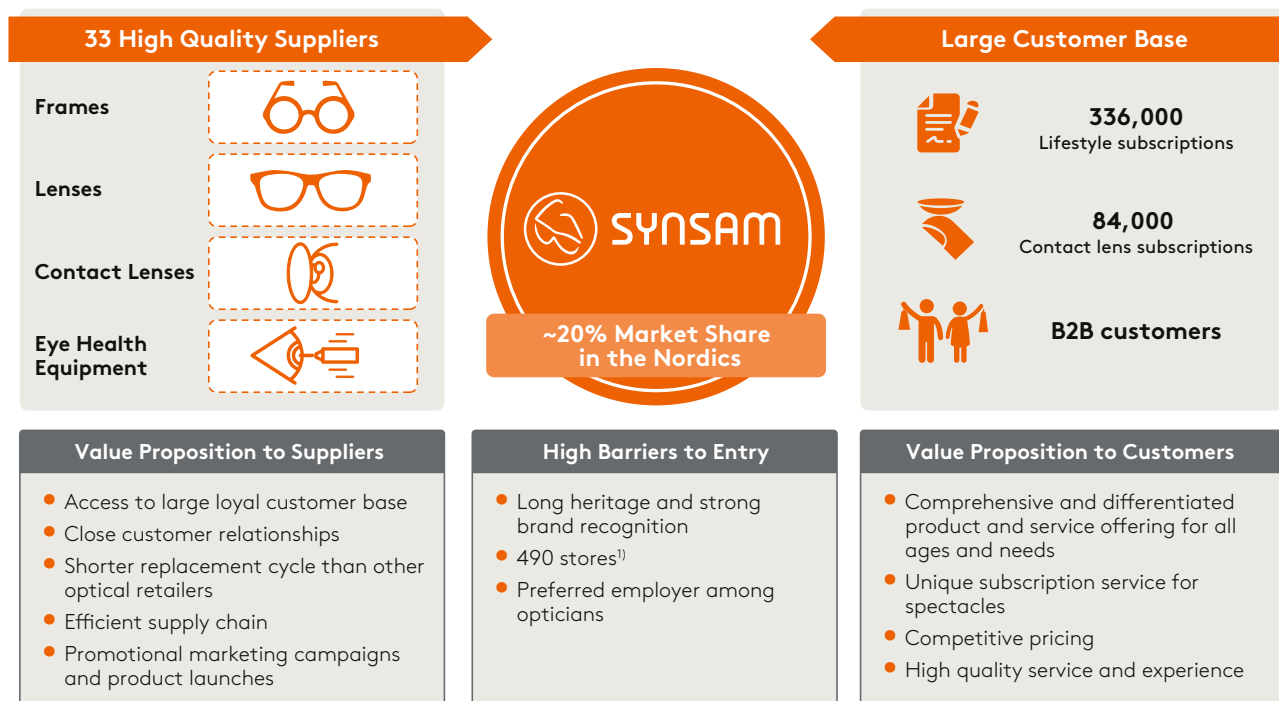
## PLANERADE BUTIKER OCH VITA FLÄCKAR PÅ MARKNADEN, FINLAND



Source: Company information.

## SYNSAM'S POSITION IN THE VALUE CHAIN

## SYNSAM IN THE OPTICAL RETAIL VALUE CHAIN



1) Including three hearing entities.

Over the last 50 years, Synsam has created a well-known brand and built strong relationships with customers and suppliers in the optical retail value chain. Due to its scale, Synsam has strong purchasing power and an efficient supply chain, allowing it to provide products from 33 suppliers to millions of customers in a time efficient manner. The aggregator role provides value to all stakeholders along the value chain and lowers the risk significantly for any disintermediation.

#### Value proposition to suppliers

Synsam's extensive store network allows suppliers to gain access to a large customer base in which Synsam has many long-dated customer relationships. Synsam provides a spectacles subscription service which enables customers to swap a pair of spectacles annually, resulting in increasing volumes. In addition, Synsam provides

an efficient supply chain due to significant scale and offers an attractive channel for suppliers to execute promotional campaigns and product launches by aggregating demand directly from Synsam's large customer base.

#### Value proposition to customers

As a result of the Group's significant scale, efficient operations and focus on innovation, Synsam has a comprehensive and differentiated product and service offering that satisfies customer needs at competitive prices. In addition, the Group has made it affordable for customers to have a variety of spectacles for different purposes with its Lifestyle subscription service. Synsam has at least one optician per store and style experts to give customers the right advice on the best suitable frame.

## Brands

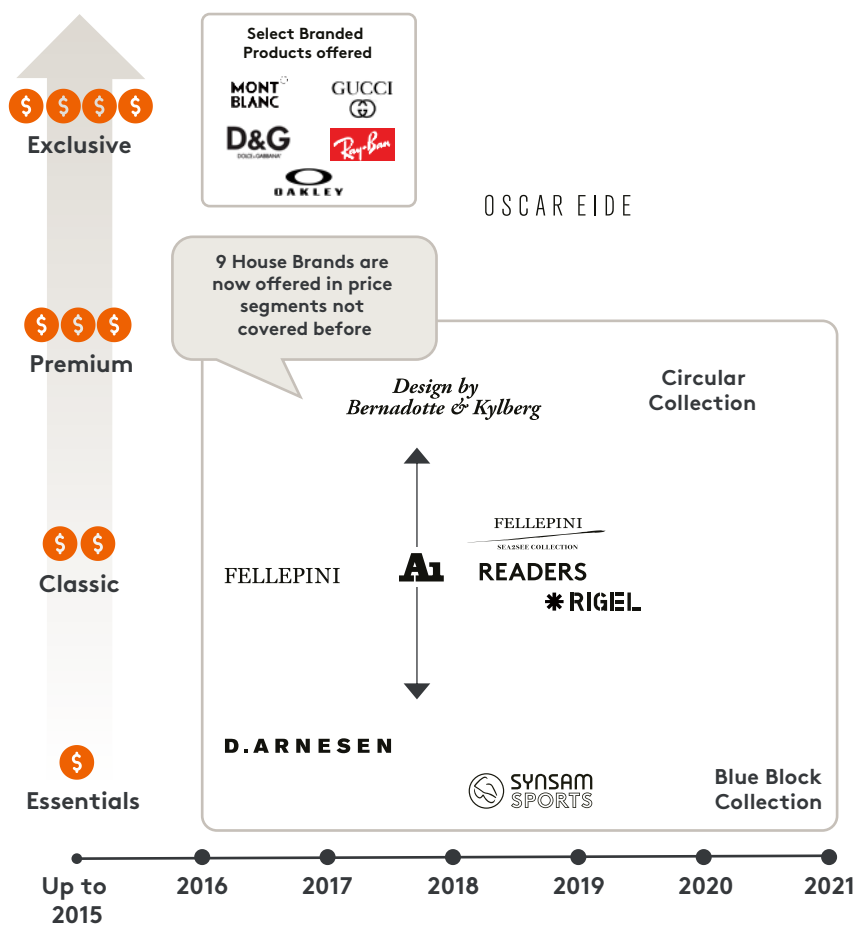
Synsam applies a multi-brand strategy which means that it markets and sells spectacles under a comprehensive range of brands, to differentiate themselves against competitors and attract consumers to Synsam. The Group's brand portfolio consists of well-known global brands with a long tradition of quality, together with house brands, all of which are present in all Synsam markets and cover a range of price points, enabling the Group to make its offering more distinct and thereby mitigate the risk of cannibalisation between brands. The house brand assortment represented around 50 per cent share of the frame volume, measured by run rate by end of 2020. In addition, Synsam uses the leading global lens provider to make sure that the end product is of the highest quality.

## House brands

As a result of Synsam's strategic review, the Group introduced house brands in 2016, and has a portfolio of ten brands. House brands have enabled Synsam to differentiate its customer offering and reach customers across all price points. House brands have helped to reposition the Synsam brand more towards eye fashion and value for money and distinguishes Synsam from competition, and are offered under the four price segments; Essentials, Classic, Premium and Exclusive. The first two house brands were launched in the fourth quarter of 2016 and since then, an additional eight house brands have been launched. The rationale behind the introduction was to strengthen the offering, increase gross margin, increase power over suppliers as well as build a portfolio of strong brands.

Brand	Positioning
OSCAR EIDE	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Lightweight design in exclusive materials</li> <li>■ <b>Target market:</b> Customers that appreciate craftsmanship</li> </ul>
<i>Design by</i> <b>Bernadotte &amp; Kylberg</b>	<ul style="list-style-type: none"> <li>■ <b>Co-lab partners:</b> Bernadotte &amp; Kylberg</li> <li>■ <b>Description:</b> Innovation of classical shapes across nine frames</li> <li>■ <b>Target market:</b> Customer wants attitude and innovation</li> </ul>
<b>Circular Collection</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Collection made out of recycled spectacles received through our recycling initiative</li> <li>■ <b>Target market:</b> Customers increasingly aware of environmental toll of plastic consumption</li> </ul>
FELLEPINI SEA2SEE COLLECTION	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Modern and trendy</li> <li>■ <b>Target market:</b> Customer wants high-fashion and trendy</li> </ul>
*RIGEL	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Mid-range brand covering variety of sports</li> <li>■ <b>Target market:</b> Customer wants sports eyewear with high value for money</li> </ul>
<b>D. ARNESEN</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Danish brand with clean design and attractive price points</li> <li>■ <b>Target market:</b> Customer wants classic, scaled simplicity</li> </ul>
<b>Blue Block Collection</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Broadening Focus of rolling out protective Blue Block collection spectacles with new generation of filtered lenses</li> <li>■ <b>Target Market:</b> Customer spending more time in front of their screens than before</li> </ul>
<b>READERS</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Affordable eye fashion for the reading spectacles category</li> <li>■ <b>Target market:</b> Customer wants functional yet fashionable reading spectacles</li> </ul>
<b>Synsam Sports</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Entry point within sports range</li> <li>■ <b>Target market:</b> Customer wants to try active spectacles</li> </ul>
<b>Ai</b>	<ul style="list-style-type: none"> <li>■ <b>Description:</b> Mix-and-match to find your perfect combination</li> <li>■ <b>Target market:</b> Customers searching for one price with 1,000 possibilities (10 frame shapes x 10 frame colours x 10 lens colours)</li> </ul>

## TIMELINE OF HOUSE BRAND LAUNCHES AND PRICE SEGMENT



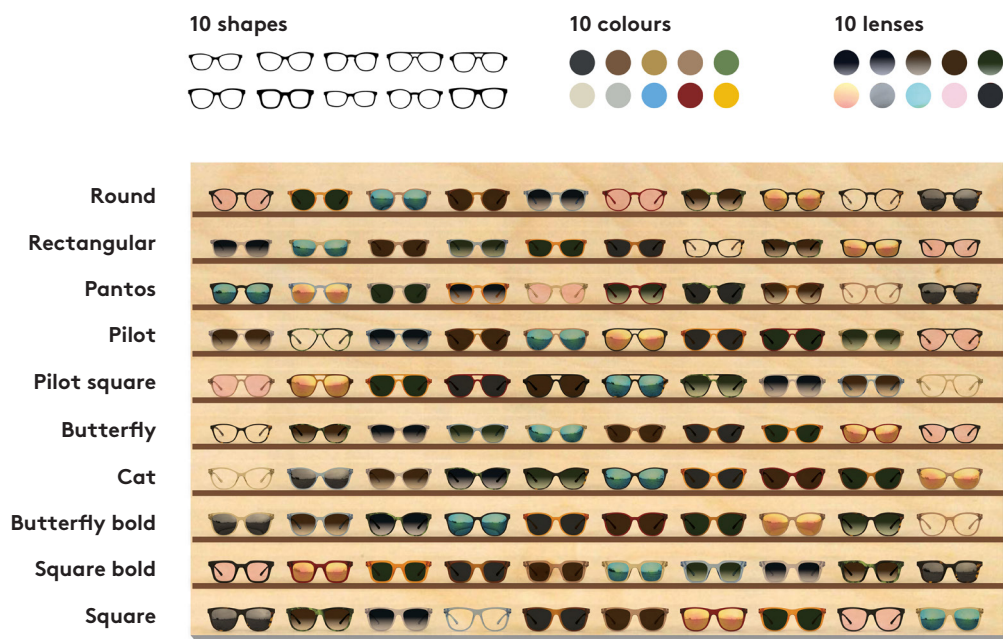
Each brand has a clear identity and purpose:

- **Oscar Eide** is a premium brand focusing on light-weight design in exclusive materials and targeting customers that appreciate craftsmanship.
- **Design by Bernadotte & Kylberg** is Synsam's co-lab partner and focus on innovation based on classical shapes across nine frames and is targeting customers with attitude and innovation.
- **Circular Collection** is made out of customers' old recycled spectacles received through recycling initiative.
- **Fellepini** is one of the Group's first house brands, targeting high-fashion and trendy customers. Fellepini recently launched their Sea2See collection which are fashionable frames made from recycled ocean plastic.
- **Rigel** sports glasses were launched in the second quarter of 2019 as part of the five key brands being promoted under the successful Synsam Sports concept.
- **D. Arnesen** offers a clean design and an attractive price point, with the aim of attracting customers that want classic and scaled simplicity.
- **Blue Block Collection** offers classic eyewear to protect the user from blue lights from screens.
- **Readers** is a brand that aims to bring eye fashion into the reading spectacles category.
- **Synsam Sports** is a value for money brand which is one of Synsam Sports' five key brands.
- **Ai** aims to attract individuals of all ages, but specifically targets those who are somewhat younger than the typical Synsam customer and gives them total freedom to create their own unique eyewear.



## Ai

## THE AI CONCEPT



In 2018, Synsam launched the Ai concept, with the aim of attracting individuals of all ages, but with a specific focus on those who are somewhat younger than the typical Synsam customer (typically between the ages of 20–40 years old), and giving the customers total freedom to create their own unique eyewear. Globalisation and increasing online retail have made it harder for products to stand out as unique, but Ai offers customers the opportunity to personalise products and buy limited editions while it simultaneously launches new collections based on collaborations with famous designers and offers attractive products with a consistently low price for price-aware customers. Ai is offered through a subscription model and a transparent fixed price offering. Customers have the opportunity to design their own frames by choosing between ten shapes, ten colours and ten different lens colours, which create 1,000 unique combinations, all based on the Ai house brand. The frame assortment is continuously updated to be in line with the latest fashion trends. In addition to the base assortment, “Limited Edition” products are offered during a limited period twice a year. The concept complements Synsam’s existing offering and provides a complete digital offering. In addition, Synsam aims to build a presence within recycling and Synsam works actively with recycling of old frames and reuse the raw material for new frames. By the end of June 2021, the Group had three physical stores and an online shop under the Ai banner.

## Products and services

Synsam offers an extensive range of products across the product categories spectacles (traditional spectacles, sunglasses and sports glasses) and contact lenses. Synsam also offers customers a range of services including a subscription service for spectacles (Lifestyle) and contact lenses, eye health services and style expert advice. Lifestyle amounted to 41 per cent of Group consolidated net sales in 2020, while cash sales of spectacles, sunglasses, contact lenses, accessories, eye health services, etc., and franchise revenues account for the remaining 59 per cent.

## Spectacles

Spectacles constitutes the largest product category and offers a broad range of traditional spectacles, sunglasses and sports glasses under well-known global brands and house brands including Ai brands. The Group’s product offering ranges across several sub-categories, such as fashion, business, sports and kids.



Spectacles



Sunglasses

Spectacles and sunglasses with or without prescription lenses can be purchased both in stores and online. Both traditional spectacles and sunglasses are offered as a part of the Lifestyle subscription service.

## Sports

The sports glasses category targets the increasingly active Nordic customer that is similar to the typical Synsam customer in terms of age and purchasing criteria. Synsam Sports offer a wide range of sports glasses covering the 30 most common activities, split between the categories: Active, Outdoor, Snow, Road and Water. The overall market is estimated to be approximately SEK 600–800 million, which accounts for approximately 4 per cent of the Nordic optical retail market, and is projected to grow faster than the broader optical retail market according to the Market Study. The products are sold under well-known global brands and the house brands Rigel and Sports Essential. Sports glasses are sold with and without prescription lenses and can be offered as part of the Lifestyle subscription program. Sports glasses are sold both online and in stores.



Sports glasses

Synsam has a thoroughly selected sports range of products in all stores, where the range of products is adapted to satisfy both those in need of vision correction and those in need of sports glasses with special functions. There is an extended sports range of products in a number of stores, for example in Mega Stores and in Flagship stores. All stores have personnel with sports expertise, which supplement the retail experience. There is strong alignment between the typical sports eyewear customer and the typical Synsam customer, in terms of age and key purchasing criteria.

Synsam continuously monitors and updates its customer offering with new products to follow the latest industry trends and seasons. Changes to the assortment are made on a category basis. All products are produced externally.

## Contact lenses

Synsam sells spherical, torical and multifocal lenses. Spherical lenses are common contact lenses used for correcting myopia and hyperopia. Toric lenses help to correct astigmatism, and multifocal contact lenses are designed for correcting presbyopia. Contact lenses are available for short-term use (e.g. one-day and monthly lenses), as well as long-term continuous use. Contact lenses are not a total substitute for spectacles, but offer more freedom in, for example sports and other leisure activities, or are used for style or appearance. Most contact lens customers wear spectacles. Contact lenses require regular eye examinations and will continue to be required going forward. Contact lenses are sold under well-known global brands and the EyeQ house brand and can be purchased in stores and online.



Contact lenses

## Services

Synsam provides a range of services to customers, including subscription services, eye examinations, style advice and online services.

All Synsam stores provide eye examinations which are carried out by certified opticians. Synsam also provides more advanced eye examinations at eye health centres and the Group has 64 of such centres in the Nordics. The purpose of the service is to capture those customers that have a potential eye condition and thereafter refer them to one of Synsam's local partners, for example private healthcare providers that can resolve the issue. Both basic and more advanced eye examinations create long-term customer relationships and drive traffic and sales in stores. Synsam believes that the need to visit an optician is not likely to change in the next 5–10 years and in fact could increase given the ageing population and increasing prevalence of eye conditions. Synsam also provide a B2B solution to companies that make Synsam either the exclusive or non-exclusive provider of products and services to the company's employees. The purpose of the service is to convert B2B customers to business-to-customer ("B2C") customers.

Synsam also provides customers with a digital solution that offer customers a convenient way to browse through Synsam's comprehensive product and service offering online. The online platform enables customers to purchase products, book eye examinations and manage subscriptions. Synsam's online offering plays an integral part of its Omni-channel offering and further drives store traffic and sales.

Additional services include in-store services such as style advice as well as expertise on sports glasses.

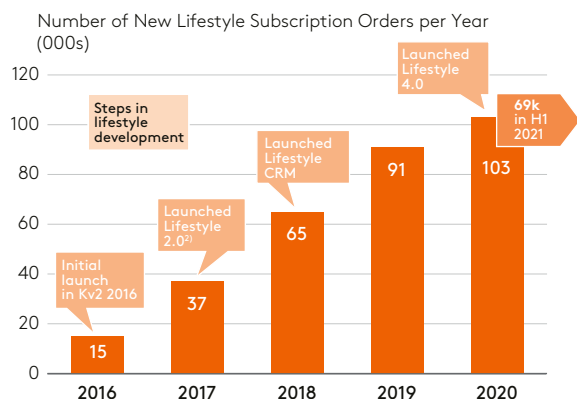
## Subscription Services

### Lifestyle

Synsam is currently one of a few large pan Nordic optical retail and eye health providers that offer a subscription service for spectacles. Synsam launched the Lifestyle subscription in mid-2016 and during 2016 Lifestyle amounted to 3 per cent of total sales and an accumulated number of ordered subscriptions of approximately 15,000. In the six-month period ended 30 June 2021, Lifestyle amounted to 45 per cent of total Synsam net sales for the same period, with a subscriber base of approximately 336,000 subscribers (excluding contact lens subscriptions) as of 30 June 2021.<sup>1)</sup> Lifestyle's proportion of total revenue has historically been increasing and management expects this trend to continue over the medium term. It is not a part of Synsam's business model to finance Lifestyle subscriptions. Financing is provided by external parties through factoring arrangements.

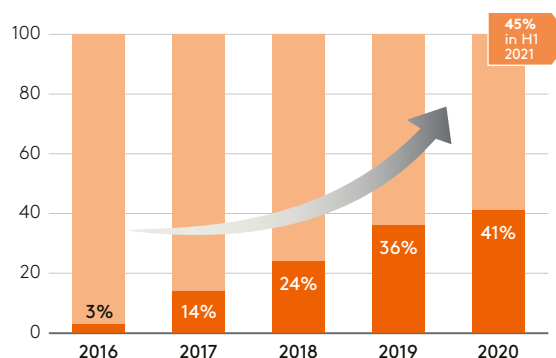
1) Data is derived from internal reporting systems. The information is unaudited.

### HIGH GROWTH OF SUBSCRIBERS WITH LESS THAN 2% QUARTERLY CHURN<sup>1)</sup>



1) Data is derived from internal reporting systems. The information is unaudited.  
2) Launched in Sweden, Norway and Finland in Q4 2017 and in Denmark in Q2 2018.

### ...RESULTING IN LIFESTYLE REPRESENTING AN INCREASING % OF TOTAL NET SALES<sup>3)</sup>



3) Based on audited financial reports.

Lifestyle subscription is an all-inclusive service and includes three or more pairs of spectacles (customers can choose from traditional spectacles, sunglasses and sports glasses), eye examinations, insurance for loss, theft and damage and free lens changes if eye sight changes. The subscription runs for 24 months and is prolonged for an additional 12 months if one pair of spectacles is changed each year. The customer decides when to

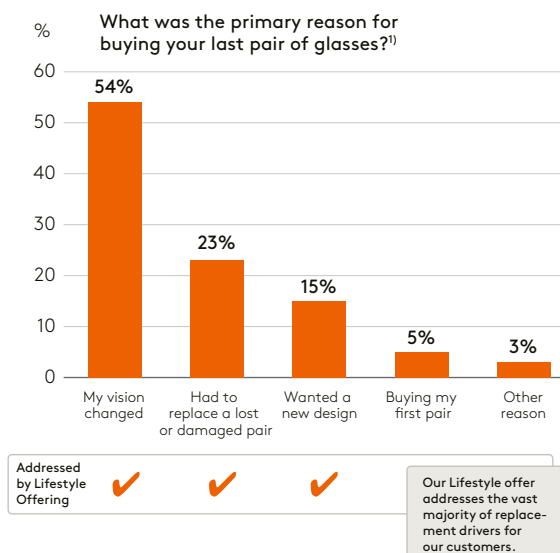
change glasses. If no change takes place, the contract continues on a month by month basis following the sign-up period. Synsam will seek confirmation that the customer wants to stay with the program or terminate the agreement after three years of inactivity. The customer pays a monthly fee from SEK 50 (around EUR 5, depending on frame and correction) and with an average monthly spend of approximately SEK 500 including VAT.

### ALL-INCLUSIVE OFFERING BENEFITTING SYNSAM'S SUBSCRIBERS



Source: Company information and Market Study.

### SYNSAM'S LIFESTYLE SUBSCRIPTION OFFER ADDRESS KEY CUSTOMER NEEDS



1) Survey of 5,957 prescription glass customers; illustrates % of total respondents.

Lifestyle subscription allows customers to tailor the vision and solution to specific needs, and creates a high degree of flexibility to swap, add or downgrade. Furthermore, the service provides re-call bookings for annual eye health examinations, free lens exchange if vision changes, and insurance in case the spectacles break and to avoid unexpected expenses. In addition, the service allows customers to avoid large upfront costs by dividing

the payment over several months at a fixed and predictable rate.

Customers who cancel at 24 months generally include those who are not happy with the setup itself. The subscription service also provides recurring revenue, attractive customer economics and increases customer lifetime value.<sup>1)</sup>

### HOW DOES LIFESTYLE SUBSCRIPTION WORK FOR CUSTOMERS?

*Spectacles for all situations including daily, sports, sun!*

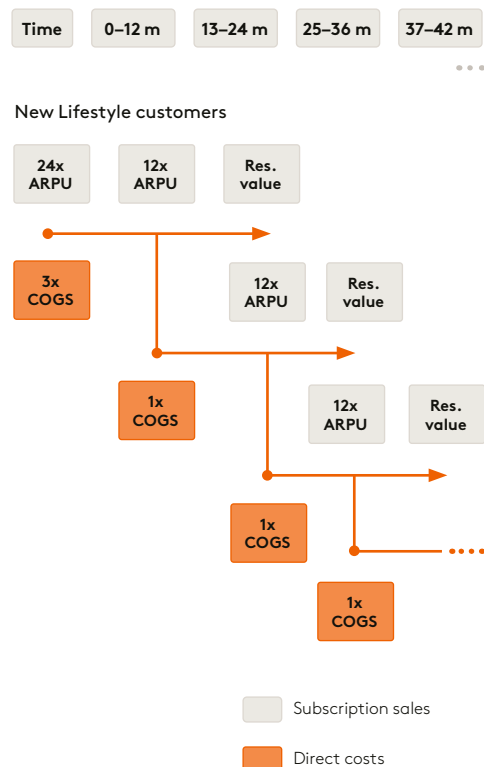
#### Customer signs up for Lifestyle subscription:

- ✓ Lifestyle program lets you choose three or more pairs for a monthly fee
- ✓ Allows customers to choose multiple pairs without large upfront cost, by spreading payments over 24 months
- ✓ Aggregate value of the 24-month sign-up outweighs the price (built-in volume discount)

#### After 12 months:

- ✓ Automatic invitation to eye exam sent — Free lens replacement if eyesight changes
- ✓ Replaces one pair and extends subscription by +12 months
- ✓ Same terms apply each time the customer changes a pair of spectacles
- ✓ Convenience and satisfaction with program drives customer loyalty

### HOW DOES LIFESTYLE SUBSCRIPTION WORK FOR SYNSAM?



### Financial Impact for Synsam

- Synsam recognises the NPV<sup>1)</sup> of the 24 month ARPU<sup>2)</sup> at signing,<sup>3)</sup> as well as COGS<sup>4)</sup> for three pairs of spectacles
- **Synsam receives cash upfront for the full subscription through a factoring arrangement with a financing partner**
  - The financing fee is recognised as financial cost upfront
- At renewal, Synsam recognises the NPV of 12 months ARPU, as well as COGS for the one pair of spectacles
- Gross margin benefit from extending customers, with stable ARPU and decline in COGS (from 3 pairs of spectacles first year to 1 pair per annum)

1) Net Present Value.

2) Average revenue per user.

3) Recognised as lease revenue (net sales).

4) Cost of Goods Sold.

1) See the section "Operating and financial review" regarding the accounting treatment of Lifestyle and contact lens subscriptions.

### Contact lenses<sup>1)</sup>

Following insights from the Customer Survey, Synsam launched a contact lens subscription service tailored to customer needs in May 2018 in Sweden, Norway and Finland and the service has experienced strong growth in respective markets since then. In the past two years churn rates have been decreasing from 20 per cent in 2019 to 11 per cent in 2020. The service complements Synsam's current customer offering and is expected to increase customer loyalty and store traffic. The contact

lens subscription can be managed online. Some of the contact lens subscribers (84,000 subscribers in Sweden, Norway and Finland as of June 2021<sup>2)</sup>) are included in Lifestyle as a customer can be a Synsam subscriber of contact lenses and at the same time a subscriber of the Lifestyle program. Going forward, Synsam could eventually make the contact lens subscription program part of Lifestyle.

### OVERVIEW OF CONTACT LENS SUBSCRIPTION SERVICE

Customer Needs		<ul style="list-style-type: none"> <li>Why did you buy contact lenses online: 76% due to lower prices/65% due to convenience</li> <li>Why did you buy contact lenses in-store: 61% due to safety/45% due to service</li> </ul>
Contact Lens Subscription Model	Easy and Convenient	<ul style="list-style-type: none"> <li>Contact lenses can be delivered all over Sweden at the time of customer's convenience</li> <li>The customer easily can control the subscription online</li> </ul>
	Safety and Service	<ul style="list-style-type: none"> <li>Annual lens examination included</li> <li>Follow-up visit is included in the subscription without extra costs</li> <li>Nationwide store network with best-in-class opticians</li> </ul>
	Full Flexibility	<ul style="list-style-type: none"> <li>The customer can change contact lenses if preferred</li> <li>The customer can put the subscription service on hold</li> <li>No lock-up period</li> </ul>
	Quality	<ul style="list-style-type: none"> <li>Access to the best and latest contact lenses on the market</li> <li>Quality contact lenses in all price ranges</li> </ul>
	Price	<ul style="list-style-type: none"> <li>One-day contact lenses from 198 SEK/month or monthly lenses from 98 SEK/month</li> <li>Shipping included</li> </ul>

Lens subscription offering **transforms a one-off online shopper into a relationship**, with potential to **cross-sell spectacles** and other products leading to a higher spend among contact lens subscribers versus contact lens cash customers.

### Other

Other products and services include, for example, products used for the maintenance of contact lenses and various auxiliary products for spectacles.

### Hearing Aid

As an adjacent segment to eye-care, Synsam is launching Synsam Hearing, which provides hearing tests and hearing aid in selected Synsam stores. The Synsam Hearing Concept is currently being tested in two stores enabled by a partnership with a Canadian hearing test company, allowing for quick tests of approximately three minutes for eligible eye examination customers when also testing for spectacles. Synsam is initially focused on the Swedish

market, potentially followed by the Danish market and the other Nordic markets after that. The plan is to expand Synsam Hearing into selected stores.

There is a strong revenue synergy potential from the existing customer base and conventional bundle outside of the Nordics (e.g. Europe, Australia etc.). According to the Market Study, historically it is an undertreated market with 30 per cent of people with hearing disorder using hearing aid. There are currently waiting times for customers of up to one year at public clinics – creating room for private players to capture waiting customers. Further, there is a significant interdependence between hearing aid and spectacles in terms of fit. Synsam hearing aid allows for co-testing to allow for optimal fit.

1) See the section "Operating and financial review" regarding the accounting treatment of Lifestyle and contact lens subscriptions.

2) Synsam's total subscription base was 406,000 by 30 June 2021, however in split between Lifestyle subscribers and subscribers for lenses there is an overlap of 14,000 subscriptions (defined as a customer having held a subscription for lenses upon registering for a Lifestyle subscription or having added a contact lens subscription to an already existing Lifestyle subscription). Data is derived from internal reporting systems and the information is unaudited.








### Distinct Omni-channel concept

Historically, Synsam has focused on refurbishing stores in line with the new concept but focus has now shifted to optimising the store network and creating an Omni-channel platform that can provide a fully integrated consumer experience and harmonized pricing across all channels. Synsam has systematically reduced the number of franchise stores by acquiring franchise stores and increasing control of its brand by ensuring cohesive brand positioning and enabling full coordination in promotions

and pricing. Over the last three years (2018–2020), Synsam has established 55 new stores<sup>1)</sup> in the Nordic countries.

During the period 2021–2023, Synsam plans to open over 90 new stores, of which a majority are Mega Stores and Recycling Outlet stores. Of such over 90 new stores, Synsam plans to open 40 in Sweden, eleven in Denmark, ten in Norway and 30 in Finland.

As of 2020	SYNSAM				PROFIL OPTIK BY SYNSAM	Ai
Founded	1968				1971	2018
Current geographies	 Sweden	 Norway	 Finland	 Denmark	 Sweden	
Total stores	216	110	31	120		3
DOS	189	108	31	111		3
Franchise stores	27	2	–	9		–
% of 2020 net sales <sup>1)</sup>	48%	21%	5%	24%		n.m.

1) The percentages have been rounded off, which is why the sum does not add up to 100%.



### DOS

As of 30 June 2021, the Group had 451 DOS and 39 franchise stores across the Nordic region under the banners Synsam, Profil Optik and Ai.

Except for Mega and Flagship stores, the average Synsam store size is approximately 200 square metres with approximately 70 per cent of the store area dedicated to sales. Ai stores are generally smaller than traditional Synsam/Profil Optik stores (around 50–100 square metres<sup>2)</sup>). Although Ai stores have less selling space and lower prices Synsam expects higher store traffic. Since Ai only sells frames under its own house brand, profitability from the Ai-concept's brands is expected to be in line with traditional Synsam stores. The stores are centrally

managed and operate using a scalable store concept that allows Synsam to adjust its product assortment to reflect different sizes of stores.

Synsam's store network is divided into four operating segments (Sweden, Norway, Denmark and Finland) of which each has a manager who is responsible for their respective country. The country managers are responsible for monitoring, training and providing guidance to store managers. Store managers are responsible for the respective store's sales, staff, appearance, customer service and allocation of resources. In addition, store managers carry out daily store inspections and allocate duties among employees; their operations are assessed on a quarterly, monthly and weekly basis.

1) In the period 2018–2020, Synsam opened 34 DOS in Sweden (three closures), eleven DOS in Norway (two closures), five DOS in Finland (one closure), two DOS in Denmark (eight closures), and three Ai stores in the other and central functions segment (zero closures). This does not include acquisitions of stores. The net change of DOS including acquisitions (seven in Segment Sweden and one in Segment Norway) is 49 DOS between the output value of DOS for 2020 vs the input value of 2018.

2) Based on ordinary stores and Ai stores (excluding Mega, Flagship and Recycling Outlet stores).

Synsam has launched a number of different concepts including (i) Ai – a separate store concept which is also used as a “lab” for testing new concepts, (ii) Flagship stores – launched in 2019 as a very large store concept in central locations with an extended assortment of products, (iii) Mega stores – launched in 2020 as a larger store format for top locations, with additional room for eye examinations, and (iv) Recycling Outlet store – launched in 2020 to help drive the sustainability agenda by selling an of discounted eyewear, including second hand spectacles recycled from Lifestyle subscriptions.

As of 30 June 2021, Synsam had 484 Synsam and Profil Optik stores and three Ai stores as well as three hearing aid stores. These stores are mainly located in shopping malls and in high-traffic locations. Among these stores Synsam has four Flagship stores six Mega stores, and four Recycling Outlet store, as of 30 June 2021.

### Franchise stores

Synsam operates both own and franchise stores. A franchise store pays a royalty to operate under the Synsam banner and procure products at wholesale prices from Synsam and Profil Optik. The franchise stores have a limited impact on Group's financials. As of 30 June 2021, a total of 39 Synsam stores operate under the franchise model. Synsam does not plan to open additional franchise stores. However, certain franchisees have exclusivity in their agreements to open new stores in the geographical markets where such franchisees operate, which could lead to new franchise stores in the future.

As of 31 December	2016	2017	2018	2019	2020	30 June 2021
Sweden	148	151	159	175	189	193
Denmark	118	117	117	117	111	112
Norway	94	98	101	107	108	109
Finland	27	27	27	30	31	31
<b>DOS</b>	<b>387</b>	<b>393</b>	<b>405<sup>1)</sup></b>	<b>432<sup>2)</sup></b>	<b>442<sup>2)</sup></b>	<b>451<sup>3)</sup></b>
Sweden	32	32	31	29	27	28
Denmark	18	12	10	9	9	9
Norway	28	2	2	2	2	2
Finland	9	–	–	–	–	–
<b>Franchise stores</b>	<b>87</b>	<b>46</b>	<b>43</b>	<b>40</b>	<b>38</b>	<b>39</b>
<b>Total stores</b>	<b>474</b>	<b>439</b>	<b>448</b>	<b>472</b>	<b>480</b>	<b>490</b>

1) Includes one Ai store on group level.

2) Includes three Ai stores on group level.

3) Includes three Ai stores and three hearing aid stores on group level.



### Online

As part of Synsam's development of a distinct Omni-channel approach, the Group launched an online store to enable the customer to engage whenever and however they choose, increasing the connectivity across all channels. The online store provides extensive product and service information and enables customers to buy products online, book eye examinations and manage subscriptions. Currently, the customers do not pay any freight costs when buying products online. Synsam also provides a Stylelab application for smartphones to help the customers finding the best pair of spectacles for their look from the comfort of their own home. The application allows the customers to try on thousands of different pairs of spectacles directly from their phone with the possibility to save preferred frames. The Stylelab application helps drive traffic to stores. Synsam aims to constantly enhance its online customer offering and continuously monitors customer expectations to ensure that the Group can continue to deliver the best customer experience.

## OPERATIONS AND GROUP FUNCTIONS

### Purchasing, category management and sourcing

The Company's purchasing team is responsible for purchasing, category management and sourcing. The purchasing team's main function is to ensure that the Group maintains and develops a competitive product assortment, achieves favourable purchasing terms and minimises inventory while ensuring that products are available to Synsam stores in a timely manner.

Synsam plays an important role for its suppliers, enabling them to leverage its wide store network and large customer base. Synsam has centralised purchasing, launched house brands, streamlined its assortment and reduced SKUs and restructured the supplier base to have selected suppliers with less exposure and leverage the stronger relationships (currently 33 suppliers). Synsam's strong market position and above mentioned initiatives have resulted in significant purchasing power relative to its suppliers, leading to more favourable purchasing terms.

Category management plays an integral part in Synsam's overall assortment strategy and has taken on an even more important role following the reduction in the number of assortments from 500 to one assortment for Synsam's regular stores, with some sets of larger assortments for the Mega, Flagship and Recycling Outlet stores. The assortment is the same across all countries and is continuously updated in order to meet the latest fashion trends and seasons.

Synsam sources products from suppliers in Europe and Asia. House brands are mainly sourced from Asia whereas branded frames, lenses and contact lenses are mainly sourced from Europe. Suppliers are required to apply

Synsam's code of conduct regarding working conditions, discrimination and environmental laws. In October 2020, Synsam also announced that the production of House Brand frames would be moved from Asia to Sweden. The move is a part of a long-term strategy to innovate on materials, design and offering, and will strengthen the opportunity to build strong brands and drive export/wholesale. The factory will open in Östersund and is expected to be ready in the second quarter of 2022. The Company expects that the move of the production will entail capital expenditures of under SEK 100 million spread across 2021 and 2025.

Suppliers mainly consist of branded and house brand frame suppliers, spectacle lens suppliers, and contact lens suppliers. As of 2020, Synsam's top five suppliers accounted for 61 per cent of Goods for resale, with the leading supplier accounting for 23 per cent, while the second and third supplier accounted for 17 per cent and 10 per cent respectively. Furthermore, the largest suppliers per product type accounted for 98 per cent of lenses, 35 per cent of contact lenses and 48 per cent of all external frame brands. For Synsam's house brands, one sourcing partner acts as intermediary between the Company and the factories producing the frames which accounts for over 40 per cent of all frames sold (in terms of volume) by the Group. Even though Synsam relies on a limited number of suppliers, the Company does not consider itself dependent on one single supplier as the Company easily can switch between suppliers and considers its relationship with larger branded frame suppliers and lens suppliers as mutually beneficial arrangements. With its more focused assortment than before, large share of house brands, efficient supply chain, and access to a large customer base, Synsam benefits greatly in contract negotiations.

## OVERVIEW OF THE GROUP'S LOGISTICS



### Logistics

Synsam has a well-functioning logistics function, managed by a third party provider and is based out of a central warehouse in Kumla, Sweden. The location of the warehouse allows Synsam to efficiently ship products throughout the Nordic region. In addition to the central warehouse in Kumla, Synsam has e-commerce and contact lens inventory operations in Solna, Sweden.

Synsam is constantly seeking to streamline and improve stock management and logistics. It keeps store inventory at low levels (Synsam stores generally only have one frame per SKU) and is electronically integrated with several of its suppliers, providing Synsam with real time product availability information and enabling automatic replenishment. These arrangements, together with Synsam's ability to determine which products to be kept in stock, allow Synsam to keep group inventory levels low, whilst being able to offer fast deliveries to stores.

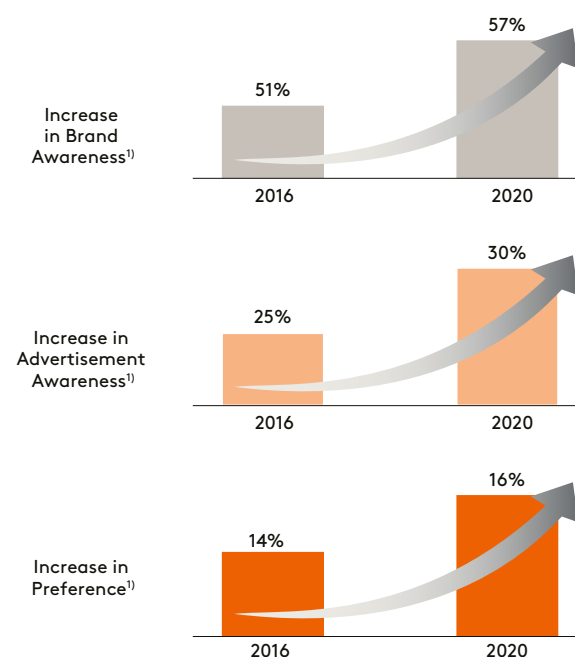
Frames and sunglasses are delivered directly to stores from the central warehouse whereas lenses and contact lenses are delivered directly to stores from the suppliers' warehouse. Deliveries are handled by well-established transport companies several times a week. Synsam keeps the number of deliveries low in order to minimise environmental impact.

### Marketing

Synsam's marketing activities aim to strengthen the brand and profile of Synsam together with the exclusive and fast growing house brands. Synsam has since its transformation established an in-house marketing organisation and agency that has developed a more customer-centric marketing approach with strong and clear messages differentiating Synsam from competitors. Synsam significantly increased its presence online, but also on TV.

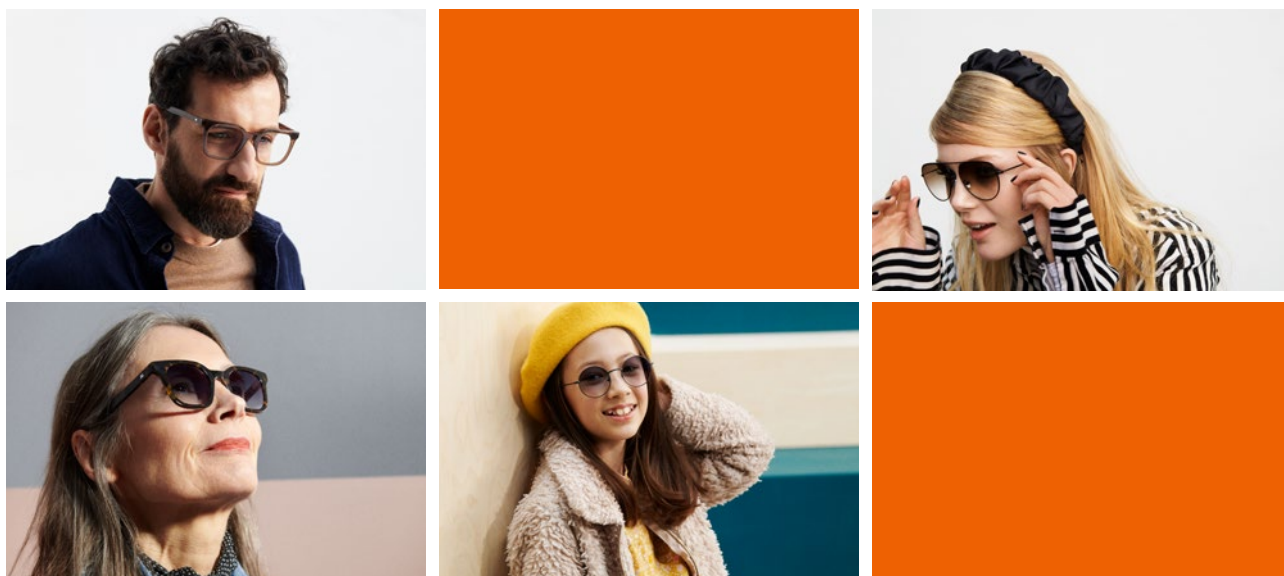
Other marketing activities that have been launched include a digital marketing channel network of more than 1,900 digital displays in-store as of October 2021 that provide real-time customised marketing in all stores, a new modular advertising platform with cooperation with co-labs, an in-house marketing organisation and search engine marketing. As a result of these efforts, brand awareness and preference has increased and Synsam has received multiple awards for their marketing efforts.

### TARGETED MARKETING APPROACH YIELDING RESULTS (SWEDEN ONLY)



Source: Company information.  
1) Sweden only.

### EXAMPLE OF THE GROUP'S TV ADVERTISEMENT

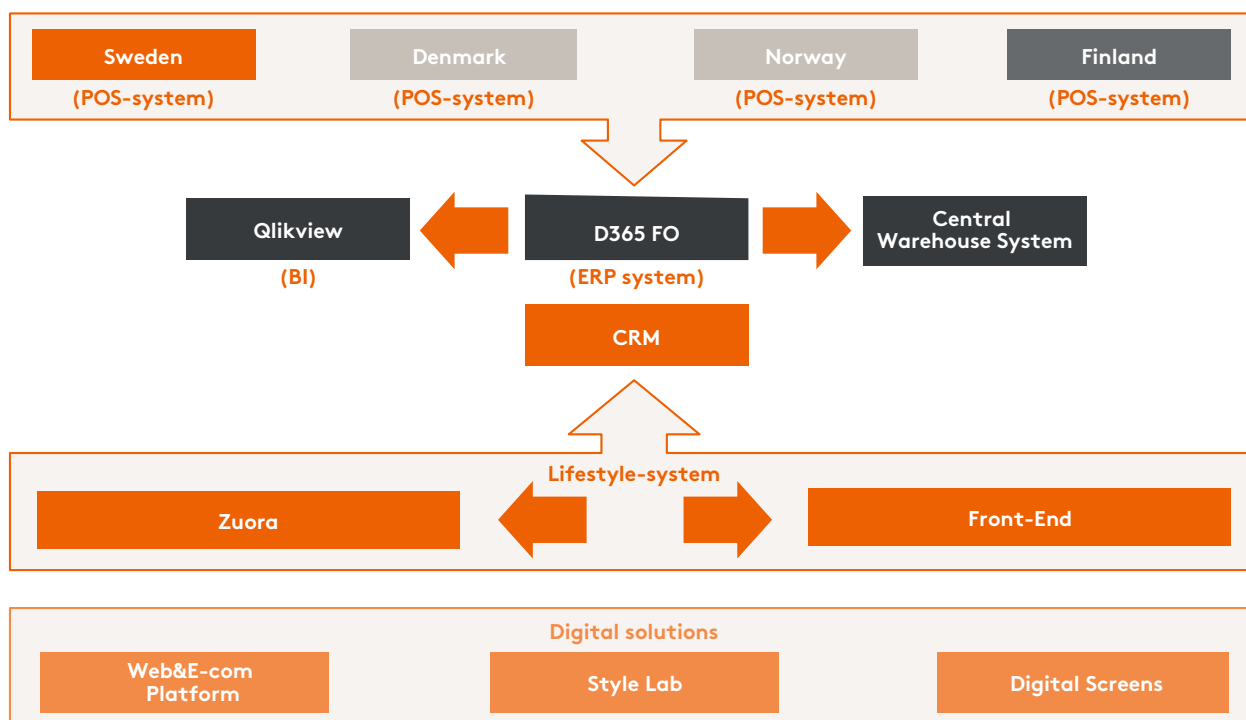


## IT

Following the Group's history of individual stores in different countries, the Group's IT infrastructure has historically been decentralised, with relatively low compatibility and high complexity. Consequently, Synsam's current IT setup comprises many different IT systems including ERP planning systems, POS systems and inventory management systems. The majority of IT investments between 2016 and 2018 are part of the strategic investment made during this period.

The focus of Synsam's IT development has been on applications with a clear customer value and impact on sales, such as a system for the Lifestyle subscription, CRM platform, web platform, e-commerce platform, Stylelab and digital screens. Going forward Synsam will continue to improve the Lifestyle subscription system, CRM platform, B2B platform and launch other digital solutions.

### MAP OF SYNSAM GROUP IT SYSTEMS



### POS-system

The Group's point of sale system (POS) is used for e.g. sales and recording of customer and patient data. The POS systems include hardware, such as cashier screens, credit card readers and receipt printers, and software, which is typically acquired through licensing or cloud-based solutions.

The Group currently has three different POS systems, one for each of Sweden/Norway, Denmark and Finland.

### Insurance

Synsam believes that the Group and its subsidiaries maintain insurance coverage that reflects the requirements and the size of the parent company and subsidiaries concerned and is consistent with industry practice.

Synsam's insurance policies include, among others, property damage and business interruption insurance, general and product liability insurance as well as directors' and officers' liability insurance.

### Intellectual property

Synsam's own trademarks are registered with the Swedish Patent and Registration Office and protected under applicable intellectual property laws. The most significant intellectual property owned by Synsam is the Synsam, Profil Optik and Ai names, brands and concepts, such as EyeQ, together with its house brands such as Oscar Eide, D. Arnesen, Fellepini, Rigel, Sports Essentials, Readers and Ai.



Synsam believes trademarks are valuable to its business and invests in maintaining and increasing the value of its brands. Synsam attempts to obtain registration of its trademarks whenever practicable and to pursue any infringement of them. Synsam's trademark registrations have various expiration dates and each registered trademark is valid for a period of ten years. Trademark registrations can be renewed an unlimited number of times.

Additionally, Synsam has intellectual property on the Lifestyle concept.

## Organisation

The Company has a decentralised organisation structure which consists of a strategic and operational management team. The decentralised management model helps to form strong teams and enables higher involvement and speed in information flow and more efficient decision-making processes. Each operating segment is represented in the management team and is responsible for the local organisation and sales and profitability within the segment.

## STRATEGIC MANAGEMENT TEAM



**Håkan Lundstedt**  
**CEO**  
Joined Synsam 2015.  
CEO Mekonomen. President of Lantmännen AXA, Cerealía Foods and Kungsörnen.



**Per Hedblom**  
**CFO**  
Joined Synsam 2017.  
CFO Mekonomen, Consultant Accenture, Arkwright, Centigo.



**Martin Daniels**  
**CINO**  
Joined Synsam 2014.  
Principal BCG, New York and Stockholm.



**Michael Grimborg**  
**CMO**  
Joined Synsam 2015.  
Sales Director TV4  
CEO Mediaedge.



**Henrik Persson**  
**Deputy CEO**  
Joined Synsam 2010.  
Various positions at IKEA and Acting CEO Åhléns.



**Malcolm Lidbeck**  
**CBO (Chief Business Officer)**  
(Sports and M&A)  
Joined Synsam 2015.  
CEO J Lindeberg, COB ACNE, Lawyer Mannheimer Swartling.



**Marina Kerekliou**  
**Creative Director**  
Joined Synsam 2016.  
Entrepreneur with clients such as H&M, NK, Busnel.



**Jesper Koefoed**  
**Procurement Director**  
Joined Synsam 2009.  
CEO Optical Fashion Group  
Vice President Filtenborg.



**Ingrid Holm**  
**Head of Marketing, Norway**  
Joined Synsam 2016.  
O/L Marketing Mgr, Varier Furniture, PR Consultant Patriksson Comm.



**Jimmy Engström**  
**CDO (Chief Digital Officer)**  
Joined Synsam in 2015.  
Manager OPX Partners, Consultant BCG.



**Heba El Sheemy**  
**CIO**  
Joined Synsam 2017.  
Consultant KS, InkClub etc.  
CIO Dagens Nyheter, CIO Pressens Bild.

## OPERATIONAL MANAGEMENT TEAM



**Trond Gudbrandsen**  
**MD Synsam Norway**  
Joined Synsam 2012.  
Marketing Director  
Ark Bokhandel.



**Krister Duwe**  
**MD Synsam Sweden**  
Joined Synsam 2016.  
MD MECA Sweden,  
MD Mekonomen Sweden,  
MD Alcro Beckers Sweden.



**Vesa Mars**  
**MD Synsam Finland**  
Joined Synsam 2014.  
MD SF Optical Holding,  
MD&Partner Digi TV Plus,  
MD A-Magazines.



**Tina H. Gaardsholt**  
**MD Synsam Denmark**  
Joined Synsam 2017.  
Head of Sales Nordic region  
Bang & Olufsen. Retail Director Telia Denmark.



**Andreas Sjöharald**  
**CCO (Chief Commercial Officer)**  
Joined Synsam 2015.  
Manager OPX Partners  
Consultant BCG.



**Susanne Westford**  
**HR & People Director**  
Joined Synsam 2015.  
Marketing & Communication  
Manager Turner Broadcasting and Eurosport.



**Olav Torgersen**  
**COO (Chief Optical Officer)**  
Joined Synsam 2011.  
Store manager, sales and product director, Krogh, Brilleland and Rodenstock.



**Jenny Fridh**  
**Chief Communications and Sustainability Officer**  
Joined Synsam March 2019.  
Group Director Communication & Sustainability Scandi Standard, Head of Communication Kronfågel.



### Employees

In 2020, the Group had an average of 2,281 full-time employees (FTEs). During the period 1 January–30 June 2021, the average number was 2,515 (FTEs).

Synsam Group Avg. FTEs	2018	2019	2020	1 Jan 2021– 30 Jun 2021
<b>Sweden total</b>	<b>845</b>	<b>900</b>	<b>1,013</b>	<b>1,171</b>
Of whom, women	719	778	881	1,016
<b>Denmark total</b>	<b>478</b>	<b>499</b>	<b>501</b>	<b>514</b>
Of whom, women	367	385	396	416
<b>Norway total</b>	<b>433</b>	<b>461</b>	<b>503</b>	<b>538</b>
Of whom, women	340	360	397	429
<b>Finland total</b>	<b>112</b>	<b>116</b>	<b>126</b>	<b>139</b>
Of whom, women	97	101	106	114
<b>Others and central functions</b>	<b>106</b>	<b>119</b>	<b>137</b>	<b>153</b>
Of whom, women	52	67	76	88
<b>Total</b>	<b>1,975</b>	<b>2,095</b>	<b>2,281</b>	<b>2,515</b>
Of whom, women	1,575	1,691	1,855	2,063

### Synsam's winning culture

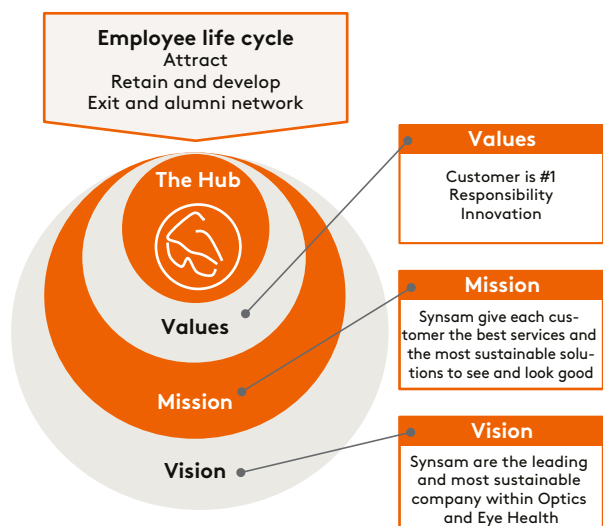
The Synsam hub is the foundation of Synsam's corporate culture and is the core of the Group's vision, mission and corporate values. Synsam's vision is to be the leading<sup>1)</sup> and most sustainable Lifestyle company within optical retail and eye health. To realise its vision, Synsam's mission is to give every customer the best service and the most sustainable solutions in eye health and eye fashion. An integrated part of achieving its vision and mission is to have clear corporate values that all employees can relate to and live by.

### Customer comes first

Synsam always puts the customer first and aims to advise, guide and inspire customers who visit Synsam in a store or online. The introduction of a common way to interact with the customer, the customer journey, is another effort in providing the ultimate customer experience when a customer comes in contact with Synsam or visits a Synsam store.

## SYNSAM'S CORPORATE VALUES ARE BUILT AROUND THE CUSTOMER, RESPONSIBILITY AND INNOVATION

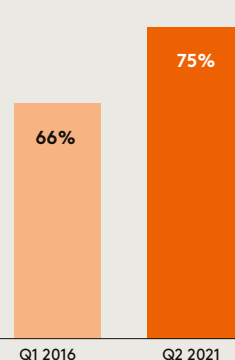
### Overview of the Synsam Culture<sup>1)</sup>



### The Culture has increased Satisfaction

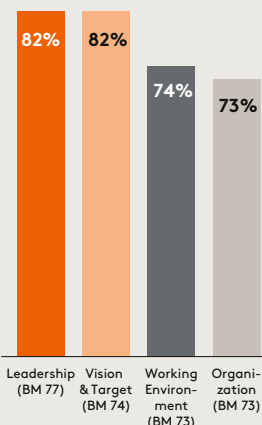
#### Customer Satisfaction<sup>2)</sup>

Percentage of Max Score in Daymaker Mystery Shopper



#### Employee Satisfaction<sup>3)</sup>

Score (benchmark)



1) Based on Company information.

2) Mystery Shopping through third party provider Custitude (previously Daymaker).

3) Employee survey conducted in collaboration with Quicksearch, October 2020.

Source: Company Information.

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2018). The market shares are based on retail value.

### **Innovation**

Synsam is constantly looking for new ways to create an improved customer experience and offering on the cutting edge of optical retail trends. Innovation has been an important piece of the transformation since 2015, where focus has been to create a new culture that fosters idea generation across the entire organisation. Synsam's innovation agenda should be fact-based and customer-centric, where all initiatives should have clear commercial objectives to drive sales, margin or return on investment.

### **Responsibility**

Synsam takes responsibility to create a value-based corporate culture with the industry's most committed employees who realize their full potential through common core values, positive leadership, talent and skills development, clear demands and the right compensation model.

### **Talent management**

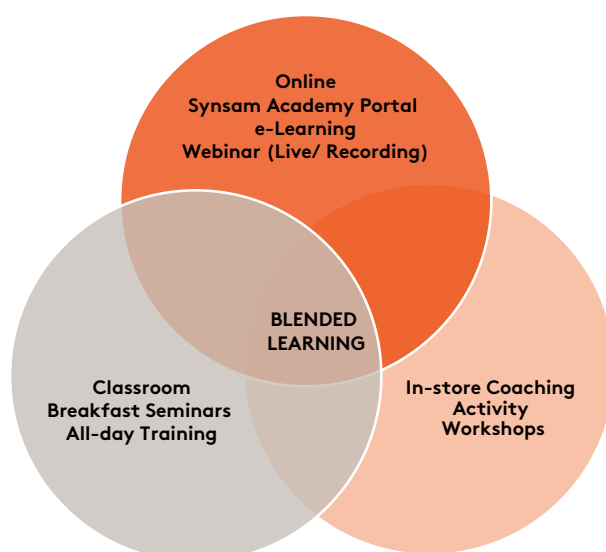
Synsam works actively with talent management, which is an essential part of creating the winning culture. To attract the right talent, Synsam strives to be the most attractive employer in the industry with a strong corporate culture, common values and satisfied employees.

The Group has invested in training and education of its employees and strives to have the most skilled optical retail employees in the industry as well as retain talent and secure quality in leaders and employees across the Group. As a result, Synsam Academy is one of the Group's most important tools for success and a way of sharing competence and creating a united culture within the organisation.

Synsam Academy offers sales excellence coaching, internal sales programs and managerial training opportunities. Additionally, in the quest of becoming the best employer in the industry and providing the best service for its customers, Synsam has introduced partnerships with opticians, style experts, sales performance trainers and sports optic experts to coach staff within sports.

The supply of opticians is very uniform in all four countries and has been stable over time as seen in Sweden where the number of opticians has grown by 1.2 per cent CAGR between 2005 and 2018 according to the Market Study. Synsam works actively to attract opticians to join the Group, and in order to demonstrate the opticians' importance to Synsam the Group has made one of its opticians a part of the management team. Moreover, Synsam launched a partnership with Karolinska Institutet for master students in Eye Diagnostics which offers students optometry work opportunities, arranges annual optician forums' and plans to open more eye health centres with state of the art equipment. There are some differences in optician responsibilities in specific countries. For example, in Finland opticians have fewer authorisations than in other countries.

Driven by the increased focus on learning and development, Synsam now frequently compares leaders and employees based on a set of KPIs and the number of completed courses in the Synsam Academy on a regular basis. Individual targets are also set in relation to the Company's overall targets. Synsam further tracks employee satisfaction in its endeavour to have the most satisfied employees.



### ESG responsibility within Synsam

The ambitions for Synsam's work with sustainability are high. The Company's goal is to both be and be perceived as a sustainable company in the long-term. Synsam's vision is clear as to how the Company wants to work with sustainability within the Group: We are the leading and most sustainable lifestyle company within optics and eyecare. The work with environmental, social and ethical responsibility includes many different areas, which together aim to contribute to sustainable development of society.

Synsam supports the UN sustainable development goals in Agenda 2030 and the Company considers itself to have both responsibility and opportunity to contribute to several of the goals. The Company primarily focuses on goal 12, "Responsible Consumption and Production", and goal 3, "Good Health and Well-Being". Synsam also supports the Global Compact principles for responsible businesses.

Synsam's value chain, which the Company is responsible for from start to finish, is the foundation of the work for sustainability and the Company holds its employees to high internal standards and its suppliers to high external standards. The Company will review every part of its business; from design, raw material purchases, production and transportation, through business and retail to product use and reuse and recycling. Every step in Synsam's value chain contains identified processes and approaches for an ever-continuing work towards improvement.

- Synsam is perceived as sustainable by consumers in Sweden and have in the past three years earned the title as Sweden's most sustainable Optician according to Sustainable Brand index.

### Responsibility for the environment

Synsam's work and responsibility for the environment involves several important areas. The Company considers its environmental impact in every process. Already at the drawing board for Synsam's products, sustainable and high-quality products are designed, in order to enable the Company's customers to make conscious and good choices. High demands are made through Synsam's supplier code of conduct in purchasing, production and choosing means of transportation. The Company also focuses on reuse and recycling.

- The latest and single largest initiative that Synsam can share is that the Company's production of spectacles

is moving from Asia to Sweden, Frösön outside Östersund, with production starting in 2022. To manufacture locally provides the Company with the opportunity to speed up launching of new products and meet the great customer demand of sustainable and locally manufactured products. The relocation of its manufacturing is the single the largest initiative Synsam has taken to decrease its environmental impact.

- The whole platform of Synsam's new store chain "Synsam Recycling Outlet" is built on the principle of sustainability. The customer makes sustainable choices through the purchase of second-hand products or through buying frames which have been not sold in ordinary retail, but are given a second chance in the recycling outlet. The five stores that Synsam has opened since december 2020 are a success and are at the top of the Company's sales charts, which confirms the customer's interest in sustainable consumption and that Synsam, as the market leader, can make an impression for more sustainable consumption.
- All of Synsam's 490 stores contain "Reuse and Recycling boxes" where the Company encourages the customers to hand in their used spectacles and sunglasses. Everything is sorted and goes either to a "Synsam Recycling Outlet" or is remade into new spectacles in the Company's brand "Circular Collection". The more sustainable range of products are given exposure through clear categorization in Synsam's stores.
- A subscription for eyewear products instead of a purchase gives the customers the opportunity to regularly examine their eyesight and if needed change lenses and/or turn in their spectacles for recycling or reuse.
- The brand "Fellepini x Sea2See" which launched during spring 2019 has become a success and is at the top of Synsam's sales. Fellepini x Sea2See has contributed to cleanse the oceans of about 60 tons of plastic = a contribution to cleaner oceans and water.
- The Company compensates for part of the plastic used in one-day lenses together with Synsam's supplier CooperVision. Synsam's customers help to neutralize the environmental impact of producing the lenses when they choose to buy one of the certified lenses. Plastic Bank collects, sorts and processes plastic from maritime areas with the purpose to return the plastic back into the circular flow.

### Social responsibility

Social responsibility entails Synsam's responsibility for people in the communities where the Company operates, Synsam's employees and the people involved in the Company's supply chain. Synsam's societal mission is; to help people with their eye health, is at the centre of everything the Company does. A sustainable and healthy employeeship, and through Synsam's supplier code of conduct take responsibility for working conditions in the Company's supply chain, is also a part of Synsam's agenda for sustainability.

- Synsam's most important supplier categories are lenses and spectacle frames. A large share of the Group's frames is produced in Asia. Risks of deficiencies in social conditions, human rights and environmental responsibility exist in the supply chain. Responsibility is regulated in Synsam's Code of Conduct for suppliers, which is part of the agreement signed with each supplier. The purchasing department is responsible for follow-up and has the right to verify that each supplier follows the Code of Conduct.
- Synsam has a full membership in the Business Social Compliance Initiative (BSCI). BSCI is a system made to ensure responsibility in the supply chain, which builds upon eleven principles that among other things prohibits child labour, forced labour and corruption as well as setting standards for safety and reasonable work hours. The purchasing department is responsible for reviewing and controlling the Company's compliance with BSCI.
- Synsam's CSR initiative, Alla Ska Se (Everybody Should See), has contributed free activity spectacles to approximately 30,000 children which has led to a more active spare time for these children, no matter what vision impairments they may have. The initiative also contributes to reducing the risk of being sedentary, raising physical and mental wellbeing of the children and over time reduce medical costs in society.

- Synsam's optician are continuously working to contribute to SDG Goal 3: "Good Health and Well-Being" by helping people with their eye health. Without healthy vision one cannot efficiently utilize education, work-related tasks and physical activity. Visiting an optician regularly is as important as annually visiting a dentist.
- Synsam is a member of Vision for All, an organisation which donates spectacles and performs eye examinations through volunteer work in developing countries.
- Attract, develop and keep motivated employees with the right competence and understanding for the customers' needs are a crucial success factor. The goal is to be the most attractive company in the industry and form a strong value driven culture, and Synsam is actively working to provide a good working environment.

### Ethical responsibility

Anti-corruption: The Group's anti-corruption policy regulates the giving and receiving of benefits or presents as well as rules and regulations for agents and other intermediaries. All employees are informed about the policy and training is provided for employees in purchasing and marketing departments as well as people working in high-risk countries. During the year, Synsam has not been made aware of any attempts or suspicions of corruption or bribery among employees.

## EXAMPLE ON SUSTAINABILITY INITIATIVE



### Alla ska se!<sup>1)</sup>

CSR-initiative that has helped over 30,000 children with activity glasses without cost for the purpose that a sight defect may never stand in the way for movement, play and tricks.



### Fellepini x Sea2See

Frames made of recycled plastic from the Mediterranean Sea. Synsam has so far contributed to clean up over 60 ton of plastic.



### Synsam Circular Collection

Circular frames made of customers recycled spectacle frames which have been returned in recycling boxes inside stores.



### Made in Sweden

As part of Synsam's sustainability agenda, the production of spectacles is moved from Asia to Sweden. An important step towards the strive to reduce the climate print with shorter transports, focus on circular, recycled and locally manufactured material. The productions and innovation centre on Frösön is expected to be completed during 2022.



### Reuse and Recycling

Reuse and recycling boxes are placed in all of the Group's stores. The customer hand in its used spectacles and sunglasses. Everything is sorted and goes either to a "Synsam Recycling Outlet" or is remade into new spectacles in the Company's brand "Circular Collection".



### Synsam Recycling Outlet

New store chain with full focus on circularity. The customer makes sustainable choices through second-hand purchases and purchase of frames that have not been sold in the ordinary stores, but that are given a second chance. The five stores that Synsam has opened since December 2020 are a success, which confirms the customer's interest in sustainable consumption.

1) Translated as "Everyone should see!" in English.

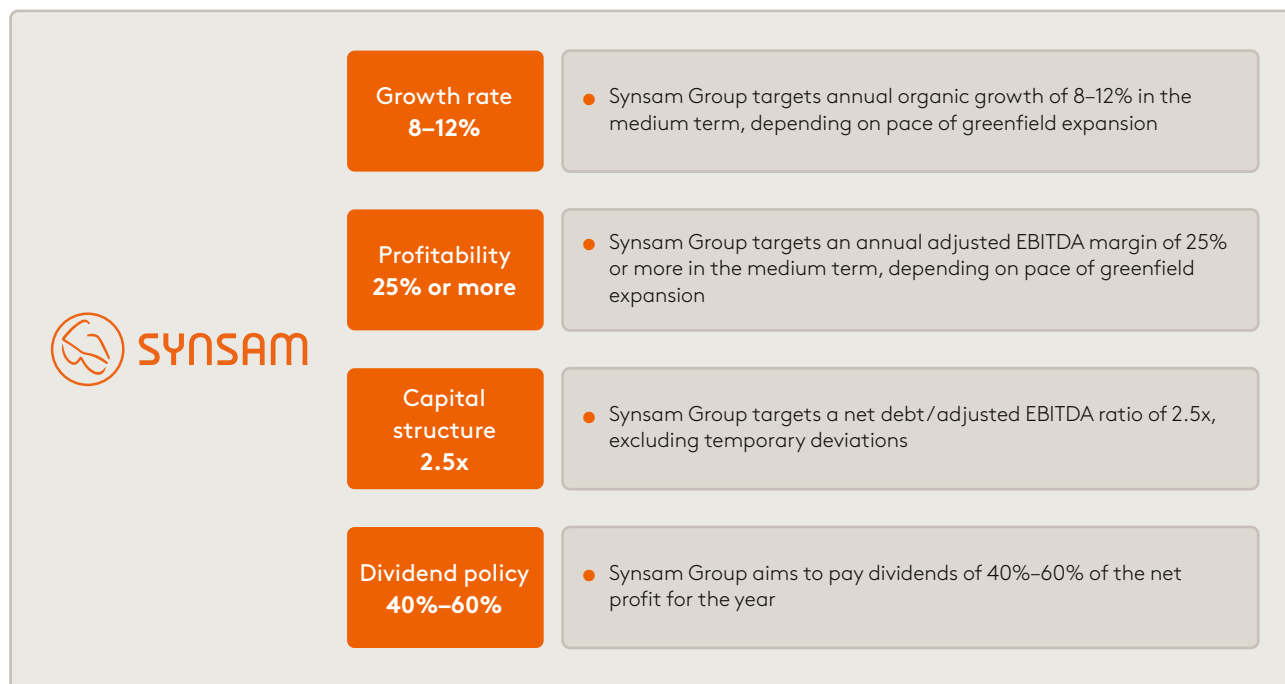
## Operating segments

Synsam's operations are organised and managed through four geographical operating segments: Sweden, Norway, Denmark, and Finland. The Group conducts its operations in physical stores as well as through online/Omni-channels in each of these countries. These

geographical segments are supported by central functions consisting of general management, treasury, supply chain, legal, marketing, IT, human resources, among other functions. The heads of each operating segment report to the Group's CEO.

**Financial targets<sup>1)</sup>**

Synsam's board of directors has adopted the following financial targets and dividend policy.

**Sales growth**

Synsam Group targets annual organic growth of 8–12% in the medium term, depending on pace of greenfield expansion.

**Profitability**

Synsam Group targets an annual adjusted EBITDA margin of 25% or more in the medium term, depending on pace of greenfield expansion.

**Capital structure**

Synsam Group targets a net debt/adjusted EBITDA ratio of 2.5x, excluding temporary deviations.

**Dividend policy**

Synsam Group targets to pay dividends of 40%–60% of the net profit for the year.

Synsam's financial targets set forth above constitute forward-looking information that is subject to considerable

uncertainty. The financial targets are based upon a number of assumptions relating to among other things, the development of the industry, Synsam's business, results of operations and financial condition as well as the assumptions referred to above. Synsam's business, results of operations and financial condition, and the development of the industry and macroeconomic environment in which Synsam operates, may differ materially from, and be more negative than, those assumed by Synsam when preparing the financial targets set out above. As a result, Synsam's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurances can be given that Synsam will be able to reach these targets or that Synsam's financial condition or results of operations will not be materially different from these financial targets. For more information, see the section "*Important information – Forward-looking information*".

1) All financial targets are based on IFRS 16 figures.





# SELECTED FINANCIAL INFORMATION

The following information should be read in conjunction with the *“Operating and financial review”, “Capitalisation, indebtedness and other financial information”* and the Company’s audited consolidated financial statements including notes in the section *“Historical financial information”*.

This section contains selected historical financial information derived from (i) Synsam’s audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018, which have been prepared in accordance with IFRS, as adopted by the EU, and audited by Synsam’s independent auditors, KPMG, as set forth in their report included therewith and (ii) Synsam’s unaudited consolidated interim report as of and for the three- and six-month periods ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020, which have been prepared in accordance with IAS 34, as adopted by the EU, and reviewed by Synsam’s independent auditors, KPMG, as set forth in their review report included therewith. The implementation of IFRS 16 as of 1 January 2019 has resulted in adaptation of the Group’s consolidated balance sheet data and the Group’s consolidated income statement data to comply with new regulations for the period. The Group has chosen to apply a modified retrospective approach and as such the comparative figures have not been restated according to the new standard. For further information regarding the implementation and accounting principles regarding IFRS 16, see note 1 and 13 to the Group’s audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 under the section *“Historical financial information”*.

With respect to the unaudited consolidated interim financial statements for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020, included herein, the independent auditor has reported that they applied limited procedures

in accordance with international professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The Offering Circular presents certain financial measures that are not measures defined under IFRS (see the section *“Selected financial information – Definitions of alternative performance measures and other measures”* for a description of these). These non-IFRS alternative performance measures are used by management to monitor the Group’s operations. Synsam is of the opinion that these performance measures provide valuable supplementary information to enable management, investors and other stakeholders to assess the Group’s performance. A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These non-IFRS measures should not be considered in isolation or as a substitute to performance measures derived in accordance with IFRS. In addition, such measures, as defined by the Company, may not be comparable to other similarly titled measures used by other companies. For a description of the calculation of non-IFRS financial measures, see the sections *“Selected financial definitions”* and *“Definitions of alternative performance measures and other measures”*.

The amounts presented in this section have sometimes been rounded off, which means that the sum of all the entries in the tables do not necessarily amount to the totals in the tables.

## SELECTED CONSOLIDATED INCOME STATEMENT DATA

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
Net sales	3,806.5	3,740.6	3,380.0	2,247.5	1,742.4
Other operating income	53.8	40.6	30.4	29.3	20.4
<b>Total revenue</b>	<b>3,860.3</b>	<b>3,781.2</b>	<b>3,410.4</b>	<b>2,276.8</b>	<b>1,762.8</b>
Goods for resale	-953.4	-923.2	-823.8	-544.6	-457.3
<b>Gross profit</b>	<b>2,906.9</b>	<b>2,858.0</b>	<b>2,586.6</b>	<b>1,732.2</b>	<b>1,305.5</b>
Personnel costs	-1,504.5	-1,450.7	-1,275.9	-872.7	-699.2
Other external expenses	-468.3	-482.3	-756.7	-280.5	-223.8
Depreciation, amortisation of tangible and intangible non-current assets as well as right-of use assets	-532.2	-527.8	-292.1	-268.2	-274.0
<b>Operating expenses</b>	<b>-2,505.0</b>	<b>-2,460.8</b>	<b>-2,324.8</b>	<b>-1,421.4</b>	<b>-1,197.0</b>
<b>Operating profit/loss (EBIT)</b>	<b>401.9</b>	<b>397.2</b>	<b>261.9</b>	<b>310.8</b>	<b>108.5</b>
Financial income	98.9	89.3	63.7	71.0	72.5
Financial expenses	-636.4	-615.8	-586.1	-340.2	-312.8
<b>Net financial items</b>	<b>-537.5</b>	<b>-526.5</b>	<b>-522.4</b>	<b>-269.2</b>	<b>-240.3</b>
<b>Profit/Loss before tax</b>	<b>-135.6</b>	<b>-129.3</b>	<b>-260.6</b>	<b>41.7</b>	<b>-131.8</b>
Income tax	-59.6	-48.7	-39.0	-40.0	-5.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-195.3</b>	<b>-177.9</b>	<b>-299.6</b>	<b>1.7</b>	<b>-136.8</b>

1) Derived from Synsam's audited consolidated financial statements for the financial years ended 31 December 2020, 2019 and 2018.

2) Derived from Synsam's unaudited consolidated interim financial information for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

## SELECTED CONSOLIDATED BALANCE SHEET DATA

SEK million	As of 31 December <sup>1)</sup>		
	2020	2019 <sup>2)</sup>	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	4,666.2	4,932.1	4,975.3
Tangible non-current assets	394.0	400.0	427.7
Right-of use assets	510.6	562.9	–
Financial non-current assets	15.9	25.0	22.6
Deferred tax assets	51.8	58.5	60.9
<b>Total non-current assets</b>	<b>5,638.5</b>	<b>5,978.6</b>	<b>5,486.4</b>
<b>Current assets</b>			
Inventories	383.4	337.9	297.4
Accounts receivable	312.9	223.8	240.1
Other receivables	17.7	7.0	3.7
Prepaid expenses and accrued income	97.0	122.9	100.9
Cash and cash equivalents	808.6	222.9	289.6
<b>Total current assets</b>	<b>1,619.5</b>	<b>914.4</b>	<b>931.6</b>
<b>TOTAL ASSETS</b>	<b>7,258.1</b>	<b>6,893.0</b>	<b>6,418.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>–1,574.6</b>	<b>–1,371.8</b>	<b>–1,196.7</b>
<b>Non-current liabilities</b>			
Non-current loans from financial institutions	2,491.3	2,731.4	2,964.7
Shareholder loans	3,628.7	3,372.7	3,036.8
Lease liabilities attributable to right-of-use assets	303.9	345.3	22.5
Derivatives	1.6	3.9	17.9
Other liabilities	28.3	–	–
Deferred tax liability	490.9	516.8	536.1
Pension obligations	4.4	13.3	11.5
Other provisions	–	0.9	74.9
<b>Total non-current liabilities</b>	<b>6,949.0</b>	<b>6,984.4</b>	<b>6,664.4</b>
<b>Current liabilities</b>			
Current loans from financial institutions	404.5	122.3	277.0
Lease liabilities attributable to right-of-use assets	222.4	226.2	12.4
Accounts payable	457.9	445.8	346.2
Current tax liabilities	174.3	126.2	10.3
Other liabilities	317.4	93.2	56.5
Accrued expenses and deferred income	307.1	266.7	247.8
<b>Total current liabilities</b>	<b>1,883.6</b>	<b>1,280.5</b>	<b>950.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,258.1</b>	<b>6,893.0</b>	<b>6,418.0</b>

1) Derived from Synsam's audited consolidated financial statements as of 31 December 2020, 2019 and 2018.

2) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

SEK million	As of 30 June <sup>1)</sup>	
	2021	2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible non-current assets	4,674.7	4,796.1
Tangible non-current assets	427.3	402.0
Right-of-use assets	549.0	532.2
Financial non-current assets	17.5	24.8
Deferred tax assets	57.8	62.7
<b>Total non-current assets</b>	<b>5,726.5</b>	<b>5,817.7</b>
<b>Current assets</b>		
Inventories	437.3	393.9
Accounts receivable	362.4	233.8
Other receivables	54.4	8.3
Prepaid expenses and accrued income	114.1	124.1
Cash and cash equivalents	622.9	646.8
<b>Total current assets</b>	<b>1,591.3</b>	<b>1,406.9</b>
<b>TOTAL ASSETS</b>	<b>7,317.7</b>	<b>7,224.7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>-1,572.2</b>	<b>-1,496.8</b>
<b>Non-current liabilities</b>		
Non-current loans from financial institutions	2,297.3	2,644.1
Shareholder loans	3,842.2	3,458.1
Lease liabilities attributable to right-of-use assets	326.8	318.5
Derivatives	1.2	0.0
Other liabilities	37.6	0.0
Deferred tax liability	486.6	496.5
Pension obligations	4.5	12.5
<b>Total non-current liabilities</b>	<b>6,996.3</b>	<b>6,929.8</b>
<b>Current liabilities</b>		
Current loans from financial institutions	317.8	366.3
Lease liabilities attributable to right-of-use assets	241.2	226.0
Accounts payable	615.2	414.1
Current tax liabilities	168.5	138.1
Other liabilities	163.6	318.3
Accrued expenses and deferred income	387.3	328.9
<b>Total current liabilities</b>	<b>1,893.7</b>	<b>1,791.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,317.7</b>	<b>7,224.7</b>

1) Derived from Synsam's unaudited consolidated interim financial information for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

## SELECTED CONSOLIDATED STATEMENT OF CASH FLOW DATA

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month periods ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
Change in operating receivables	-81.3	-4.8	51.1	-73.6	-16.4
Change in inventories	-56.2	-35.3	10.3	-49.9	-61.7
Change in operating liabilities	322.6	134.3	-40.4	46.8	232.0
<b>Cash flow from operating activities</b>	<b>898.5</b>	<b>803.5</b>	<b>363.2</b>	<b>334.9</b>	<b>454.8</b>
<b>Cash flow from investing activities</b>	<b>-165.5</b>	<b>-166.4</b>	<b>-109.7</b>	<b>-108.2</b>	<b>-95.0</b>
<b>Cash flow from financing activities</b>	<b>-131.6</b>	<b>-699.0</b>	<b>-79.1</b>	<b>-426.0</b>	<b>76.7</b>
<b>Cash flow for the period</b>	<b>601.4</b>	<b>-62.0</b>	<b>174.4</b>	<b>-199.3</b>	<b>436.5</b>
Cash and cash equivalents at beginning of the period	222.9	289.6	122.6	808.6	222.9
Exchange rate differences in cash and cash equivalents	-15.8	-4.7	-7.4	13.7	-12.6
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>808.6</b>	<b>222.9</b>	<b>289.6</b>	<b>622.9</b>	<b>646.8</b>

1) Derived from Synsam's audited consolidated financial statements for the financial years ended 31 December 2020, 2019 and 2018.

2) Derived from Synsam's unaudited consolidated interim financial information for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

## KEY PERFORMANCE INDICATORS

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month periods ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
Net sales	3,806.5	3,740.6	3,380.0	2,247.5	1,742.4
Organic growth in directly owned stores <sup>4)</sup>	3.2%	9.0%	10.5%	30.4%	-7.2%
LFL growth, % <sup>4)</sup>	0.2%	5.9%	9.1%	27.4%	-10.2%
Adjusted EBITDA <sup>5)</sup>	947.9	983.6	643.2	603.7	383.6
Adjusted EBITDA margin <sup>5)</sup> , %	24.6%	26.0%	18.9%	26.5%	21.8%
Adjusted EBITA <sup>5)</sup>	557.0	593.3	485.1	405.7	180.9
Adjusted EBITA margin <sup>5)</sup> , %	14.4%	15.7%	14.2%	17.8%	10.3%
Operating profit (EBIT)	401.9	397.2	261.9	310.8	108.5
Operating profit (EBIT) margin, %	10.4%	10.5%	7.7%	13.7%	6.2%
Cash flow from changes in net working capital	185.1	94.2	21.0	-76.7	153.9
Cash flow from operating activities <sup>5)</sup>	898.5	803.5	363.2	334.9	454.8
Cash conversion <sup>5)</sup> , %	94.8%	81.7%	56.5%	55.5%	118.6%
External net debt/Adjusted EBITDA <sup>4)</sup>	2.8	3.3	4.7	2.2	3.4
No. of stores/of which directly owned	480/442	472/432	448/405	490/451	473/435
Synsam Lifestyle sales <sup>4)6)</sup>	1,555.1	1,329.5	825.3	1,016.4	686.6
Active customer base <sup>4)</sup> ('000)	279	193	110	336	230

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

4) For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

5) For reconciliation, see the section "Reconciliation tables".

6) Derived from the Company's internal reporting system. The information is unaudited.



## Reconciliation tables

The following section presents the reconciliation of the operating profit (EBIT), EBITA, EBITDA, Adjusted EBITDA and Adjusted EBITA for the Group, Adjusted EBITA by segment, Adjusted EBITDA by segment, Adjusted operating cash flow and cash conversion as well as Adjusted EBITDA per store. For a description of the calculation of non-IFRS measures and the reason for use, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

### EBIT, EBITA, EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITA FOR THE GROUP

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
<b>Profit/Loss for the period</b>	<b>-195.3</b>	<b>-177.9</b>	<b>-299.6</b>	<b>1.7</b>	<b>-136.8</b>
Net profit margin, % <sup>4)</sup>	-5.1%	-4.7%	-8.8%	0.1%	-7.8%
Income tax	59.6	48.7	39.0	40.0	5.0
Financial income	-98.9	-89.3	-63.7	-71.0	-72.5
Financial expenses	636.4	615.8	586.1	340.2	312.8
<b>Operating profit/loss (EBIT)</b>	<b>401.9</b>	<b>397.2</b>	<b>261.9</b>	<b>310.8</b>	<b>108.5</b>
Operating profit (EBIT) margin, %	10.4%	10.5%	7.7%	13.7%	6.2%
Amortisation of intangible assets	141.3	137.5	134.1	70.2	71.3
<b>EBITA<sup>4)</sup></b>	<b>543.2</b>	<b>534.7</b>	<b>396.0</b>	<b>381.0</b>	<b>179.8</b>
EBITA margin <sup>4)</sup> , %	14.1%	14.1%	11.6%	16.7%	10.2%
Depreciation of tangible assets	390.8	390.3	158.0	198.0	202.7
<b>EBITDA<sup>4)</sup></b>	<b>934.1</b>	<b>925.0</b>	<b>554.0</b>	<b>579.0</b>	<b>382.5</b>
EBITDA margin <sup>4)</sup> , %	24.2%	24.5%	16.2%	25.4%	21.7%
<b>Items affecting comparability</b>					
Goods for resale adjustments <sup>4)5)</sup>	-	-	-0.2	-	-
Personnel costs adjustments <sup>4)5)</sup>	-	-	5.8	-	-
Other external expenses adjustments <sup>4)5)</sup>	13.8	58.6	83.5	24.7	1.1
<b>Adjusted EBITDA<sup>4)5)</sup></b>	<b>947.9</b>	<b>983.6</b>	<b>643.2</b>	<b>603.7</b>	<b>383.6</b>
Adjusted EBITDA margin <sup>4)5)</sup> , %	24.6%	26.0%	18.9%	26.5%	21.8%
Depreciation of tangible assets	-390.8	-390.3	-158.0	-198.0	-202.7
<b>Adjusted EBITA<sup>4)5)</sup></b>	<b>557.0</b>	<b>593.3</b>	<b>485.1</b>	<b>405.7</b>	<b>180.9</b>
Adjusted EBITA margin <sup>4)5)</sup> , %	14.4%	15.7%	14.2%	17.8%	10.3%

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

4) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

5) Including adjustments for brand repositioning, IT-platform and development of administrative processes, IPO-preparatory costs, IT-attack and owner-related expenses. For details, see the section "Historical financial information".

## EBIT, EBITA, EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITA FOR THE GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017 AND 2016

SEK million	For the financial year ended 31 December <sup>1)</sup>	
	2017	2016
<b>Total revenue</b>	<b>2,995.2</b>	<b>2,862.7</b>
<b>Profit/loss for the period</b>	<b>-354.0</b>	<b>-536.7</b>
Net profit margin, % <sup>2)</sup>	-11.8%	-18.7%
Income tax	15.0	36.1
Net financial items	-456.6	-452.6
<b>Operating profit/loss (EBIT)</b>	<b>87.7</b>	<b>-120.3</b>
Operating profit/loss (EBIT) margin, % <sup>2)</sup>	2.9%	-4.2%
Amortisation of intangible assets	127.3	144.1
<b>EBITA<sup>2)</sup></b>	<b>215.0</b>	<b>23.9</b>
Depreciation of tangible assets	150.1	123.3
<b>EBITDA<sup>2)</sup></b>	<b>365.1</b>	<b>147.1</b>
Items affecting comparability <sup>2)3)</sup>	181.3	275.7
<b>Adjusted EBITDA<sup>2)</sup></b>	<b>546.4</b>	<b>422.8</b>
Adjusted EBITDA margin, % <sup>2)</sup>	18.2%	14.8%
Depreciation of tangible assets	-150.1	-123.3
<b>Adjusted EBITA<sup>2)</sup></b>	<b>395.8</b>	<b>299.5</b>
Adjusted EBITA margin, % <sup>2)</sup>	13.2%	10.5%

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2016 and 2017 respectively.

2) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

3) In 2014, Synsam was acquired by the Principal Shareholder. Under this new ownership, Synsam went through an extensive strategic review, resulting in the launch in 2016 of a new overall strategy for the Group and an increased focus on the customer. The Transformation Project encompassed, during 2016 and 2017 (note that the below costs are for this period only), assortment pruning and one-off launches, as well as changes to the Group's supply chain; the customer offering, relationship and journey; retail and digital concepts; brand repositioning; talent development and rightsizing; and IT platform and administrative processes.

**Assortment pruning and one-off launches:** Previously the purchasing decisions were decentralised to the stores, which meant that the Group had one frame assortment per store. This assortment did not fit the new strategy in terms of offering customers eye fashion. A write-down of the Group's inventory was therefore required, as well as specific efforts to develop new frame assortment, including the introduction of house brand and Sport assortment. The total costs of these initiatives were SEK 112.5 million in 2016 and SEK 4.1 million in 2017.

**Supply chain:** Instead of frame vendors delivering directly to stores, a central warehouse has been established to which frame vendors deliver the frames which are thereafter distributed to the stores. Increased control of the supply chain was an integral part of the Transformation Project, and the new supply chain model has also made it possible to expand into house brands. The total costs of these initiatives were SEK 4.0 million in 2016 and SEK 7.4 million in 2017.

**Customer offering, relationship and journey:** The core area of the Transformation Project was to make Synsam more attractive for the customers, including training store employees to better take care of customers (for example, guiding customers to the best personalised solution having regard to function, fashion and visual impairment solution). This area also involves the collection of customer data for the Group's CRM system and development of the Lifestyle subscription. The total costs of these initiatives were SEK 28.9 million in 2016 and SEK 28.9 million in 2017.

**Retail and digital concepts:** Development of the Group's stores, as well as of the digital and omnichannel offering, have been the most visible effects of the Transformation Project. In 2016 the Group introduced a new store concept that it considers to be modern, customer-friendly and easily-navigated. Consequently, the Group invested significantly in the refurbishment of its existing store network having refurbished more than 340 stores between 2016 and 2018. The physical investments into the stores have been accounted for as capital expenditure and the concept development has been accounted for as transformation costs in the Group's operating expenses. The digital and omnichannel development includes, for example, the development of the so-called Stylelab where customers can test how different frames would fit their faces using their mobile phone, as well as the concept development of digital screens in the stores. Stores that could not be refurbished to the new concept were closed. The total costs of these initiatives were SEK 31.1 million in 2016 and SEK 13.4 million in 2017.

**Brand repositioning:** The new Synsam brand positioning in the market required extra investments into brand building. The Group also invested into the launch of each new house brand. The total costs of these initiatives were SEK 46.0 million in 2016 and SEK 66.6 million in 2017.

**Talent development and rightsizing:** The Transformation Project required organisational changes and development including training, lay-offs, recruiting and the establishment of a new headquarters that was better aligned with the new strategic positioning. The total costs of these initiatives were SEK 20.1 million in 2016 and SEK 13.1 million in 2017.

**IT platform and administrative processes:** In order for the Group to handle the new requirements resulting from the Transformation Project, the Group implemented a new central IT platform and a redesign of its major administrative processes. The total costs of these initiatives were SEK 18.9 million in 2016 and SEK 33.4 million in 2017.

## ADJUSTED EBITDA BY SEGMENT

2020

SEK million	Group <sup>1)</sup>	Sweden	Denmark	Norway	Finland	Other and eliminations <sup>2)</sup>
<b>Operating profit/loss (EBIT)</b>	<b>401.9</b>	<b>404.6</b>	<b>171.8</b>	<b>73.8</b>	<b>-8.1</b>	<b>-240.2</b>
Amortisation of intangible assets	141.3	5.0	0.7	1.4	0.4	133.8
<b>EBITA<sup>3)</sup></b>	<b>543.2</b>	<b>409.6</b>	<b>172.5</b>	<b>75.2</b>	<b>-7.7</b>	<b>-106.4</b>
Depreciation of tangible assets	390.8	166.9	86.9	88.9	29.0	19.2
<b>EBITDA<sup>3)</sup></b>	<b>934.1</b>	<b>576.5</b>	<b>259.4</b>	<b>164.1</b>	<b>21.3</b>	<b>-87.1</b>
Items affecting comparability <sup>3)4)</sup>	13.8	-	-	-	-	13.8
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>947.9</b>	<b>576.5</b>	<b>259.4</b>	<b>164.1</b>	<b>21.3</b>	<b>-73.3</b>
Adjusted EBITDA margin <sup>3)</sup> , %	24.6%	31.4%	27.6%	20.4%	10.6%	n/a

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2020.

2) Comprises certain Group wide and head office functions, such as the treasury, finance and IT functions. Other and central functions is not a reported segment.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for IPO-preparatory costs and IT-attack. For details, see the section "Historical financial information".

2019<sup>5)</sup>

SEK million	Group <sup>1)</sup>	Sweden	Denmark	Norway	Finland	Other and eliminations <sup>2)</sup>
<b>Operating profit/loss (EBIT)</b>	<b>397.2</b>	<b>392.4</b>	<b>183.0</b>	<b>109.0</b>	<b>0.9</b>	<b>-288.1</b>
Amortisation of intangible assets	137.5	4.1	0.7	0.9	0.6	131.3
<b>EBITA<sup>3)</sup></b>	<b>534.7</b>	<b>396.5</b>	<b>183.6</b>	<b>109.9</b>	<b>1.5</b>	<b>-156.8</b>
Depreciation of tangible assets	390.3	150.3	99.5	92.6	25.8	22.0
<b>EBITDA<sup>3)</sup></b>	<b>925.0</b>	<b>546.7</b>	<b>283.2</b>	<b>202.6</b>	<b>27.3</b>	<b>-134.8</b>
Items affecting comparability <sup>3)4)</sup>	58.6	-	-	-	-	58.6
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>983.6</b>	<b>546.7</b>	<b>283.2</b>	<b>202.6</b>	<b>27.3</b>	<b>-76.1</b>
Adjusted EBITDA margin <sup>3)</sup> , %	26.0%	33.1%	27.5%	23.9%	14.4%	n/a

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2020.

2) Comprises certain Group wide and head office functions, such as the treasury, finance and IT functions. Other and central functions is not a reported segment.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for IPO-preparatory costs. For details, see the section "Historical financial information".

5) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

2018

SEK million	Group <sup>1)</sup>	Sweden	Denmark	Norway	Finland	Other and eliminations <sup>2)</sup>
<b>Operating profit/loss (EBIT)</b>	<b>261.9</b>	<b>293.7</b>	<b>99.7</b>	<b>111.2</b>	<b>-13.6</b>	<b>-229.2</b>
Amortisation of intangible assets	134.1	1.4	0.4	0.7	0.6	131.0
<b>EBITA<sup>3)</sup></b>	<b>396.0</b>	<b>295.1</b>	<b>100.2</b>	<b>111.9</b>	<b>-13.0</b>	<b>-98.1</b>
Depreciation of tangible assets	158.0	41.5	56.1	31.9	5.6	23.0
<b>EBITDA<sup>3)</sup></b>	<b>554.0</b>	<b>336.5</b>	<b>156.3</b>	<b>143.7</b>	<b>-7.4</b>	<b>-75.2</b>
Items affecting comparability <sup>3)4)</sup>	89.2	2.3	13.1	0.3	5.4	68.0
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>643.2</b>	<b>338.8</b>	<b>169.4</b>	<b>144.1</b>	<b>-2.0</b>	<b>-7.1</b>
Adjusted EBITDA margin <sup>3)</sup> , %	18.9%	23.3%	18.1%	17.9%	-1.2%	n/a

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2019.

2) Comprises certain Group wide and head office functions, such as the treasury, finance and IT functions. Other and central functions is not a reported segment.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for brand repositioning, IT-platform and development of administrative processes and owner-related expenses. For details, see the section "Historical financial information".

## For the six-month period ended 30 June 2021

SEK million	Group <sup>1)</sup>	Sweden	Denmark	Norway	Finland	Other and eliminations <sup>2)</sup>
<b>Operating profit/loss (EBIT)</b>	<b>310.8</b>	<b>254.6</b>	<b>90.1</b>	<b>97.6</b>	<b>4.1</b>	<b>-135.6</b>
Amortisation of intangible assets	70.2	1.7	0.3	0.4	0.2	67.6
<b>EBITA<sup>3)</sup></b>	<b>381.0</b>	<b>256.4</b>	<b>90.4</b>	<b>98.0</b>	<b>4.3</b>	<b>-68.0</b>
Depreciation of tangible assets	198.0	90.2	38.1	46.4	14.2	9.1
<b>EBITDA<sup>3)</sup></b>	<b>579.0</b>	<b>346.6</b>	<b>128.5</b>	<b>144.4</b>	<b>18.4</b>	<b>-58.9</b>
Items affecting comparability <sup>3)4)</sup>	24.7	-	-	-	-	24.7
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>603.7</b>	<b>346.6</b>	<b>128.5</b>	<b>144.4</b>	<b>18.4</b>	<b>34.2</b>
Adjusted EBITDA margin <sup>3)</sup> , %	26.5%	31.5%	26.2%	28.9%	15.2%	n/a

1) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

2) Comprises certain Group wide and head office functions, such as the treasury, finance and IT functions. Other and central functions is not a reported segment.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for IPO-preparatory costs. For details, see the section "Historical financial information".

## For the six-month period ended 30 June 2020

SEK million	Group <sup>1)</sup>	Sweden	Denmark	Norway	Finland	Other and eliminations <sup>2)</sup>
<b>Operating profit/loss (EBIT)</b>	<b>108.5</b>	<b>166.1</b>	<b>49.0</b>	<b>28.2</b>	<b>-9.2</b>	<b>-125.6</b>
Amortisation of intangible assets	71.3	2.5	0.4	1.1	0.2	67.1
<b>EBITA<sup>3)</sup></b>	<b>179.8</b>	<b>168.6</b>	<b>49.4</b>	<b>29.3</b>	<b>-9.0</b>	<b>-58.5</b>
Depreciation of tangible assets	202.7	84.8	48.0	43.6	16.0	10.2
<b>EBITDA<sup>3)</sup></b>	<b>382.5</b>	<b>253.4</b>	<b>97.4</b>	<b>73.0</b>	<b>7.0</b>	<b>-48.3</b>
Items affecting comparability <sup>3)4)</sup>	1.1	-	-	-	-	1.1
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>383.6</b>	<b>253.4</b>	<b>97.4</b>	<b>73.0</b>	<b>7.0</b>	<b>-47.2</b>
Adjusted EBITDA margin <sup>3)</sup> , %	21.8%	29.5%	22.8%	20.4%	8.0%	n/a

1) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021.

2) Comprises certain Group wide and head office functions, such as the treasury, finance and IT functions. Other and central functions is not a reported segment.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for IPO-preparatory costs. For details, see the section "Historical financial information".

## ADJUSTED EBITDA FOR THE GROUP

SEK million	For the three-month period ended		For the six-month period ended
	31 March <sup>1)</sup> 2021	30 June <sup>2)</sup> 2021	30 June <sup>3)</sup> 2021
<b>Total revenue</b>	<b>1,045.5</b>	<b>1,231.4</b>	<b>2,276.8</b>
Of which Lifestyle revenue	490.6	525.8	1,016.4
<b>Profit/loss for the period</b>	<b>-11.9</b>	<b>13.5</b>	<b>1.7</b>
Income tax	14.9	25.1	40.0
Net financial items	104.4	164.8	269.2
<b>Operating profit/loss (EBIT)</b>	<b>107.4</b>	<b>203.5</b>	<b>310.8</b>
Depreciation and amortisation of tangible and intangible non-current assets	131.5	136.7	268.2
<b>EBITDA<sup>4)</sup></b>	<b>238.9</b>	<b>340.2</b>	<b>579.0</b>
Items affecting comparability <sup>4)5)</sup>	9.2	15.4	24.7
<b>Adjusted EBITDA<sup>4)</sup></b>	<b>248.1</b>	<b>355.6</b>	<b>603.7</b>
Adjusted EBITDA margin, % <sup>4)</sup>	23.7%	28.9%	26.5%

1) Derived from the Company's internal reporting system. The information is unaudited.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the three-month period ended 30 June 2021.

3) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021.

4) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

5) Including adjustments for IPO-preparatory costs. For details, see the section "Historical financial information".

SEK million	For the three-month period ended				For the financial year ended
	31 March <sup>1)</sup> 2020	30 June <sup>2)</sup> 2020	30 September <sup>1)</sup> 2020	31 December <sup>1)</sup> 2020	31 December <sup>4)</sup> 2020
<b>Total revenue</b>	<b>907.1</b>	<b>855.6</b>	<b>984.9</b>	<b>1,112.6</b>	<b>3,860.3</b>
Of which Lifestyle revenue	358.1	328.5	387.9	480.6	1,555.1
<b>Profit/loss for the period</b>	<b>-56.1</b>	<b>-80.7</b>	<b>-24.7</b>	<b>-33.8</b>	<b>-195.3</b>
Income tax	20.1	-15.1	20.0	34.7	59.6
Net financial items	99.6	140.7	143.0	154.2	537.5
<b>Operating profit/loss (EBIT)</b>	<b>63.6</b>	<b>44.9</b>	<b>138.3</b>	<b>155.1</b>	<b>401.9</b>
Depreciation and amortisation of tangible and intangible non-current assets	135.9	138.1	134.1	124.0	532.2
<b>EBITDA<sup>5)</sup></b>	<b>199.5</b>	<b>183.0</b>	<b>272.4</b>	<b>279.1</b>	<b>934.1</b>
Items affecting comparability <sup>5)6)</sup>	1.1	-	-	12.7	13.8
<b>Adjusted EBITDA<sup>5)</sup></b>	<b>200.6</b>	<b>183.0</b>	<b>272.4</b>	<b>291.8</b>	<b>947.9</b>
Adjusted EBITDA margin, % <sup>5)</sup>	22.1%	21.4%	27.7%	26.2%	24.6%

1) Derived from the Company's internal reporting system. The information is unaudited.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the three-month period ended 30 June 2020.

3) Derived from the Company's internal reporting system. The information is unaudited.

4) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2020.

5) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

6) Including adjustments for IPO-preparatory costs and IT-attack. For details, see the section "Historical financial information".

SEK million	For the three-month period ended				For the financial year ended
	31 March <sup>1)</sup> 2019	30 June <sup>1)</sup> 2019	30 September <sup>1)</sup> 2019	31 December <sup>1)</sup> 2019	31 December <sup>2)</sup> 2019
<b>Total revenue</b>	<b>913.3</b>	<b>991.9</b>	<b>924.3</b>	<b>951.7</b>	<b>3,781.2</b>
<b>Profit/loss for the period</b>	<b>-25.0</b>	<b>-3.0</b>	<b>-98.6</b>	<b>-51.4</b>	<b>-177.9</b>
Income tax	-5.0	-5.5	66.6	-7.5	48.7
Net financial items	134.2	124.3	135.8	132.2	526.5
<b>Operating profit/loss (EBIT)</b>	<b>104.2</b>	<b>115.9</b>	<b>103.9</b>	<b>73.3</b>	<b>397.2</b>
Depreciation and amortisation of tangible and intangible non-current assets	131.7	131.3	133.3	131.5	527.8
<b>EBITDA<sup>3)</sup></b>	<b>235.9</b>	<b>247.1</b>	<b>237.1</b>	<b>204.8</b>	<b>925.0</b>
Items affecting comparability <sup>3)4)</sup>	5.8	3.2	14.2	35.3	58.6
<b>Adjusted EBITDA<sup>3)</sup></b>	<b>241.7</b>	<b>250.4</b>	<b>251.4</b>	<b>240.1</b>	<b>983.6</b>
Adjusted EBITDA margin, % <sup>3)</sup>	26.5%	25.2%	27.2%	25.2%	26.0%

1) Derived from the Company's internal reporting system. The information is unaudited.

2) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial year ended 31 December 2019.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

4) Including adjustments for IPO-preparatory costs. For details, see the section "Historical financial information".

## CASH CONVERSION

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
<b>Adjusted EBITDA<sup>4)</sup></b>	<b>947.9</b>	<b>983.6</b>	<b>643.2</b>	<b>603.7</b>	<b>383.6</b>
Cash flow operations	898.5	803.5	363.2	334.9	454.8
Cash conversion <sup>4)</sup> , %	94.8%	81.7%	56.5%	55.5%	118.6%

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

4) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

## ADJUSTED EBITDA PER STORE

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month period ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
<b>Operating profit/loss (EBIT)</b>	<b>401.9</b>	<b>397.2</b>	<b>261.9</b>	<b>310.8</b>	<b>108.5</b>
Depreciation and amortisation of tangible and intangible non-current assets	532.2	527.8	292.1	268.2	274.0
Items affecting comparability <sup>2)3)</sup>	13.8	58.6	89.2	24.7	1.1
<b>Adjusted EBITDA<sup>2)</sup></b>	<b>947.9</b>	<b>983.6</b>	<b>643.2</b>	<b>603.7</b>	<b>383.6</b>
Number of directly owned stores <sup>2)</sup>	442	432	405	451	435
<b>Adjusted EBITDA per store<sup>2)</sup></b>	<b>2.1</b>	<b>2.3</b>	<b>1.6</b>	<b>1.3</b>	<b>0.9</b>

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

3) Including adjustments for brand repositioning, IT-platform and development of administrative processes, IPO-preparatory costs, IT-attack and owner-related expenses. For details, see the section "Historical financial information".

4) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".



## Selected financial definitions

### AMORTISATION/DEPRECIATION

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month periods ended 30 June <sup>2)</sup>	
	2020	2019 <sup>3)</sup>	2018	2021	2020
Amortisation of intangible assets <sup>1)</sup>	141.3	137.5	134.1	70.2	71.3
Depreciation of tangible assets <sup>1)</sup>	390.8	390.3	158.0	198.0	202.7
<b>Depreciation and amortisation of tangible and intangible non-current assets<sup>2)</sup></b>	<b>532.2</b>	<b>527.8</b>	<b>292.1</b>	<b>268.2</b>	<b>274.0</b>

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see section "Historical financial information".

### CAPITAL EXPENDITURE

SEK million	For the financial year ended 31 December <sup>1)</sup>			For the six-month periods ended 30 June <sup>2)</sup>	
	2020	2019	2018	2021	2020
Maintenance capital expenditure <sup>3)</sup>	-70.4	-79.8	-68.6	-66.7	-25.5
Expansion capital expenditure <sup>3)</sup>	-65.5	-87.8	-42.5	-30.7	-45.3
Strategic capital expenditure <sup>3)</sup>	-28.1	-	-0.3	-5.6	-21.4
<b>Acquisition of tangible and intangible assets</b>	<b>-164.0</b>	<b>-167.6</b>	<b>-111.4</b>	<b>-103.1</b>	<b>-92.1</b>

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

### NET AND CORE WORKING CAPITAL

SEK million	As of 31 December <sup>1)</sup>			As of 30 June <sup>2)</sup>	
	2020	2019	2018	2021	2020
<b>Total revenue, last twelve months<sup>3)</sup></b>	<b>3,860.3</b>	<b>3,781.2</b>	<b>3,410.4</b>	<b>4,374.3</b>	<b>3,638.7</b>
Inventories	383.4	337.9	297.4	437.3	393.9
Accounts receivable	312.9	223.8	240.1	362.4	233.8
Other receivables	17.7	7.0	3.7	54.4	8.3
<b>Core working capital assets<sup>4)</sup></b>	<b>714.0</b>	<b>568.7</b>	<b>541.1</b>	<b>854.1</b>	<b>636.0</b>
Prepaid expenses and accrued income	97.0	122.9	100.9	114.1	124.1
<b>Net working capital assets<sup>4)</sup></b>	<b>811.0</b>	<b>691.5</b>	<b>642.0</b>	<b>968.3</b>	<b>760.1</b>
Accounts payable	457.9	445.8	346.2	615.2	414.1
<b>Core working capital liabilities<sup>4)</sup></b>	<b>457.9</b>	<b>445.8</b>	<b>346.2</b>	<b>615.2</b>	<b>414.1</b>
Accrued expenses and deferred income	307.1	266.7	247.8	387.3	328.9
<b>Net working capital liabilities<sup>4)</sup></b>	<b>765.0</b>	<b>712.5</b>	<b>594.1</b>	<b>1,002.5</b>	<b>743.0</b>
Core working capital <sup>4)</sup>	256.1	122.9	194.8	239.0	221.9
<b>Net working capital<sup>4)</sup></b>	<b>46.0</b>	<b>-20.9</b>	<b>48.0</b>	<b>-34.2</b>	<b>17.1</b>
Net working capital, as a % of total revenue <sup>3)</sup>	1.2%	-0.6%	1.4%	-0.8%	0.5%

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) Total revenue (LTM) as of 30 June 2021 calculated as the total revenue for the twelve months ended 31 December 2020 of SEK 3,860 million minus the total revenue for the six-month period ended 30 June 2020 of SEK 1,763 million plus the total revenue for the six-month period ended 30 June 2021 of SEK 2,277 million. Total revenue (LTM) as of 30 June 2020 calculated as the total revenue for the twelve-month period ended 31 December 2019 of SEK 3,781 million minus the total revenue for the six-month period ended 30 June 2019 of SEK 1,905 million plus the total revenue for the six-month period ended 30 June 2020 of SEK 1,763 million.

4) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

## EXTERNAL NET DEBT

SEK million	As of 31 December <sup>1)</sup>			As of 30 juni <sup>2)</sup>	
	2020	2019 <sup>6)</sup>	2018	2021	2020
Loans from financial institutions <sup>3)</sup>	2,895.9	2,853.8	3,241.7	2,615.1	3,010.5
Lease liabilities	526.3	571.5	34.9	568.1	544.5
Bank guarantees	22.3	25.0	25.3	19.9	23.7
Cash and cash equivalents	-808.6	-222.9	-289.6	-622.9	-646.8
<b>External net debt</b>	<b>2,635.9</b>	<b>3,227.3</b>	<b>3,012.3</b>	<b>2,580.1</b>	<b>2,931.9</b>
<b>Adjusted EBITDA<sup>4)5)</sup> (LTM)</b>	<b>947.9</b>	<b>983.6</b>	<b>643.2</b>	<b>1,168.0</b>	<b>875.1</b>
External net debt/Adjusted EBITDA <sup>5)</sup>	2.8	3.3	4.7	2.2	3.4

1) Unless otherwise stated, derived from Synsam's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Unless otherwise stated, derived from Synsam's unaudited consolidated interim financial information as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020.

3) Capitalised borrowing costs included in Loans from financial institutions for the periods ended 30 June 2021 and 2020. For details, see the section "Historical financial information".

4) Adjusted EBITDA (LTM) as of 30 June 2021 calculated as the adjusted EBITDA for the twelve months ended 31 December 2020 of SEK 948 million minus the adjusted EBITDA for the six-month period ended 30 June 2020 of SEK 384 million plus the adjusted EBITDA for the six-month period ended 30 June 2021 of SEK 604 million. Adjusted EBITDA (LTM) as of 30 June 2020 calculated as the adjusted EBITDA for the twelve-month period ended 31 December 2019 of SEK 984 million minus the adjusted EBITDA for the six-month period ended 30 June 2019 of SEK 492 million plus the adjusted EBITDA for the six-month period ended 30 June 2020 of SEK 384 million.

5) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

6) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

## ORGANIC AND LFL GROWTH

2020 %	Group	Sweden	Denmark	Norway	Finland
<b>Growth in net sales<sup>1)6)</sup>, %</b>	<b>1.8%</b>	<b>10.9%</b>	<b>-9.4%</b>	<b>-5.4%</b>	<b>5.4%</b>
Franchise stores <sup>2)6)</sup> , %	0.0%	0.0%	-0.1%	0.1%	-
Net effect of acquisitions <sup>3)6)</sup> , %	-0.9%	-2.0%	-	-	-
Currency <sup>4)6)</sup> , %	2.4%	-	0.7%	9.3%	1.0%
<b>Organic growth in directly owned stores<sup>6)</sup>, %</b>	<b>3.2%</b>	<b>8.9%</b>	<b>-8.8%</b>	<b>3.9%</b>	<b>6.5%</b>
Adjustments for stores not open 12 months <sup>5)6)</sup> , %	-3.0%	-4.6%	-0.3%	-1.8%	-9.5%
<b>LFL growth<sup>6)</sup>, %</b>	<b>0.2%</b>	<b>4.3%</b>	<b>-9.0%</b>	<b>2.1%</b>	<b>-3.0%</b>

1) Calculated as total growth in net sales from corresponding period last year.

2) Represents how the sales to franchise stores have affected net sales.

3) Growth from acquisitions. Sales from acquired companies are reduced from net sales for the months of 2020 corresponding to the months it was not included in the Group in 2019.

4) Currency effect in SEK divided by sales. Currency effect in SEK refers to the difference between the sales in the period in SEK, where the sales in local currency is recalculated with the exchange rate for the period and the adjusted sales in SEK that is received if the sales in local currency is recalculated with the exchange rate for the corresponding period last year.

5) The difference between organic growth in directly owned stores, % and LFL growth, %, which means the growth from newly opened stores that have not been open for twelve months.

6) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

2019 %	Group	Sweden	Denmark	Norway	Finland
<b>Growth in net sales<sup>1)6)</sup>, %</b>	<b>10.7%</b>	<b>13.5%</b>	<b>9.8%</b>	<b>5.1%</b>	<b>11.7%</b>
Franchise stores <sup>2)6)</sup> , %	-0.1%	-0.3%	0.1%	-0.1%	-
Net effect of acquisitions <sup>3)6)</sup> , %	-0.4%	-0.8%	-	-	-
Currency <sup>4)6)</sup> , %	-1.2%	-	-3.3%	-0.6%	-3.5%
<b>Organic growth in directly owned stores<sup>6)</sup>, %</b>	<b>9.0%</b>	<b>12.3%</b>	<b>6.7%</b>	<b>4.4%</b>	<b>8.2%</b>
Adjustments for stores not open 12 months <sup>5)6)</sup> , %	-3.1%	-5.4%	-0.8%	-1.8%	-1.0%
<b>LFL growth<sup>6)</sup>, %</b>	<b>5.9%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>2.5%</b>	<b>7.2%</b>

1) Calculated as total growth in net sales from corresponding period last year.

2) Represents how the sales to franchise stores have affected net sales.

3) Growth from acquisitions. Sales from acquired companies are reduced from net sales for the months of 2019 corresponding to the months it was not included in the Group in 2018.

4) Currency effect in SEK divided by sales. Currency effect in SEK refers to the difference between the sales in the period in SEK, where the sales in local currency is recalculated with the exchange rate for the period and the adjusted sales in SEK that is received if the sales in local currency is recalculated with the exchange rate for the corresponding period last year.

5) The difference between organic growth in directly owned stores, % and LFL growth, %, which means the growth from newly opened stores that have not been open for twelve months.

6) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

**2018**  
**%**

	Group	Sweden	Denmark	Norway	Finland
<b>Growth in net sales<sup>1)6)</sup>, %</b>	<b>13.5%</b>	<b>8.2%</b>	<b>19.1%</b>	<b>12.9%</b>	<b>16.9%</b>
Franchise stores <sup>2)6)</sup> , %	0.3%	-0.4%	1.7%	0.5%	-
Net effect of acquisitions <sup>3)6)</sup> , %	-0.3%	-0.3%	-	-0.7%	-
Currency <sup>4)6)</sup> , %	-3.1%	-	-7.0%	-3.8%	-7.1%
<b>Organic growth in directly owned stores<sup>6)</sup>, %</b>	<b>10.5%</b>	<b>7.5%</b>	<b>13.7%</b>	<b>8.8%</b>	<b>9.8%</b>
Adjustments for stores not open 12 months <sup>5)6)</sup> , %	-1.4%	-2.7%	-0.1%	-0.7%	-
<b>LFL growth<sup>6)</sup>, %</b>	<b>9.1%</b>	<b>4.8%</b>	<b>13.6%</b>	<b>8.2%</b>	<b>9.8%</b>

1) Calculated as total growth in net sales from corresponding period last year.

2) Represents how the sales to franchise stores have affected net sales.

3) Growth from acquisitions. Sales from acquired companies are reduced from net sales for the months of 2018 corresponding to the months it was not included in the Group in 2017.

4) Currency effect in SEK divided by sales. Currency effect in SEK refers to the difference between the sales in the period in SEK, where the sales in local currency is recalculated with the exchange rate for the period and the adjusted sales in SEK that is received if the sales in local currency is recalculated with the exchange rate for the corresponding period last year.

5) The difference between organic growth in directly owned stores, % and LFL growth, %, which means the growth from newly opened stores that have not been open for twelve months.

6) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

**For the six-month period ended 30 June 2021**

<b>%</b>	Group	Sweden	Denmark	Norway	Finland
<b>Growth in net sales<sup>1)6)</sup>, %</b>	<b>29.0%</b>	<b>28.2%</b>	<b>15.0%</b>	<b>39.8%</b>	<b>38.5%</b>
Franchise stores <sup>2)6)</sup> , %	0.0%	-0.1%	-0.1%	-0.2%	-
Net effect of acquisitions <sup>3)6)</sup> , %	-0.3%	-0.2%	-	-	-
Currency <sup>4)6)</sup> , %	1.7%	-	5.6%	-0.1%	7.3%
<b>Organic growth in directly owned stores<sup>6)</sup>, %</b>	<b>30.4%</b>	<b>27.9%</b>	<b>20.4%</b>	<b>39.5%</b>	<b>45.8%</b>
Adjustments for stores not open 12 months <sup>5)6)</sup> , %	-3.0%	-4.3%	-0.7%	-2.6%	-3.1%
<b>LFL growth<sup>6)</sup>, %</b>	<b>27.4%</b>	<b>23.6%</b>	<b>19.7%</b>	<b>36.9%</b>	<b>42.8%</b>

1) Calculated as total growth in net sales from corresponding period last year.

2) Represents how the sales to franchise stores have affected net sales.

3) Growth from acquisitions. Sales from acquired companies are reduced from net sales for the months up until the six-month period ended 30 June 2021 corresponding to the months it was not included in the Group up until the six-month period ended 30 June 2020.

4) Currency effect in SEK divided by sales. Currency effect in SEK refers to the difference between the sales in the period in SEK, where the sales in local currency is recalculated with the exchange rate for the period and the adjusted sales in SEK that is received if the sales in local currency is recalculated with the exchange rate for the corresponding period last year.

5) The difference between organic growth in directly owned stores, % and LFL growth, %, which means the growth from newly opened stores that have not been open for twelve months.

6) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

## QUARTERLY DATA FOR 2018–Q2 2021 FOR THE GROUP

The tables below present selected unaudited financial information for the quarters during the 2018, 2019 and 2020 fiscal years and the six-month period ended 30 June which has been taken from the internal accounting and reporting system for Syntam.

## Selected quarterly consolidated income statement data for the Group

Quarterly figures in SEK million	2021		2020				2019 <sup>1)</sup>				2018			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1,034.1	1,213.4	899.2	843.2	971.6	1,092.5	901.6	983.0	916.0	940.0	762.6	906.0	829.5	881.9
Other operating income	11.4	18.0	8.0	12.4	13.3	20.1	11.7	8.9	8.3	11.6	3.0	6.5	3.5	17.3
<b>Total revenue</b>	<b>1,045.5</b>	<b>1,231.4</b>	<b>907.1</b>	<b>855.6</b>	<b>984.9</b>	<b>1,112.6</b>	<b>913.3</b>	<b>991.9</b>	<b>924.3</b>	<b>951.7</b>	<b>765.6</b>	<b>912.5</b>	<b>833.0</b>	<b>899.2</b>
Goods for resale	-246.2	-298.4	-213.4	-243.9	-238.9	-257.2	-211.8	-268.7	-231.8	-210.9	-154.0	-241.2	-199.4	-229.1
<b>Gross profit</b>	<b>799.3</b>	<b>932.9</b>	<b>693.7</b>	<b>611.8</b>	<b>746.0</b>	<b>855.3</b>	<b>701.5</b>	<b>723.3</b>	<b>692.6</b>	<b>740.7</b>	<b>611.6</b>	<b>671.3</b>	<b>633.6</b>	<b>670.1</b>
Personnel costs	-427.8	-444.9	-372.3	-326.9	-368.1	-437.3	-351.1	-359.6	-352.4	-387.5	-311.1	-313.5	-305.9	-345.5
Other external expenses	-132.7	-147.9	-121.9	-101.9	-105.5	-139.0	-114.5	-116.5	-103.0	-148.4	-171.6	-188.4	-202.8	-193.9
Depreciation, amortisation of tangible and intangible non-current assets	-131.5	-136.7	-135.9	-138.1	-134.1	-124.0	-131.7	-131.3	-133.3	-131.5	-70.1	-74.7	-74.9	-72.5
<b>Operating expenses</b>	<b>-692.0</b>	<b>-729.5</b>	<b>-630.1</b>	<b>-566.9</b>	<b>-607.7</b>	<b>-700.2</b>	<b>-597.3</b>	<b>-607.4</b>	<b>-588.7</b>	<b>-667.5</b>	<b>-552.7</b>	<b>-576.6</b>	<b>-583.5</b>	<b>-611.9</b>
<b>Operating profit/loss (EBIT)</b>	<b>107.4</b>	<b>203.5</b>	<b>63.6</b>	<b>44.9</b>	<b>138.3</b>	<b>155.1</b>	<b>104.2</b>	<b>115.9</b>	<b>103.9</b>	<b>73.3</b>	<b>58.9</b>	<b>94.7</b>	<b>50.1</b>	<b>58.2</b>
Financial income	63.9	7.1	58.9	13.5	13.5	12.9	21.7	21.9	21.8	24.0	8.5	7.5	11.2	36.5
Financial expenses	-168.3	-171.9	-158.5	-154.2	-156.6	-167.1	-155.9	-146.2	-157.5	-156.1	-149.7	-147.6	-133.8	-155.1
<b>Net financial items</b>	<b>-104.4</b>	<b>-164.8</b>	<b>-99.6</b>	<b>-140.7</b>	<b>-143.0</b>	<b>-154.2</b>	<b>-134.2</b>	<b>-124.3</b>	<b>-135.8</b>	<b>-132.2</b>	<b>-141.2</b>	<b>-140.1</b>	<b>-122.6</b>	<b>-118.6</b>
<b>Profit/Loss before tax</b>	<b>3.0</b>	<b>38.7</b>	<b>-36.0</b>	<b>-95.8</b>	<b>-4.7</b>	<b>0.9</b>	<b>-30.0</b>	<b>-8.4</b>	<b>-31.9</b>	<b>-58.9</b>	<b>-82.3</b>	<b>-45.3</b>	<b>-72.5</b>	<b>-60.4</b>
Income tax	-14.9	-25.1	-20.1	15.1	-20.0	-34.7	5.0	5.5	-66.6	7.5	3.3	18.9	4.3	-65.4
<b>Profit/Loss for the period</b>	<b>-11.9</b>	<b>13.5</b>	<b>-56.1</b>	<b>-80.7</b>	<b>-24.7</b>	<b>-33.8</b>	<b>-25.0</b>	<b>-3.0</b>	<b>-98.6</b>	<b>-51.4</b>	<b>-79.1</b>	<b>-26.5</b>	<b>-68.2</b>	<b>-125.8</b>

1) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Syntam's financials were impacted as of 1 January 2019. For a disclosure of the effects, see the section "Historical financial information".

## Quarterly EBIT, EBITA, EBITDA, Adjusted EBITDA and Adjusted EBITA for the Group

Quarterly figures in SEK million	2021		2020				2019 <sup>1)</sup>				2018			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Profit/Loss for the period</b>	<b>-11.9</b>	<b>13.5</b>	<b>-56.1</b>	<b>-80.7</b>	<b>-24.7</b>	<b>-33.8</b>	<b>-25.0</b>	<b>-3.0</b>	<b>-98.6</b>	<b>-51.4</b>	<b>-79.1</b>	<b>-26.5</b>	<b>-68.2</b>	<b>-125.8</b>
Net profit margin <sup>2)</sup> , %	-1.1%	1.1%	-6.2%	-9.4%	-2.5%	-3.0%	-2.7%	-0.3%	-10.7%	-5.4%	-10.3%	-2.9%	-8.2%	-14.0%
Income tax	-14.9	-25.1	-20.1	15.1	-20.0	-34.7	5.0	5.5	-66.6	7.5	3.3	18.9	4.3	-65.4
Financial income	63.9	7.1	58.9	13.5	13.5	12.9	21.7	21.9	21.8	24.0	8.5	7.5	11.2	36.5
Financial expenses	-168.3	-171.9	-158.5	-154.2	-156.6	-167.1	-155.9	-146.2	-157.5	-156.1	-149.7	-147.6	-133.8	-155.1
<b>Operating profit/loss (EBIT)</b>	<b>107.4</b>	<b>203.5</b>	<b>63.6</b>	<b>44.9</b>	<b>138.3</b>	<b>155.1</b>	<b>104.2</b>	<b>115.9</b>	<b>103.9</b>	<b>73.3</b>	<b>58.9</b>	<b>94.7</b>	<b>50.1</b>	<b>58.2</b>
Operating profit (EBIT) margin, %	10.3%	16.5%	7.0%	5.2%	14.0%	13.9%	11.4%	11.7%	11.2%	7.7%	7.7%	10.4%	6.0%	6.5%
Amortisation of intangible assets	35.3	34.9	36.4	34.9	35.1	34.9	34.3	33.9	35.2	34.1	32.6	33.5	33.8	34.2
<b>EBITA<sup>2)</sup></b>	<b>142.6</b>	<b>238.4</b>	<b>100.0</b>	<b>79.8</b>	<b>173.4</b>	<b>190.0</b>	<b>138.5</b>	<b>149.8</b>	<b>139.1</b>	<b>107.4</b>	<b>91.5</b>	<b>128.2</b>	<b>83.9</b>	<b>92.4</b>
EBITA margin <sup>2)</sup> , %	13.6%	19.4%	11.0%	9.3%	17.6%	17.1%	15.2%	15.1%	15.0%	11.3%	11.9%	14.1%	10.1%	10.3%
Depreciation of tangible assets	96.2	101.8	99.5	103.2	99.1	89.1	97.4	97.4	98.1	97.5	37.5	41.1	41.1	38.3
<b>EBITDA<sup>2)</sup></b>	<b>238.9</b>	<b>340.2</b>	<b>199.5</b>	<b>183.0</b>	<b>272.4</b>	<b>279.1</b>	<b>235.9</b>	<b>247.1</b>	<b>237.1</b>	<b>204.8</b>	<b>129.0</b>	<b>169.4</b>	<b>125.0</b>	<b>130.7</b>
EBITDA margin <sup>2)</sup> , %	22.8%	27.6%	22.0%	21.4%	27.7%	25.1%	25.8%	24.9%	25.7%	21.5%	16.8%	18.6%	15.0%	14.5%
Items affecting comparability <sup>2)3)</sup>	9.2	15.4	1.1	0.0	0.0	12.7	5.8	3.2	14.2	35.3	13.5	15.0	31.3	29.4
<b>Adjusted EBITDA<sup>2)3)</sup></b>	<b>248.1</b>	<b>355.6</b>	<b>200.6</b>	<b>183.0</b>	<b>272.4</b>	<b>291.8</b>	<b>241.7</b>	<b>250.4</b>	<b>251.4</b>	<b>240.1</b>	<b>142.4</b>	<b>184.4</b>	<b>156.2</b>	<b>160.1</b>
Adjusted EBITDA margin <sup>2)3)</sup> , %	23.7%	28.9%	22.1%	21.4%	27.7%	26.2%	26.5%	25.2%	27.2%	25.2%	18.6%	20.2%	18.8%	17.8%
Depreciation of tangible assets	-96.2	-101.8	-99.5	-103.2	-99.1	-89.1	-97.4	-97.4	-98.1	-97.5	-37.5	-41.1	-41.1	-38.3
<b>Adjusted EBITA<sup>2)3)</sup></b>	<b>151.8</b>	<b>253.8</b>	<b>101.1</b>	<b>79.8</b>	<b>173.4</b>	<b>202.8</b>	<b>144.3</b>	<b>153.0</b>	<b>153.3</b>	<b>142.7</b>	<b>104.9</b>	<b>143.3</b>	<b>115.2</b>	<b>121.8</b>
Adjusted EBITA margin <sup>2)3)</sup> , %	14.5%	20.6%	11.1%	9.3%	17.6%	18.2%	15.8%	15.4%	16.6%	15.0%	13.7%	15.7%	13.8%	13.5%
Adjusted EBITDA <sup>2)3)</sup> per quarter as a percentage of Adjusted EBITDA <sup>2)3)</sup> for the full year, %	-	-	21%	19%	29%	31%	25%	25%	26%	24%	22%	29%	24%	25%

1) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, Synsam's financials were impacted as of 2019. For a disclosure of the effects, see the section "Historical financial information".

2) Alternative performance measures. For definitions, see the sections "Selected financial definitions" and "Definitions of alternative performance measures and other measures".

3) Including adjustments for brand repositioning, IT-platform and development of administrative processes, IPO-preparatory costs, IT-attack and owner-related expenses. For details, see the section "Historical financial information".

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES AND OTHER MEASURES

## Alternative performance measures

Financial measures	Description	Reason for use of the measure
Gross profit	Total revenue less the cost of goods for resale.	Gross profit reveals profit from sales.
Gross margin, %	Net sales less the cost of goods for resale as a percentage of net sales.	Gross margin reveals profit from sales.
Organic growth in directly owned stores, %	Growth in net sales adjusted for the net effect of acquisitions, currency and franchise stores.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities by excluding the effect of acquisitions, currency and franchise stores.
LFL growth, %	Growth in net sales adjusted for the sales of newly opened stores for the current year in the months in which they were not open in the preceding year, currency, franchise stores and acquisitions.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities by excluding the effect the sales of newly opened stores for the current year in the months in which they were not open in the preceding year, acquisitions, currency and franchise stores.
Acquisitions, %	Growth from acquisitions. Sales from the acquired company are reduced from net sales for the months of the current year corresponding to the months it was not included in the Group in the previous year, when calculating organic growth as well as LFL-growth.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities.
Currency, %	Currency effect in SEK divided by sales. Currency effect in SEK refers to the difference between the turnover in the period in SEK, where the turnover in local currency is recalculated with the exchange rate for the period and the adjusted turnover in SEK that is received if the turnover in local currency is recalculated with the exchange rate for the corresponding period last year.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities.
Franchise stores, %	Represents how the sales to Franchise stores have affected reported sales.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities.
Newly opened stores, %	The difference between organic growth in directly owned stores, % and LFL growth, %, which means the growth from newly opened stores that have not been open for twelve months.	The measure is used by the management in monitoring the Group's underlying sales growth in its current activities.
Operating profit (EBIT) margin, %	Operating profit (EBIT) as a percentage of total revenue.	Operating margin provides an understanding for the underlying profit generated by the operating activities.



Financial measures	Description	Reason for use of the measure
EBITA	Operating profit after depreciation of tangible non-current assets, including right-of use assets, but before amortisation of intangible non-current assets.	EBITA provides an overall picture of the underlying profit/loss generated by the operating activities.
EBITA margin, %	EBITA as a percentage of total revenue.	Synsam considers that the EBITA margin is a useful measure together with sales growth and net working capital on monitoring value creation.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Adjusted EBITA is adjusted for items affecting comparability and Synsam thus believes that it is a useful measure for showing the underlying profit/loss generated in the operating activities.
Adjusted EBITA margin, %	Adjusted EBITA as a percentage of total revenue.	Adjusted EBITA margin is adjusted for items affecting comparability and Synsam thus considers that it is a useful measure for showing the underlying profit generated in the operating activities.
EBITDA	Operating profit before depreciation and amortisation of tangible, including right-of-use assets and intangible non-current assets.	EBITDA together with EBITA provide an overall picture of the underlying profit/loss generation in the operating activities.
EBITDA margin, %	EBITDA as a percentage of total revenue.	This measure is used for the analysis of value creation.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is adjusted for items affecting comparability and Synsam thus believes that it is a useful measure for showing the underlying profit/loss generated in the operating activities.
Adjusted EBITDA margin, %	Adjusted EBITDA as a percentage of total revenue.	Adjusted EBITDA margin is adjusted for items affecting comparability and Synsam thus considers that it is a useful measure for showing the underlying profit generated in the operating activities.
Adjusted EBITDA per quarter as a percentage of Adjusted EBITDA for the full year, %	Adjusted EBITDA per quarter as a percentage of Adjusted EBITDA for the full year.	This measure is used to analyse the seasonality of Synsam's Adjusted EBITDA.
Maintenance capital expenditure	Expenditure related to the maintenance of the operating activities.	Maintenance capital expenditure provides a picture of the ongoing requirement for investments in the operation.
Strategic capital expenditure	Capital expenditure relating to strategic initiatives including but not limited to the rebuilding of the majority of stores into a new concept and investments in new IT systems to support the strategic plan.	Strategic capital expenditure provides a picture of the investments made in relation to historical strategic initiatives.
Expansion capital expenditure	Capital expenditures related to the establishment of new stores, so-called greenfields.	Expansion capital expenditure provides a picture of the investments made in relation to historical growth initiatives.
Cash conversion, %	Cash flow from operations in relation to adjusted EBITDA.	Cash conversion is used by management to understand how effectively tied up net working capital is used in the Group.

Financial measures	Description	Reason for use of the measure
Core net working capital	Inventories, accounts receivable and other receivables reduced by accounts payable.	This measure shows how much net working capital is locked up in the operations and can be related to sales in order to understand how effectively restricted net working capital is used.
Net working capital	Core net working capital assets, prepaid expenses and accrued income reduced by core net working capital liabilities, accrued expenses and deferred income.	This measure shows how much net working capital is locked up in the operations and can be related to sales in order to understand how effectively restricted net working capital is used.
External net debt	Loans from financial institutions plus lease liabilities plus bank guarantees less capitalised borrowing costs less cash and cash equivalents.	External net debt is a measure to show the Group's total external indebtedness.
External net debt/Adjusted EBITDA	External net debt in relation to adjusted EBITDA.	This measure helps to show the financial risk and is a useful measure for the management on monitoring the level of the Group's indebtedness.
Income from Synsam Lifestyle sales	Sales related to spectacle subscription and related services, including Synsam Lifestyle as well as Profil Optik Lifestyle.	To understand the development of a key category.
Adjusted EBITDA per store	Group adjusted EBITDA divided by the number of directly owned stores at the end of the period.	To understand the profitability of the average store.

## Other measures

Operational measures	Description	Reason for use of the measure
No. of stores/of which directly owned	Total number of stores including franchise stores as well as the directly owned stores.	To understand the balance between directly owned stores and franchise stores.
Active customer base	The number of Lifestyle subscription customer including Lifestyle subscription customers in franchise stores, cleaned for removed orders, customers who have ended a subscription and afterwards resumed another as well as customers who have ended their subscription within 30 days (right of withdrawal).	To understand the development of a key category.
CAGR	Compound Annual Growth Rate is a measure to calculate the average annual growth rate in per cent over a specified period of time. The formula to calculate CAGR is: $((\text{Ending value}/\text{Beginning value})^{(1/\text{number of years between ending value and beginning value})}) - 1$ .	The Group uses the measure CAGR to show development over time.
Net profit margin, %	Profit/loss for the period as a percentage of total revenue.	This measure is used to analyse Synsam's profitability.

Operational measures	Description	Reason for use of the measure
Items affecting comparability	<p>In order to improve comparability and clarify the development of the underlying operations between years, different performance measures are presented excluding items affecting comparability. Items affecting comparability refers to major items that interfere with the comparison in that they do not occur with the same regularity as other items. These items include restructuring costs due to major restructuring of the business, transaction costs and associated costs in connection with acquisitions, divestments or changes in ownership, and write-downs of fixed assets. In addition, shareholder related costs that would not be included in a new ownership structure have been reported as affecting comparability since 2014.</p> <p>Costs for restructuring or restructuring the business may include a period of several years, provided that these are included in a well-defined project with start and end dates.</p>	Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods.
Equity per share	Equity in relation to the number of shares at the end of the period.	This measure shows how much of the Company's equity each share represents.
Cash and cash equivalents	Cash and cash equivalents include cash, cash equivalents and bank deposits.	This measure shows the Company's cash and cash equivalents.
Earnings per share	Profit/loss for the period in relation to average number of shares. The average number of shares is calculated as the number of shares at the end of the period multiplied by the numbers of days this number existed during the period plus any other number of shares during the period multiplied by the number of days this number existed during the period. The total is then divided by the number of days during the period.	This measure is used to understand the Company's profitability per share.
Equity/assets ratio	Equity as a percentage of total assets.	This measure is used to analyse the Company's capital structure.

# OPERATING AND FINANCIAL REVIEW

This section should be read together with the information contained in the sections “Selected Financial Information”, “Capitalisation, indebtedness and other financial information” as well as (i) the Company’s unaudited condensed consolidated interim financial statements as of and for the three- and six-month periods ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020, which have been prepared in accordance with IAS 34, as adopted by the EU, and reviewed by the Company’s independent auditors, KPMG, as set forth in their review report included elsewhere herein and (ii) the Company’s audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018, which have been prepared in accordance with IFRS, as adopted by the EU, and audited by the Company’s independent auditors as set forth in their report included elsewhere herein.

With respect to the unaudited consolidated interim financial statements for the six-month periods ended 30 June 2021 and 2020, included herein, the independent auditor has reported that they applied limited

procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The implementation of IFRS 16 as of 1 January 2019 has resulted in changes in the Group’s consolidated balance sheet data and the Group’s consolidated income statement data. The Group has chosen to apply a modified retrospective approach and as such the historical financial information contained herein for the year ended 31 December 2018 has not been restated according to the new standard and is therefore not directly comparable to the historical financial information contained herein for the years ended 31 December 2019 and 2020 and the six-month periods ended 30 June 2020 and 2021. The following table presents a summary of the transition effect of IFRS 16 on the Group’s assets, liabilities and equity on 1 January 2019 compared with the accounting policies applied in prior years.

SEK million	Opening balance 1 January 2019	Effect of IFRS 16	New opening balance 1 January 2019
Tangible non-current assets	427.7	–34.9	392.7
Right-of-use assets	–	571.0	571.0
<b>Change in total assets</b>		<b>536.1</b>	
<b>Equity</b>	<b>–1,196.7</b>	<b>–</b>	<b>–1,196.7</b>
Non-current lease liabilities	22.5	322.0	344.5
Current lease liabilities	12.4	214.0	226.4
<b>Change in total liabilities</b>		<b>536.1</b>	

The following table shows the effect of the introduction of IFRS 16 on the consolidated statement of income for the 2019 financial year.

SEK million	Effect of IFRS 16, 2019
Net sales	–
Other operating income	–
<b>Total revenue</b>	<b>–</b>
Goods for resale	–
Other external expenses	260.6
Personnel costs	–
<b>EBITDA<sup>1)</sup></b>	<b>260.6</b>
Depreciation of right-of-use assets	–246.9
<b>Operating profit/loss (EBIT)</b>	<b>13.7</b>
Financial income	–
Financial expenses	–22.3
<b>Loss before tax</b>	<b>–8.7</b>
Income tax	1.8
<b>Loss for the year</b>	<b>–6.8</b>

1) For the definition and reconciliation of EBITDA, see the section "Selected Financial Information".

For further information regarding the implementation and accounting principles regarding IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

Unless otherwise indicated, the consolidated financial information of the Company included in this Offering Circular has not been audited or reviewed by the auditor of the Company. All such unaudited information or information that has not been reviewed has been derived from the Group's internal accounting and reporting systems or business information systems or other internal sources.

This operating and financial review is intended to facilitate the understanding and evaluation of trends and fluctuations in the Group's financial performance. The historical performance included in this operating and financial review is not an indication of the future financial performance of the Group. This section contains forward-looking statements. Such forward-looking statements are dependent on assumptions and subject to risks, uncertainties and other factors, including those set forth in the section "Risk factors", which could cause the Group's financial performance to differ materially from the financial performance expressed or implied in such forward-looking statements. See the section "Important information – Forward-looking information" for further information on forward-looking statements.

## OVERVIEW

Synsam is the leading<sup>1)</sup> optical retailer in the Nordics. The Group operates directly-owned stores ("DOS"), franchise stores, e-commerce channels, as well as multiple subscription programs. Synsam was founded in 1968, and has evolved from a group of individually run optical stores to a leading<sup>1)</sup> and customer-focused Omni-channel operator with 490 stores as of 30 June 2021 and around 908 opticians performing approximately 673,000 eye examinations per annum. The Group is led by a highly experienced management team supported by both corporate and country management teams with in-depth understanding of, and longstanding retail experience in, each of the local markets.

As of 30 June 2021, the Group had 451 DOS and 39 franchise stores across Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands divided between the operating segments Sweden, Denmark, Norway and Finland. The Group operates its stores under the Synsam and Profil Optik banners, and targets a broader range of customers with its extensive offering of own house brands as well as branded spectacles, sunglasses and sports glasses to consumers in all multiple price segments. Synsam is the market leader in Sweden<sup>2)</sup>, runner-up in both Norway and Denmark<sup>3)</sup>, and has a strong challenger position in Finland<sup>4)</sup>.

1) According to the Market Study, Synsam has a leading market position across the Nordics (in terms of market share in 2020). The market shares are based on retail value.

2) According to the Market Study, Synsam has a leading market position in Sweden (in terms of market share in 2020). The market shares are based on retail value.

3) According to the Market Study, Synsam has a number two market position in both Denmark and Norway (in terms of market share in 2020). The market shares are based on retail value.

4) According to the Market Study, Synsam has a fifth market position in Finland (in terms of market share in 2020). The market shares are based on retail value.

In addition to the stores, the Group has a strong online and social media presence across all operating segments through Synsam, Profil Optik and Ai websites. This presence enables Synsam to increase customer interaction and enables customers to engage with Synsam whenever and however they choose, access extensive product and service information and purchase products (online e-commerce and click-and-collect), book eye examinations and manage Lifestyle and contact lens subscriptions online. Moreover, Stylelab by Synsam allows customers to virtually try the full assortment of spectacles on their mobile devices. Finally, on the Ai website, customers can now take eye examinations to preliminary test their eyesight and see if prompted to come in for a more thorough exam. Synsam considers itself to be at the forefront of developing online eye examinations.

### CURRENT TRADING

The information and presentation relating to the Group's net sales are based on the Group's internal management accounts and represent the Group's preliminary expectations with respect to the Group's net sales for the three months ended 30 September 2021. While the Group believes these estimates to be reasonable, the Group's actual net sales could vary from these estimates and these differences could be material. These estimates have been prepared by and are the responsibility of management and have not been reviewed or audited by an auditor and investors should not place undue reliance on them.

With respect to the Group's consolidated financial information for the three months ended 30 September 2021:

- The business is developing according to plan and sales have developed positively in the third quarter 2021 compared to the third quarter the previous year.

### SIGNIFICANT CHANGES AFTER 30 JUNE 2021

No significant changes have occurred regarding the Group's financial position after 30 June 2021.

### KEY FACTORS AFFECTING RESULTS OF OPERATIONS

#### Lifestyle subscription growth

In June 2016, the Group introduced a subscription service called Lifestyle. Lifestyle is an all-inclusive service including three pairs of spectacles, insurance, eye examinations and lens changes at a regular monthly cost to the customer over the course of a 24-month subscription.<sup>1)</sup> The subscription model offers more attractive economics compared to cash customers (from the customer lifetime value perspective), which also provides increased volume, revenue visibility, price trade-ups and greater customer loyalty. The net present value of the revenue derived from the Lifestyle plans is accounted for as net sales at the time the customer signs up for the subscription. The remaining revenue from the subscription is accounted for as financial income.

The accumulated number of Synsam Lifestyle orders has grown from approximately 52,000 as of 1 January 2018 to approximately 380,000 as of 30 June 2021, and the percentage of the Group's net sales attributable to the Lifestyle subscription service has grown from 24.4 per cent in 2018 to 35.5 per cent in 2019 to 40.9 per cent in 2020 to 45.2 per cent in the six-month period ended 30 June 2021. The annual churn rate of Lifestyle subscription customers after the end of their subscription period was 7.7 per cent in 2020.<sup>2)</sup>

#### Demographic factors and Nordic optical retail market growth

The Nordic optical retail market is underpinned by favourable demographic and lifestyle drivers. Eyewear and vision correction demand is growing as a result of several factors, including an ageing population, increasing screen times, growing focus on health and wellness and an increasing number of spectacles per person. In addition, the Group believes that continued favourable market conditions will allow for further store openings and volume growth.

1) In June 2018, a differentiated Lifestyle offering was introduced in Denmark due to the differing regulations in that jurisdiction. The Lifestyle offering in Denmark offers a 36-month subscription period.

2) Churn rate calculated as number of Lifestyle subscription customers who have terminated their subscription during the year, divided by the active Lifestyle customer base at the beginning of the year. The active Lifestyle customer base is defined as the number of Lifestyle subscription customers including the subscription customers in franchise stores, adjusted for cancelled orders, customers who have terminated the contract but who have thereafter resumed the subscription again and for customers who have terminated the contract within the 30 day grace period.



The Group's Lifestyle subscription service has been designed with the specific ambition of changing consumer demand. Ageing population drives increasing prevalence of presbyopia and other eye health conditions, resulting in volume growth for vision correction products. Ageing population and the associated rise in incidences of presbyopia also lead to a more favourable product mix, as it drives demand for multi-focal spectacles and contact lenses (which are approximately 2.5 times and 1.5 times more expensive, respectively, than their single vision counterparts). Increasing computer-based work and smartphone usage is causing a greater prevalence of myopia, resulting in volume growth for single vision spectacles and contact lenses.

The Group's Lifestyle subscription service has been designed with the specific ambition to change the consumer demands. According to the Market Study, the increased perception of eyewear as a fashion accessory is expected to drive an increase in the average number of spectacles per person. This development has been temporarily halted due to COVID-19, with the average number of spectacles per person in 2021 being 2.3, the same number as in 2015. In comparison, the number of spectacles per person in 2018 was 2.5. In addition to having more pairs of spectacles at any given time, consumers are also replacing them at a faster rate. The average replacement cycle for spectacles was 3.0 years in 2015 while industry experts and customer surveys indicate that the replacement cycle in 2021 is 2.3 years. These trends, in conjunction with more rapidly evolving fashion cycles, are driving increased volumes according to the Market Study.

The Nordic optical retail market has grown at a 3 per cent CAGR between 2017 and 2019, reaching a total value of SEK 18.9 billion according to the Market Study. In 2020, the Nordic optical retail market declined to SEK 17.9 billion, largely due to the impact of the COVID-19 pandemic. Going forward, according to the Market Study, the Nordic optical retail market is expected to grow at a stable 3 per cent CAGR between 2021 and 2025. The Group considers that the Nordic optical retail market is generally more resilient to changes in general economic conditions compared to the overall retail market in the Nordic region, although it remains subject to competitive pressure. This resilience is mainly driven by the medical nature of spectacles (which represents the largest component of the market). For instance, during the global financial crisis from 2008 to 2009, Nordic GDP declined 4 per cent while the Nordic optical retail market expanded 3 per cent, which indicates that consumers do not

change their buying patterns during economic downturns. During 2020, a decline in the Nordic optical retail market was observable, a decline which according to the Market Study is explained by COVID-19 induced lockdowns and restrictions rather than the simultaneous economic downturn. The Customer Survey supports this conclusion, establishing that the two most common reasons for consumers buying their most recent pair of spectacles were changes to their vision and a lost or damaged existing pair, both of which are not impacted by economic conditions.

### Impact of the COVID-19 pandemic

The spread of COVID-19 had a material adverse effect on the Group's sales during the period of March 2020 to May 2020 due to the restrictions taken by governments, especially in Denmark and Norway. During those months, virtually all of the Group's stores in Norway and Denmark were required to close as a result of government-imposed lockdowns or similar restrictions. COVID-19 also had a negative effect on sales in Sweden and Finland during this period as a result of reduced footfall as consumers generally chose to socially distance and stay home more than normal. After this period, the restrictions were loosened in the markets where the Group operates due to a declining number of COVID-19 cases, and since June 2020 none of the Group's stores have been required to close as a result of the COVID-19 pandemic. No stores were closed during the recent so-called second wave of COVID-19.

The Group was able to partially offset the negative impacts of the COVID-19 pandemic with a strong performance after May 2020, including a significant increase in e-commerce revenue. Further, the Company considers that the optical retail market is generally more resilient to changes in general economic conditions compared to the overall retail market due to the medical nature of spectacles.

Overall, the Group's net sales were 0.3 per cent lower in the first quarter of 2020 as compared to the first quarter of 2019, and 14.2 per cent lower in the second quarter of 2020 as compared to the second quarter of 2019. The Group's loss for the period was 124.0 per cent higher in the first quarter of 2020 as compared to the first quarter of 2019, and 2,596.1 per cent higher in the second quarter of 2020 as compared to the second quarter of 2019. The Group's Adjusted EBITDA was 17.0 per cent lower in the first quarter of 2020 as compared to the first quarter of 2019, and 26.9 per cent lower in the second quarter of 2020 as compared to the second quarter of 2019.<sup>1)</sup>

1) The information is derived from the Company's internal reporting systems and is unaudited.

Establishment of new stores during 2020 was deliberately slowed in the affected period (March 2020 to May 2020) but returned to plan during the rest of the year with a total of 17 greenfield stores established.

The Company believes that the COVID-19 pandemic will have very limited long-term adverse effects on the Group's business, ability to generate sales and its results of operations.

As a result of the COVID-19 pandemic, the Company was granted rent-free months by its landlords in certain cases and rent reductions for a certain period of time in others. In these cases, recognition according to IFRS 16 Leases is complicated, and a statement regarding accounting exemptions has been adopted. The Company is following the exemption rule which, in brief, entails that rent reductions received are to be recognised in profit or loss in the quarter in which they are received, beginning in the second quarter of 2020 and throughout the period in which the exemption rule may be applied, until 30 June 2022. In 2020, the rent relief received totalled SEK 12 million, of which the majority, SEK 10 million, pertained to the Sweden segment, and in the first half of 2021 the rent relief received totally SEK 1 million.

For the Group, the impact on earnings as a result of the government assistance received is recognised as a reduction of expenses. In cases where the Group lacks corresponding expenses, specifically with respect to amortisation of goodwill in Denmark, the government assistance is recognised under "Other operating income". The structure of government assistance programmes differs depending on the country, and in certain cases, a reconciliation will take place in 2021 to ensure that the compensation received has been correctly calculated when the period for government assistance ends. The government assistance received during the first half of 2021 that impacted EBITDA amounted to SEK 8 million, and in 2020 it amounted to SEK 48 million (Q1: SEK 3 million, Q2: SEK 22 million, Q3: SEK 6 million, Q4: SEK 17 million). The impact on profit/loss for the year in 2020 was SEK 51 million (Q1: SEK 3 million, Q2: SEK 22 million, Q3: SEK 6 million, Q4: SEK 21 million).

In addition, during 2020, the Group availed itself of the opportunity provided by the Swedish and Danish governments to defer tax and VAT payments. The Group's liability on 31 December 2020 totalled SEK 196 million, which enabled the Group to maintain a more secure liquidity level. The liability was settled in its entirety during the

first half of 2021. In Sweden, interest was charged on the deferred amount, and after a certain time an additional fee was also levied on the deferred amount.

For more information, see also note 9 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*" for additional details.

#### **Made in Sweden initiative**

In October 2020, the Company announced that production of its house brand frames would be moved from Asia to Sweden. The move is part of a long-term ESG agenda and strategy to innovate in respect of materials, design and offering. In addition, this initiative will strengthen the Company's brand in the Nordic region, reduce dependency on suppliers, heighten efficiency, increase agility by reducing lead-times from 12 months to six months and establish an opportunity to potentially export house brand frames. The new factory is expected to open in Östersund in the second quarter of 2022 with an ultimate production capacity of more than one million spectacles per year. The total expected capital expenditure related to this project is estimated to be below SEK 100 million spread across 2021 and 2025, and the Company expects the impact on EBITDA to be positive from 2023. The initiative is projected to have around 200 FTEs within the 3–5 years following opening.

#### **Contact lens subscription service**

In May 2018, the Group launched a contact lens subscription service in Sweden, Norway and Finland. Since its launch, the number of subscribers has increased from approximately 16,000 to 43,000 to 67,000 in 31 December 2018, 2019 and 2020, respectively, and to 84,000 as of June 2021<sup>1)</sup>. The churn rate of contact lens subscription customers after the end of their subscription period has decreased from 20.4 per cent in 2019 to 11.2 per cent in 2020.<sup>2)</sup>

This program is designed to transform one-off contact lens shoppers into a longer term relationship, with potential to cross-sell spectacles and other products, leading to a higher spend among contact lens subscribers as compared to contact lens cash customers.

The Synsam Lifestyle subscription service operates separately from the contact lens subscription service and customers that subscribe to both services will therefore be counted twice.

- 1) Synsam's total subscription base was 406,000 by 30 June 2021, however in split between Lifestyle subscribers and subscribers for lenses there is an overlap of 14,000 subscriptions (defined as a customer having held a subscription for lenses upon registering for a Lifestyle subscription or having added a contact lens subscription to an already existing Lifestyle subscription). The information is derived from the Company's internal reporting systems and is unaudited.
- 2) Churn rate calculated as the number of contact lens customers who have terminated their subscription during the year, divided by the active contact lens customer base at the beginning of the year. The active contact lens customer base is defined as the number of contact lens customers with a unique email address with at least one active or paused product in their contact lens subscription.

### House brand growth

The Group currently has 10 house brands positioned across product categories and covering a range of price points. Gross profit margins for house brands are higher compared to external brands, leading to an increase in overall profitability of the Group. Further, the supplier base for house brands is highly fragmented, and Synsam's higher share in volume has resulted in increased control over the supply chain, as well as increased bargaining power with the Group's suppliers.

Sales of house brands accounted for 25 per cent, 37 per cent and 43 per cent of the frames sold by the Group in 2018, 2019 and 2020, respectively.

### Organic growth

Organic growth has been the primary component of the Group's net sales growth during the period under review. The following table sets out the Group's organic growth for the six-month period ended 30 June 2021, as well as for 2020 and 2019.

## ORGANIC GROWTH

	For the six-month period ended 30 June	For the financial year ended 31 December	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	2019 <sup>1)</sup>
Growth in net sales (%)	29.0	1.8	10.7
Sweden	28.2	10.9	13.5
Denmark	15.0	-9.4	9.8
Norway	39.8	-5.4	5.1
Finland	38.5	5.4	11.7
Franchise stores (%)	0.0	0.0	-0.1
Sweden	-0.1	0.0	-0.3
Denmark	-0.1	-0.1	0.1
Norway	-0.2	0.1	-0.1
Finland	-	-	-
Net effect of acquisitions (%)	-0.3	-0.9	-0.4
Sweden	-0.2	-2.0	-0.8
Denmark	-	-	-
Norway	-	-	-
Finland	-	-	-
Currency (%)	1.7	2.4	-1.2
Sweden	-	-	-
Denmark	5.6	0.7	-3.3
Norway	-0.1	9.3	-0.6
Finland	7.3	1.0	-3.5
<b>Organic growth (%)</b>	<b>30.4</b>	<b>3.2</b>	<b>9.0</b>
Sweden	27.9	8.9	12.3
Denmark	20.4	-8.8	6.7
Norway	39.5	3.9	4.4
Finland	45.8	6.5	8.2

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

The key drivers of organic growth are LFL growth and new store openings, each of which are described in more detail below.

### LFL growth<sup>1)</sup>

LFL growth is a key driver of the Group's results of operations. The following table sets out the Group's LFL growth for the six-month period ended 30 June 2021, as well as for 2020 and 2019.

1) For definition of the term "LFL growth" referred to in this section, please refer to the section "Selected Financial Information – Definitions of alternative performance measures and other measures".

## LFL GROWTH

	For the six-month period ended 30 June	For the financial year ended 31 December	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	2019 <sup>1)</sup>
Growth in net sales (%)	29.0	1.8	10.7
Sweden	28.2	10.9	13.5
Denmark	15.0	-9.4	9.8
Norway	39.8	-5.4	5.1
Finland	38.5	5.4	11.7
Franchise stores (%)	0.0	0.0	-0.1
Sweden	-0.1	0.0	-0.3
Denmark	-0.1	-0.1	0.1
Norway	-0.2	0.1	-0.1
Finland	-	-	-
Net effect of acquisitions (%)	-0.3	-0.9	-0.4
Sweden	-0.2	-2.0	-0.8
Denmark	-	-	-
Norway	-	-	-
Finland	-	-	-
Currency (%)	1.7	2.4	-1.2
Sweden	-	-	-
Denmark	5.6	0.7	-3.3
Norway	-0.1	9.3	-0.6
Finland	7.3	1.0	-3.5
Adjustments for stores not open 12 months (%)	-3.0	-3.0	-3.1
Sweden	-4.3	-4.6	-5.4
Denmark	-0.7	-0.3	-0.8
Norway	-2.6	-1.8	-1.8
Finland	-3.1	-9.5	-1.0
<b>LFL growth (%)</b>	<b>27.4</b>	<b>0.2</b>	<b>5.9</b>
Sweden	23.6	4.3	6.9
Denmark	19.7	-9.0	5.9
Norway	36.9	2.1	2.5
Finland	42.8	-3.0	7.2

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

The Group believes that Synsam's Omni-channel offering of attractive products and solutions to the Group's customers, such as Lifestyle subscription, contact lens subscriptions, e-commerce, house brands and Synsam Sports have contributed positively to the Group's LFL growth in the period under review. In 2020, these positive effects were partially offset by the impact of the COVID-19 pandemic between March 2020 and May 2020 as a result of the government-mandated store closures and a general decline in consumer spending across the Nordic region.

The Group closed or sold three, two, nine and one DOS in 2018, 2019, 2020 and the six-month period ended 30 June 2021, respectively, with such closures having a negative impact on LFL growth.

**New store openings**

New store openings have been a driver of the Group's organic growth during the period under review and are expected to continue to materially affect the Group's results of operations going forward. Establishment of new stores during 2020 was deliberately slowed between March 2020 and May 2020 as the Company assessed the impact of the COVID-19 pandemic, but new store openings returned to plan in the remainder of 2020.

The Group opened 13, 25, 17 and nine new greenfield DOS stores in 2018, 2019, 2020 and the six-month period ended 30 June 2021, respectively. The DOS stores during the six-month period ended 30 June 2021 include two hearing units. Also, during the six-month period ended 30 June 2021, one additional franchise store opened.

Net sales from newly opened DOS stores accounted for net sales growth of 3.1 per cent in 2019, 3.0 per cent in

2020 and 3.0 per cent in the six-month period ended 30 June 2021. The Group's aim is to open stores in geographic areas that will not cannibalise the sales of existing stores, and the Group considers that the effects of any such cannibalisation are not significant on its results of operations.

The costs related to new store openings include refurbishment of the premises and installation of IT and optical equipment. The Group also typically incurs higher than normal employee costs at the time of a new store opening, and it often takes time for sales to reach a normal level following a store opening. The Group estimates that establishment of a new store (excluding flagship stores) costs between SEK 2 million and SEK 6 million. In 2018, 2019 and 2020, the Group's capital expenditure investments into opening new stores (referred to as "Expansion Capital Expenditure") amounted to SEK 42.5 million, SEK 87.8 million and SEK 65.5 million, respectively. Expansion Capital Expenditure amounted to SEK 45.3 million and SEK 30.7 million in the six-month periods ended 30 June 2020 and 2021, respectively. Opening new stores also requires working capital to be spent on inventory. All but one of the Group's stores are leased, and

therefore the Group does not purchase real estate in connection with new store openings.

New stores (not including Ai stores) are generally opened and fully operational within four weeks following lease commencement, EBITDA positive (on a cumulative basis since opening and not including the impact of IFRS 16) within six months, reach 100 per cent run-rate sales within 24 months and return a positive investment return within two to three years.

The performance of new stores may vary depending on various factors such as the time of year of a particular opening, the amount of store opening costs, the amount of store occupancy costs and the location of the new store, including whether it is located in a new or existing market. Further, where new stores are opened in or near an existing store's catchment area, the new store's sales will cannibalise the sales of the existing store. The eye health capabilities of a store may also affect its performance, as eye examinations and other eye health services can drive foot traffic.

The following table presents the Group's net sales broken down by store vintage for 2020 and 2019.

#### Group net sales growth by store vintage

	For the financial year ended 31 December	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>
Stores opened or acquired prior to 2014	-2.9%	7.1%
Greenfield stores opened in 2014	-4.3%	13.6%
Greenfield stores opened in 2015	-4.9%	5.4%
Greenfield stores opened in 2016	0.0%	29.6%
Greenfield stores opened in 2017	6.0%	15.0%
Greenfield stores opened in 2018	14.0%	-
Greenfield stores opened in 2019	-	-

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

In 2020, the out-performance of greenfield stores opened in 2018 was largely due to the fact that nine of the 13 greenfield stores opened in 2018 were located in the Sweden segment, which was not impacted by the COVID-19 pandemic to the same extent as other countries, as well as to the fact that new greenfield stores will generally experience higher growth during the initial 24-month ramp-up period following store opening.

#### Key cost drivers

##### Goods for resale

Goods for resale is calculated as expenses during the period for the purchase of goods plus the change in inventories of goods for resale during the period. Goods for resale accounted for 24.4 per cent, 24.7 per cent, 25.0 per cent and 24.2 per cent of the Group's net sales in 2018, 2019, 2020 and the six-month period ended 30 June 2021, respectively.

The main costs for spectacles are generally the frames and the lenses. Costs for both can vary significantly depending on the quality chosen by the customer. Gross margin is generally high on both frames and lenses.

The Group believes that it benefits from a strong market position resulting in favourable purchasing power relative to its suppliers. In addition, the Group works with a limited number of preferred suppliers and offers such suppliers an attractive channel to execute promotional campaigns and product launches in return for more favourable purchasing terms. The growth of the Group's house brands has also resulted in lower dependency on external brand suppliers.

##### Operating costs

Personnel costs accounted for 37.7 per cent, 38.8 per cent, 39.5 per cent and 38.8 per cent of the Group's net sales in 2018, 2019, 2020 and the six-month period ended

30 June 2021, respectively. The increase in 2019 was primarily due to an increased number of greenfield store openings, which experience higher personnel costs during their ramp-up phase. The increase in 2020 was largely due to personnel costs during the COVID-19 pandemic not decreasing when the sales volume decreased.

The implementation of IFRS 16 had a positive impact of SEK 260.6 million on the Group's Other external expenses in 2019. For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

### Competition

Synsam operates in a competitive industry. The Group has a number of competitors across different product categories and segments, including direct competition with other optical retail chains, internet-based retailers and independent opticians located in the Group's geographic markets. Competition is generally based upon brand name recognition, price, selection, service, product quality and convenience. Continued pricing pressure is expected to have a negative effect on growth in the Nordic optical retail market and on gross margins across the industry. This pricing pressure has had, and may in the future continue to have, a detrimental effect on the Group's gross margin.

In order to retain its existing customers and attract new customers, the Group must offer a relevant and compelling product mix at competitive prices. The Group believes that its Lifestyle subscription offering helps ensure customer loyalty.

### Exchange rate fluctuations

The Group's reporting currency is Swedish krona and the Group's sales and operating costs are mainly denominated in Swedish krona, Danish krone, Norwegian krone and euro. The Group is exposed to exchange rate fluctuations primarily in respect of financial statement translation of sales, supply costs and operating expenses denominated in currencies other than Swedish krona. The Group's revenues are generally matched with expenses in business transactions, which limits the effect of short-term foreign exchange movements.

Currency effects accounted for 1.2 per cent of net sales growth in 2019 (total net sales growth of 10.7 per cent), -2.4 per cent of net sales growth in 2020 (total net sales growth of 1.8 per cent) and -1.7 per cent of net sales growth in the six-month period ended 30 June 2021 (total net sales growth of 29.0 per cent).

### Seasonality

The Group's business is subject to modest seasonal variations. In particular, there is lower consumer footfall around Easter and Christmas when many consumers are on holiday. The Group's busiest quarter is generally the second quarter, driven by pre-summer sales and increased sales of sunglasses. The Group's sales benefit from increased eye examinations in the fourth quarter as a result of fewer sunlight hours.

With regard to the Group's cash flow, the Group generally builds sunglass inventory over the course of the first half of the financial year, and such inventory decreases over the course of the second half during the sun season.

The following table sets forth the Group's net sales per quarter.



## QUARTERLY NET SALES OF THE GROUP

		Net Sales		Profit/loss for the period		Adjusted EBITDA <sup>2)</sup>	
		SEK million	% of full year	SEK million	% of full year	SEK million	% of full year
2018 <sup>1)</sup>	Q1	762.6	23%	-79.1	26%	142.4	22%
	Q2	906.0	27%	-26.5	9%	184.4	29%
	Q3	829.5	25%	-68.2	23%	156.2	24%
	Q4	881.9	26%	-125.8	42%	160.1	25%
2019 <sup>1)</sup>	Q1	901.6	24%	-25.0	14%	241.7	25%
	Q2	983.0	26%	-3.0	2%	250.4	25%
	Q3	916.0	24%	-98.6	55%	251.4	26%
	Q4	940.0	25%	-51.4	29%	240.1	24%
2020 <sup>1)</sup>	Q1	899.2	24%	-56.1	29%	200.6	21%
	Q2	843.2	22%	-80.7	41%	183.0	19%
	Q3	971.6	26%	-24.7	13%	272.4	29%
	Q4	1,092.5	29%	-33.8	17%	291.8	31%
2021	Q1 <sup>1)</sup>	1,034.1	-	-11.9	-	248.1	-
	Q2 <sup>3)</sup>	1,213.4	-	13.5	-	355.6	-

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

2) For the definition and reconciliation of Adjusted EBITDA, see the section "Selected Financial Information".

3) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020. Adjusted EBITDA data has been derived from the Group's internal reporting systems and is unaudited.

## EXPLANATIONS OF KEY CONSOLIDATED INCOME STATEMENT ITEMS

**Net sales:** Net sales comprise the fair value received or which will be received for goods and services sold in the Group's ongoing business activities. Net sales from external customers come from sales of goods (primarily sales of spectacles, sunglasses and contact lenses) as well as eye examinations (services) and revenue from Synsam Lifestyle. Net sales from franchise stores include products sold by the Group to franchisees to be resold by such franchisees (see also the explanation of "Other operating income" further below in this section "Operating and financial review – Explanations of key consolidated income statement items"). The segments are divided based on where the external customers carry out their purchases.

Revenue is recognised excluding value-added tax, returns and discounts (such as temporary campaign offers), and after elimination of intra-Group sales. Revenue from the sale of goods is recognised when control of the goods has been transferred to the buyer, usually in connection with delivery. Revenue from contact lens subscriptions, which have different fixed commitment periods in different countries, is treated as a normal sale of goods. The Company recognises this revenue upon delivery of the goods. Revenue from eye examinations is recognised when the examination has been completed. Revenue from services performed on behalf of suppliers, referred to as "facing fees", is accounted for as other operating income.

For Synsam Lifestyle, the net present value of the revenue derived from the Lifestyle plans is accounted for as net sales at the time the customer signs up for the subscription. Such net present value is typically 5 to 7 per cent less than the sum of the monthly fees for a subscription. The difference between the sum of the monthly fees and the net present value is accounted for as financial income. This recognition approach is based on a financial assumption that several pairs of spectacles were sold under a payment instalment plan when the agreement was entered into. The agreement with the customer is a 24-month lease agreement (36 months in Denmark) for spectacles, which is recognised as a financial lease. The right of use remains with Synsam until such time as the customer chooses to terminate the lease agreement and buy the spectacles. Synsam enters into agreements with external credit companies to sell the receivables from customers that arise as a result of the Lifestyle subscription agreements (note that Synsam does not sell receivables that arise as a result of contact lens subscriptions).

As an example, upon signing up for a 24-month Lifestyle subscription, the customer would receive three spectacles for a price of, for instance, SEK 400 per month excluding VAT (which represents a 24-month contract value of SEK 9,600). Cash of SEK 9,600 minus a percentage fee would be received when the receivable is sold to an external credit company. SEK 9,600 minus the applicable VAT and net present value adjustment would be recognised as net sales.

Agreements sold to external credit companies are not recognised in the Company's own accounts after payment has been made. Until payment is made, the receivables are recognised in the Company's own accounts as accounts receivable. Receivables not sold to external credit companies are recognised as accrued income.

In Denmark there is also an older subscription model under which Profil Optik remains the owner of the spectacles and they are recognised as right-of-use assets as of 1 January 2019, and were previously included in tangible non-current assets. These assets are depreciated over 24 months and amounted to SEK 4.7 million as at 31 December 2020 (2019: SEK 5.7 million; 2018: SEK 13.5 million).

*Other operating income:* Other operating income comprises primarily franchise fees paid by franchisees to the Group. Franchise fees are recognised as income when it is probable that the Group will obtain the financial benefits associated with the transaction and the income can be calculated in a reliable way. Franchise fees are allocated to periods in accordance with the financial characteristics of the current agreement. Facing fees are also accounted for as other operating income.

*Goods for resale:* Goods for resale comprise expenses for the purchase of goods for the year plus the year's change in inventories of goods for resale after deduction for discounts and bonuses.

For Syntam Lifestyle, the cost of the spectacles is fully accounted for at the time of sale. The costs that could arise following a sale are eye examinations, lens changes and insurance, but such costs are immaterial in comparison to total sales.

*Personnel costs:* Personnel costs comprise salaries of the Group's management and employees.

*Other external expenses:* Other external expenses comprise primarily expenses for sales, marketing, administration, premises and bad debt losses. For the 12 months ended 31 December 2018, other external expenses include expenses relating to all premises. As a consequence of the implementation of IFRS 16 Leases, from 1 January 2019, only variable costs for premises are included. In 2020, government rent relief in respect of the COVID-19 pandemic has been accounted for as a cost reduction in accordance with the exemption rule adopted by the EU with respect to IFRS 16 Leases. See note 9 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*" for additional details.

*Depreciation, amortisation and impairment of tangible and intangible non-current assets and right-of-use assets:* All intangible assets except goodwill and trademarks with an indefinite period of use are amortised continuously. Goodwill and trademarks with an indefinite period of use are tested for impairment annually or as soon as there are indications of a decrease in value. See note 11 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*" for additional details.

*Financial income:* Finance income comprises mainly foreign exchange gains and fair value changes in the Group's derivative instruments. In addition, the net present value of the revenue derived from the Lifestyle plans is accounted for as net sales at the time the customer signs up for the subscription, with the remaining revenue from the subscription accounted for as financial income.

*Financial expenses:* Finance expenses comprise mainly foreign exchange losses relating to debt, trade receivables and trade payables denominated in currencies other than SEK, as well as interest on loans and borrowings and fair value changes in the Group's derivative instruments. In addition, interest paid to the external credit companies in relation to the Lifestyle subscription agreements (see also the explanation of "*Net sales*" further above in this section "*Operational and financial review – Explanations of key consolidated income statement items*") are accounted for as financial expenses.

*Income tax:* Income tax expenses comprise current tax expense, adjustments of previous year's tax and deferred tax. The corporate tax rate in Sweden was 22 per cent in 2018 and 21.4 per cent in 2019 and 2020. The corporate tax rate in Sweden was lowered to 20.6 per cent from 1 January 2021. In Denmark and Norway, the corporate tax rates were 22 per cent throughout the period under review, and in Finland the corporate tax rate was 20 per cent throughout the period under review.

## RESULTS OF OPERATIONS OF THE GROUP

The following table presents selected consolidated financial information derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020 and the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

## SELECTED CONSOLIDATED INCOME STATEMENT DATA OF THE GROUP

SEK million	For the six-month period ended 30 June		For the financial year ended 31 December		
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	2020 <sup>2)</sup>	2019 <sup>2)3)</sup>	2018 <sup>2)</sup>
Net sales	2,247.5	1,742.2	3,806.5	3,740.6	3,380.0
Other operating income	29.3	20.4	53.8	40.6	30.4
<b>Total revenue</b>	<b>2,276.8</b>	<b>1,762.8</b>	<b>3,860.3</b>	<b>3,781.2</b>	<b>3,410.4</b>
Goods for resale	-544.6	-457.3	-953.4	-923.2	-823.8
Personnel costs	-872.7	-699.2	-1,504.5	-1,450.7	-1,275.9
Other external expenses	-280.5	-223.8	-468.3	-482.3	-756.7
Depreciation, amortisation and impairment of tangible and intangible non-current assets	-268.2	-274.0	-532.2	-527.8	-292.1
<b>Operating expenses</b>	<b>-1,966.0</b>	<b>-1,654.2</b>	<b>-3,458.4</b>	<b>-3,384.1</b>	<b>-3,148.5</b>
<b>Operating profit/loss (EBIT)</b>	<b>310.8</b>	<b>108.5</b>	<b>401.9</b>	<b>397.2</b>	<b>261.9</b>
Financial income	71.0	72.5	98.9	89.3	63.7
Financial expenses	-340.2	-312.8	-636.4	-615.8	-586.1
<b>Net financial items</b>	<b>-269.2</b>	<b>-240.3</b>	<b>-537.5</b>	<b>-526.5</b>	<b>-522.4</b>
<b>Profit/loss before tax</b>	<b>41.7</b>	<b>-131.8</b>	<b>-135.6</b>	<b>-129.3</b>	<b>-260.6</b>
Income tax	-40.0	-5.0	-59.6	-48.7	-39.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>1.7</b>	<b>-136.8</b>	<b>-195.3</b>	<b>-177.9</b>	<b>-299.6</b>

1) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

2) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

3) For more information on the impact of IFRS 16 (which was implemented by the Group from 1 January 2019), see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

## The six-month period ended 30 June 2021 compared to the six-month period ended 30 June 2020

## Net sales

The net sales of the Group for the six-month period ended 30 June 2021 were SEK 2,247.5 million, which was an increase of SEK 505.2 million, or 29.0 per cent, as compared to SEK 1,742.4 million for the six-month period ended 30 June 2020. The increase was primarily a result of increased Lifestyle subscription sales (which increased 48.0 per cent during the period, and contributed 45.2 per cent of net sales in the six-month period ended 30 June

2020) and contact lens subscription sales, an increase in e-commerce sales, the opening of nine new greenfield stores and the increase of sales in greenfield stores opened in 2020. The increase in net sales was also due in part to the impact of the COVID-19 pandemic which negatively impacted the Group between March 2020 and May 2020 due to the restrictions taken by governments, especially in Denmark and Norway.

The following table presents the Group's net sales by segment for the six-month periods ended 30 June 2021 and 2020.

## SELECTED NET SALES DATA OF THE GROUP BY SEGMENT

SEK million	For the six-month period ended 30 June		Change	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	SEK million	%
Sweden	1,093.1	852.7	240.4	28.2
Denmark	489.3	425.6	63.7	15.0
Norway	498.0	356.2	141.8	39.8
Finland	121.2	87.5	33.7	38.5
Other and central functions	45.9	20.4	25.6	125.6
<b>TOTAL</b>	<b>2,247.5</b>	<b>1,742.4</b>	<b>505.2</b>	<b>29.0</b>

1) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

The following table presents the Group's net sales by operating activity for the six-month periods ended 30 June 2021 and 2020.

#### SELECTED NET SALES DATA OF THE GROUP BY OPERATING ACTIVITY

SEK million	For the six-month period ended 30 June		Change	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	SEK million	%
Lease revenue/Synsam Lifestyle <sup>2)</sup>	1,016.4	686.6	329.8	48.0
Other sales of goods and services	1,231.1	1,055.8	175.3	16.6
<b>TOTAL</b>	<b>2,247.5</b>	<b>1,742.4</b>	<b>505.2</b>	<b>29.0</b>

1) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

2) Lease revenue comprises revenue from the Lifestyle subscription service.

#### Other operating income

The other operating income of the Group for the six-month period ended 30 June 2021 was SEK 29.3 million, which was an increase of SEK 8.9 million, or 43.8 per cent, as compared to SEK 20.4 million for the six-month period ended 30 June 2020. The increase was primarily a result of increased income from suppliers for joint marketing campaigns.

The following table presents the Group's other operating income by franchise fee revenue and other revenue for the six-month periods ended 30 June 2021 and 2020.

#### SELECTED OTHER OPERATING INCOME DATA OF THE GROUP BY FRANCHISE FEE REVENUE AND OTHER REVENUE

SEK million	For the six-month period ended 30 June		Change	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	SEK million	%
Franchises – fee revenue	5.3	5.3	0.0	0.5
Other revenue	24.1	15.1	8.9	58.9
<b>TOTAL</b>	<b>29.3</b>	<b>20.4</b>	<b>8.9</b>	<b>43.8</b>

1) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

#### Operating expenses

The operating expenses of the Group for the six-month period ended 30 June 2021 were SEK 1,966.0 million, which was an increase of SEK 311.8 million, or 18.8 per cent, as compared to SEK 1,654.2 million for the six-month period ended 30 June 2020. The increase was

primarily a result of increases in goods for resale, personnel costs and other external expenses as a direct effect of increased sales.

The following table presents a breakdown of the Group's operating expenses for the six-month periods ended 30 June 2021 and 2020.

## SELECTED OPERATING EXPENSES DATA OF THE GROUP

SEK million	For the six-month period ended 30 June		Change	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	SEK million	%
Goods for resale	-544.6	-457.3	87.3	19.1
Personnel costs	-872.7	-699.2	173.5	24.8
Other external expenses	-280.5	-223.8	56.7	25.3
Depreciation, amortisation and impairment of tangible and intangible non-current assets and right-of-use assets	-268.2	-274.0	-5.8	-2.1
<b>TOTAL</b>	<b>-1,966.0</b>	<b>-1,654.2</b>	<b>311.8</b>	<b>18.8</b>

1) Data has been derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

The Group had costs of SEK 24.7 million in the six-month period ended 30 June 2021 related to IPO preparation expenses, and costs of SEK 1.1 million in the six-month period ended 30 June 2020 related to IPO preparation expenses. These costs are classified as items affecting comparability. For more detail, see the sections "Selected

Financial Information – Definitions of alternative performance measures and other measures". The following table sets forth the categorisation of such Items Affecting Comparability for the six-month periods ended 30 June 2021 and 2020.

SEK million	For the six-month period ended 30 June	
	2021 <sup>1)</sup>	2020 <sup>1)</sup>
Goods for resale – items affecting comparability	–	–
Personnel costs – items affecting comparability	–	–
Other external expenses – items affecting comparability	-24.7	-1.1
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>-24.7</b>	<b>-1.1</b>

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

**Operating profit (EBIT)**

The operating profit of the Group for the six-month period ended 30 June 2021 was SEK 310.8 million, which was an increase of SEK 202.3 million, or 186.5 per cent, as compared to SEK 108.5 million for the six-month period ended 30 June 2020. The increase was primarily a result of net sales growth from increased Lifestyle subscription sales (which increased 48.0 per cent during the period) and contact lens subscription sales, an increase in e-commerce sales, the opening of nine new greenfield stores and the increase of sales in greenfield stores opened in 2020. The increase in operating profit (EBIT) was also due in part to the impact of the COVID-19 pandemic which negatively impacted the Group between March 2020 and May 2020 due to the restrictions taken by governments, especially in Denmark and Norway.

**Financial income**

The financial income of the Group for the six-month period ended 30 June 2021 was SEK 71.0 million, which was a decrease of SEK 1.5 million, or 2.0 per cent, as compared to SEK 72.5 million for the six-month period ended 30 June 2020. The decrease was primarily a result of changes in exchange rate differences of receivables and payables, offset in part by the effect of increased Lifestyle subscription sales.

**Financial expenses**

The financial expenses of the Group for the six-month period ended 30 June 2021 was SEK 340.2 million, which was an increase of SEK 27.4 million, or 8.8 per cent, as compared to SEK 312.8 million for the six-month period ended 30 June 2020. The increase was primarily a result of increased interest costs on shareholder loans, as well as increased financial expenses resulting from increased Lifestyle sales, offset in part by lower debt service costs on bank loans.

**Income tax**

The income tax of the Group for the six-month period ended 30 June 2021 was a charge of SEK 40.0 million, compared to a charge of SEK 5.0 million for the six-month period ended 30 June 2020. The change was primarily due to improved results.

**Profit/loss for the period**

The Group's profit for the period for the six-month period ended 30 June 2021 was SEK 1.7 million, which was an improvement of SEK 138.5 million as compared to a loss of SEK 136.8 million for the six-month period ended 30 June 2020. The improvement was primarily a result of increased net sales.

## The financial year 2020 compared to the financial year 2019

### Net sales

The net sales of the Group for 2020 were SEK 3,806.5 million, which was an increase of SEK 65.9 million, or 1.8 per cent, as compared to SEK 3,740.6 million for 2019. The increase was primarily a result of increased Lifestyle subscription sales (which increased 17.0 per cent) and

contact lens subscription sales, an increase in e-commerce sales, the opening of 17 new greenfield stores and the increase of sales in greenfield stores opened in 2019. The increase in net sales was offset in part by the impact of the COVID-19 pandemic, in particular between March 2020 and May 2020 due to the restrictions taken by governments, especially in Denmark and Norway.

The following table presents the Group's net sales by segment for 2020 and 2019.

### SELECTED NET SALES DATA OF THE GROUP BY SEGMENT

SEK million	For the financial year ended 31 December		Change	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>	SEK million	%
Sweden	1,819.6	1,640.3	179.4	10.9
Denmark	930.9	1,027.7	-96.8	-9.4
Norway	801.1	847.0	-45.9	-5.4
Finland	199.6	189.3	10.3	5.4
Other and central functions	55.3	36.4	18.9	52.1
<b>TOTAL</b>	<b>3,806.5</b>	<b>3,740.6</b>	<b>65.9</b>	<b>1.8</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

The following table presents the Group's net sales by operating activity for 2020 and 2019.

### SELECTED NET SALES DATA OF THE GROUP BY OPERATING ACTIVITY

SEK million	For the financial year ended 31 December		Change	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>	SEK million	%
Lease revenue/Synsam Lifestyle <sup>2)</sup>	1,555.1	1,329.5	225.6	17.0
Other sales of goods and services	2,251.4	2,411.1	-159.7	-6.6
<b>TOTAL</b>	<b>3,806.5</b>	<b>3,740.6</b>	<b>65.9</b>	<b>1.8</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Lease revenue comprises revenue from the Lifestyle subscription service.

### Other operating income

The other operating income of the Group for 2020 was SEK 53.8 million, which was an increase of SEK 13.2 million, or 32.4 per cent, as compared to SEK 40.6 million for 2019. The increase was primarily a result of increased marketing support payments from vendors, insurance payments related to Lifestyle and government support related to the COVID-19 pandemic. The increase was offset in part by lower franchise revenue resulting from the reduction in the number of franchise stores in 2020 by two and from the impact of the reduction in the number

of franchise stores in 2019 by three. These reductions were due in part to discontinuations of franchise stores and in part due to the acquisition of certain franchise stores by the Company (and therefore a switch from franchise fee revenue to net sales).

The following table presents the Group's other operating income by franchise fee revenue and other revenue for 2020 and 2019.



## SELECTED OTHER OPERATING INCOME DATA OF THE GROUP BY FRANCHISE FEE REVENUE AND OTHER REVENUE

SEK million	For the financial year ended 31 December		Change	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>	SEK million	%
Franchises – fee revenue	10.5	11.4	–0.9	–7.7
Other revenue	43.3	29.2	14.1	48.1
<b>TOTAL</b>	<b>53.8</b>	<b>40.6</b>	<b>13.2</b>	<b>32.4</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

### Operating expenses

The operating expenses of the Group for 2020 were SEK 3,458.4 million, which was an increase of SEK 74.3 million, or 2.2 per cent, as compared to SEK 3,384.1 million for

2019. The increase was primarily a result of total revenue growth and remained broadly constant as a percentage of total revenue.

The following table presents a breakdown of the Group's operating expenses for 2020 and 2019.

## SELECTED OPERATING EXPENSES DATA OF THE GROUP

SEK million	For the financial year ended 31 December		Change	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>	SEK million	%
Goods for resale	953.4	923.2	30.2	3.3
Personnel costs	1,504.5	1,450.7	53.9	3.7
Other external expenses	468.3	482.3	–14.1	–2.9
Depreciation, amortisation and impairment of tangible and intangible non-current assets and right-of-use assets	532.2	527.8	4.3	0.8
<b>TOTAL</b>	<b>3,458.4</b>	<b>3,384.1</b>	<b>74.3</b>	<b>2.2</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

The Group had costs of SEK 58.6 million in 2019 and SEK 7.4 million in 2020 related to IPO preparation. In addition, the Group had costs of SEK 6.4 million in 2020 related to an IT attack. These costs are classified as items affecting comparability. For more detail, see the section "Selected

*Financial Information – Definitions of alternative performance measures and other measures".* The following table sets forth the categorisation of such Items Affecting Comparability for 2020 and 2019.

SEK million	For the financial year ended 31 December	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>
Goods for resale – items affecting comparability	–	–
Personnel costs – items affecting comparability	–	–
Other external expenses – items affecting comparability	13.8	58.6
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>13.8</b>	<b>58.6</b>

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

**Operating profit (EBIT)**

The operating profit of the Group for 2020 was SEK 401.9 million, which was an increase of SEK 4.7 million, or 1.2 per cent, as compared to SEK 397.2 million for 2019. The increase was primarily a result of net sales growth from increased Lifestyle subscription sales (which increased 17.0 per cent) and contact lens subscription sales, an increase in e-commerce sales, the opening of 17 new greenfield stores and the increase of sales in greenfield stores opened in 2019. The increase was offset in part by the impact of the COVID-19 pandemic, in particular between March 2020 and May 2020 due to the restrictions taken by governments, especially in Denmark and Norway.

**Financial income**

The financial income of the Group for 2020 was SEK 98.9 million, which was an increase of SEK 9.5 million, or 10.7 per cent, as compared to SEK 89.3 million for 2019. The increase was primarily a result of increased Lifestyle subscription sales.

**Financial expenses**

The financial expenses of the Group for 2020 was SEK 636.4 million, which was an increase of SEK 20.6 million, or 3.4 per cent, as compared to SEK 615.8 million for 2019. The increase was primarily a result of increased interest costs on shareholder loans, as well as increased financial expenses resulting from increased Lifestyle sales, offset in part by lower debt service costs on bank loans.

**Income tax**

The income tax of the Group for 2020 was a charge of SEK 59.6 million, compared to a charge of SEK 48.7 million in 2019. The change was primarily the result of decreased tax loss carry forwards in 2020.

**Profit / loss for the period**

The Group's loss for the period in 2020 was SEK 195.3 million, which was an increase of SEK 17.3 million, or 9.7 per cent, as compared to a loss of SEK 177.9 million in 2019. The increased loss was primarily a result of increased interest costs on shareholder loans and decreased tax loss carry forwards in 2020, offset in part by the increased Operating profit (EBIT) discussed above.

**The financial year 2019 compared to the financial year 2018****Net sales**

The net sales of the Group for 2019 were SEK 3,740.6 million, which was an increase of SEK 360.6 million, or 10.7 per cent, as compared to SEK 3,380.0 million for 2018. The increase was primarily a result of increased Lifestyle subscription sales (which increased 61.1 per cent) and contact lens subscription sales (which launched in 2018), the opening of 25 new greenfield stores (including the new flagship store at Norrmalmstorg in Stockholm) in 2019 and the increase of sales in greenfield stores opened in 2018.

The following table presents the Group's net sales by segment for 2019 and 2018.

**SELECTED NET SALES DATA OF THE GROUP BY SEGMENT**

SEK million	For the financial year ended 31 December		Change	
	2019 <sup>1)</sup>	2018 <sup>1)</sup>	SEK million	%
Sweden	1,640.3	1,445.6	194.7	13.5
Denmark	1,027.7	935.9	91.8	9.8
Norway	847.0	806.0	41.0	5.1
Finland	189.3	169.5	19.8	11.7
Other and central functions	36.4	23.0	13.3	57.9
<b>TOTAL</b>	<b>3,740.6</b>	<b>3,380.0</b>	<b>360.6</b>	<b>10.7</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

The following table presents the Group's net sales by operating activity for 2019 and 2018.

#### SELECTED NET SALES DATA OF THE GROUP BY OPERATING ACTIVITY

SEK million	For the financial year ended 31 December		Change	
	2019 <sup>1)</sup>	2018 <sup>1)</sup>	SEK million	%
Lease revenue/Synsam Lifestyle <sup>2)</sup>	1,329.5	825.3	504.2	61.1
Other sales of goods and services	2,411.1	2,554.7	-143.6	-5.6
<b>TOTAL</b>	<b>3,740.6</b>	<b>3,380.0</b>	<b>360.6</b>	<b>10.7</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) Lease revenue comprises revenue from the Lifestyle subscription service.

#### Other operating income

The other operating income of the Group for 2019 was SEK 40.6 million, which was an increase of SEK 10.2 million, or 33.6 per cent, as compared to SEK 30.4 million for 2018. The increase was primarily a result of a payment by a vendor relating to event costs.

The following table presents the Group's other operating income by franchise fee revenue and other revenue for 2019 and 2018.

#### SELECTED OTHER OPERATING INCOME DATA OF THE GROUP BY FRANCHISE FEE REVENUE AND OTHER REVENUE

SEK million	For the financial year ended 31 December		Change	
	2019 <sup>1)</sup>	2018 <sup>1)</sup>	SEK million	%
Franchises – fee revenue	11.4	12.1	-0.7	-5.8
Other revenue	29.2	18.3	10.9	59.6
<b>TOTAL</b>	<b>40.6</b>	<b>30.4</b>	<b>10.2</b>	<b>33.6</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

### Operating expenses

The operating expenses of the Group for 2019 were SEK 3,384.1 million, which was an increase of SEK 235.5 million, or 7.5 per cent, as compared to SEK 3,148.5 million for 2018. The increase was due in part to total revenue growth. As a percentage of total revenue, operating expenses in 2019 decreased slightly primarily as a result of cost controls offset in part by increased Lifestyle subscription sales, which have lower margins initially at the time of sale when the customer receives their spectacles.

The following table presents a breakdown of the Group's operating expenses for 2019 and 2018.

### SELECTED OPERATING EXPENSES DATA OF THE GROUP

SEK million	For the financial year ended 31 December		Change	
	2019 <sup>1)2)</sup>	2018 <sup>1)</sup>	SEK million	%
Goods for resale	923.2	823.8	99.4	12.1
Personnel costs	1,450.7	1,275.9	174.7	13.7
Other external expenses	482.3	756.7	-274.4	-36.3
Depreciation, amortisation of tangible and intangible non-current assets and right-of-use assets	527.8	292.1	235.7	80.7
<b>TOTAL</b>	<b>3,384.1</b>	<b>3,148.5</b>	<b>235.5</b>	<b>7.5</b>

1) Data has been derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

2) For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

In 2018, the Group had costs of SEK 64.4 million related to brand repositioning, SEK 9.4 million related to a new central IT platform and a redesign of the Group's major administrative processes and SEK 15.4 million of management fees paid to the Group's owner. In 2019, the Group

had costs of SEK 58.6 million related to IPO preparation. These costs are classified as items affecting comparability. For more detail, see the section "Selected Financial Information – Definitions of alternative performance measures and other measures".

The following table sets forth the categorisation of such Items Affecting Comparability for 2019 and 2018.

SEK million	For the financial year ended 31 December	
	2019 <sup>1)2)</sup>	2018 <sup>1)</sup>
Goods for resale – items affecting comparability	–	–0.2
Personnel costs – items affecting comparability	–	5.8
Other external expenses – items affecting comparability	58.6	83.5
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>58.6</b>	<b>89.2</b>

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

2) For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

### Operating profit (EBIT)

The operating profit of the Group for 2019 was SEK 397.2 million, which was an increase of SEK 135.3 million, or 51.7 per cent, as compared to SEK 261.9 million for 2018. The increase was primarily a result of net sales growth from increased Lifestyle subscription sales (which increased 61.1 per cent) and contact lens subscription sales (which launched in 2018), the opening of 25 new greenfield stores (including the new flagship store at Norrmalmstorg

in Stockholm) in 2019 and the increase of sales in greenfield stores opened in 2018, as well as cost controls.

### Financial income

The financial income of the Group for 2019 was SEK 89.3 million, which was an increase of SEK 25.6 million, or 40.2 per cent, as compared to SEK 63.7 million for 2018. The increase was primarily a result of increased Lifestyle subscription sales.

**Financial expenses**

The financial expenses of the Group for 2019 were SEK 615.8 million, which was an increase of SEK 29.6 million, or 5.1 per cent, as compared to SEK 586.1 million for 2018. The increase was primarily a result of the impact of the implementation of IFRS 16 and increased interest costs on shareholder loans, as well as increased financial expenses resulting from increased Lifestyle sales, offset in part by lower debt service costs. For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

**Income tax**

The income tax of the Group for 2019 was a charge of SEK 48.7 million, compared to a charge of SEK 39.0 million for 2018. The change was in part due to the lower loss before tax in 2019 offset in part by a one-time charge in 2018 in relation to a tax dispute.

**Profit / loss for the period**

The Group's loss for the period for 2019 was SEK 177.9 million, which was an improvement of SEK 121.6 million, or 40.6 per cent, as compared to SEK 299.6 million for

2018. The improvement was primarily a result of net sales growth from increased Lifestyle subscription sales and contact lens subscription sales and the increase of sales in greenfield stores opened in 2018, as well as cost controls.

**NON-IFRS MEASURES**

In this Offering Circular, the Group presents certain financial measures that are not measures defined under IFRS. The Group believes these non-IFRS financial measures facilitate an understanding of the trends of the financial performance and that such non-IFRS measures are useful information to investors combined with other measures that are calculated in accordance with IFRS. These non-IFRS measures should not be considered in isolation or as an alternative to performance measures derived in accordance with IFRS. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies. The definitions of these non-IFRS measures, reasons that management uses each non-IFRS measure and reconciliation tables showing the calculations of each non-IFRS measure are provided in the section "*Selected Financial Information*".

**CONTRACTUAL OBLIGATIONS AND COMMITMENTS****Leasing obligations**

The Group leases all of its facilities except for one of its stores, which is subject to a ground lease (No. Feste-kontrakt).

The future aggregate minimum lease payments under non-cancellable operating leases together with other leasing contracts are set forth in the following table:

SEK million	As at 31 December		
	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2018 <sup>1)</sup>
Less than one year	236.6	239.2	211.9
One to five years	317.1	354.1	350.4
More than five years	0.8	10.9	16.0
<b>TOTAL</b>	<b>554.5</b>	<b>604.2</b>	<b>578.3</b>
<b>EXPENSED RENTS DURING THE PERIOD<sup>2)</sup></b>	<b>264.5</b>	<b>262.3</b>	<b>261.6</b>

1) Derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

The data as at 31 December 2019 and 2020 reflect the implementation of IFRS 16 effective from 1 January 2019.

2) The data as at 31 December 2019 and 2020 reflect depreciation on right-of-use assets and the data as at 31 December 2018 reflect rent expenses.

As a result of the implementation of IFRS 16 effective from 1 January 2019, lease liabilities increased by SEK 536.1 million and amounted to SEK 571.5 million as of 31 December 2019. For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

There have been no material changes since 30 June 2021 in the Group's future non-cancellable leasing payments.

**Interest-bearing liabilities**

As of 30 June 2021, the Group's interest-bearing liabilities amounted to SEK 7,055.9 million and primarily comprised SEK 2,615.1 million of loans from financial institutions and SEK 3,842.2 million of loans from the Principal Shareholder. All of the Group's shareholder loans will be converted to equity in conjunction with the Offer.

For a description of the Group's proposed financing following completion of the Offer, see the section "*Capitalisation, indebtedness and other financial information – Capital structure in connection with the listing*".

### Contingent liabilities

The subsidiary Profil Optik A/S may have to pay a transition tax of SEK 15.0 million as at 31 December 2020 (2019: SEK 15.7 million; 2018: SEK 15.3 million) in the event of the company distributing a surplus transferred at the time of previous corporate restructuring. The obligation is not recognised in Profil Optik A/S or the Group as there are no plans to carry out such a transfer. The changed amount is attributable to the exchange rate.

A subsidiary has an agreement with an external warehouse to buy back spectacles sold. The value amounted to SEK 2.6 million as at 31 December 2020 (2019: SEK 0.4 million). The commitment has not been recognised in the subsidiary or the Group since a buy-back is not deemed to be probable.

### Off-balance sheet arrangements

As of 30 June 2021, the Group had no off-balance sheet liabilities or arrangements that have a material impact on the Group's business operations, results of operations or financial position.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

The Group's principal source of liquidity has been loans from credit institutions and the Principal Shareholder. Going forward, the Group expects that its principal source of liquidity will increasingly be net cash generated from its operating activities. The Group's principal uses of funds during the periods under review have been its capital expenditure and the payment of interest on and repayment of principal of the Group's loans. As of 30 June 2021, the Group's cash and cash equivalents amounted to SEK 622.9 million.

### Cash flows of the Group

The following table presents selected consolidated cash flow data of the Group derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021, with comparable figures for the six-month period ended 30 June 2020 and the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

## SELECTED CONSOLIDATED CASH FLOW DATA

SEK million	For the six-month period ended 30 June		For the financial year ended 31 December		
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	2020 <sup>2)</sup>	2019 <sup>2)3)</sup>	2018 <sup>2)</sup>
Cash flow from operating activities	334.9	454.8	898.5	803.5	363.2
Cash flow from investment activities	-108.2	-95.0	-165.5	-166.4	-109.7
Cash flow from financing activities	-426.0	76.7	-131.6	-699.0	-79.1
<b>CASH FLOW FOR THE PERIOD</b>	<b>-199.3</b>	<b>436.5</b>	<b>601.4</b>	<b>-62.0</b>	<b>174.4</b>

1) Derived from the Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2021 with comparable figures for the six-month period ended 30 June 2020.

2) Derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.

3) For more information on the impact of IFRS 16 (which was implemented by the Group from 1 January 2019), see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

### Cash flow from operating activities

The Group's cash flow from operating activities for the six-month period ended 30 June 2021 was an inflow of SEK 334.9 million, which is SEK 119.9 million, or 26.4 per cent, less than the inflow of SEK 454.8 million for the six-month period ended 30 June 2020. The decrease was primarily a result of SEK 196 million of COVID-19-related government assistance received in the six-month period ended 30 June 2020 and repaid in the six-month period ended 30 June 2021. The Company does not anticipate the need for any similar assistance in the future.

The Group's cash flow from operating activities for 2020 was an inflow of SEK 898.5 million, which is SEK 95.0 million, or 11.8 per cent, more than the inflow of SEK 803.5 million for 2019. The increase was primarily a result of COVID-19-related government loans.

The Group's cash flow from operating activities in 2019 was an inflow of SEK 803.5 million, which is SEK 440.3 million, or 121.2 per cent, more than the inflow of SEK 363.2 million for 2018. The increase was mainly a result of

a smaller loss before tax, as well as the sale of additional Lifestyle receivables in the second half of 2019. In addition, the implementation of IFRS 16 from 1 January 2019, which required a reclassification of rent payments from that date, contributed to the increase in cash flow from operating activities between 2018 and 2019.

### Cash flow from investment activities

The Group's cash flow from investment activities for the six-month period ended 30 June 2021 was an outflow of SEK 108.2 million, which is SEK 13.2 million, or 13.9 per cent, more than the outflow of SEK 95.0 million for the six-month period ended 30 June 2020. The increase was primarily a result of IT investments and store upgrades related to the move of certain store locations.

The Group's cash flow from investment activities for 2020 was an outflow of SEK 165.5 million, which is SEK 1.0 million, or 0.6 per cent, less than the outflow of SEK 166.4 million for 2019. The decrease was primarily due to higher acquisition costs in 2019 (SEK 13.7 million) as compared



to 2020 (SEK 4.3 million) each as a result of the acquisition of a number of stores in Sweden. The decrease was offset in part by costs in 2020 related to strategic investments (primarily Lifestyle and a new B2B platform).

The Group's cash flow from investment activities for 2019 was an outflow of SEK 166.4 million, which is SEK 56.8 million, or 51.8 per cent, more than the outflow of SEK 109.7 million for 2018. The increase was mainly a result of the establishment of new stores, including the Group's flagship store at Norrmalmstorg in Stockholm, as well as an increase in maintenance capital expenditure.

#### *Cash flow from financing activities*

The Group's cash flow from financing activities for the six-month period ended 30 June 2021 was an outflow of SEK 426.0 million, compared to an inflow of SEK 76.7 million for the six-month period ended 30 June 2020. The increase was primarily a result of the repayment of loans from financial institutions.

The Group's cash flow from financing activities for 2020 was an outflow of SEK 131.6 million, which is SEK 567.4 million, or 81.2 per cent, less than the outflow of SEK 699.0 million for 2019. The decrease was primarily a result of the Group paying down certain existing loan facilities in 2019 and a waiver in 2020 in respect of certain bank loan repayments. The decrease was offset in part by the Group drawing down SEK 210.0 million under its existing revolver facility in 2020.

The Group's cash flow from financing activities for 2019 was an outflow of SEK 699.0 million, which is SEK 619.9 million, or 783.6 per cent, more than the outflow of SEK 79.1 million for 2018. The increase was mainly a result

of the Group paying down certain existing loan facilities in 2019.

#### **Capital expenditure**

The Group categorises its capital expenditure into three categories: (i) maintenance capital expenditure, which relates to maintenance of the Group's operating activities, (ii) expansion capital expenditure, which relates primarily to the establishment of new stores (so-called greenfield investments) and (iii) Strategic capital expenditure, which relates to strategic initiatives, including but not limited to the rebuilding and redesigning of stores and investment in IT systems to support the Group's strategic plan.

As at 30 June 2021, the Group had committed capital expenditure of SEK 103.1 million, which the Group plans to fund from its available cash resources and net cash generated from its operating activities.

The Group also expects to incur capital expenditure of below SEK 100 million spread across 2021 and 2025 in connection with its Made in Sweden initiative, discussed in more detail above under the heading "*Operating and financial review – Key factors affecting results of operations – Made in Sweden initiative*".

The Group expects to incur expansion capital expenditure of approximately SEK 2 million to SEK 6 million per new store in 2021.

The following table presents the capital expenditure of the Group for the six-month periods ended 30 June 2021 and 2020 and the financial years ended 31 December 2020, 2019 and 2018.

SEK million	For the six-month period ended 30 June		For the financial year ended 31 December		
	2021 <sup>1)</sup>	2020 <sup>1)</sup>	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2018 <sup>1)</sup>
Expansion capital expenditure	30.7	45.3	65.5	87.8	42.5
Maintenance capital expenditure	66.7	25.5	70.4	79.8	68.6
Strategic capital expenditure	5.6	21.4	28.1	0.0	0.3
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>103.1</b>	<b>92.1</b>	<b>164.0</b>	<b>167.6</b>	<b>111.4</b>

1) Data is derived from the Group's internal reporting systems. The information is unaudited.

In the six months ended 30 June 2021, the Group's capital expenditure mainly comprised (i) maintenance capital expenditure related to store moves and upgrades and (ii) expansion capital expenditure related to the opening of nine new greenfield stores including investments in three Synsam Recycling Outlets and the flagship store in Odense, Denmark. The focus on relatively larger greenfield stores in the six months ended 30 June 2020 compared with the six months ended 30 June 2021 resulted in a decrease of expansion capital expenditure between those periods. The decrease in strategic capital

expenditure between the six months ended 30 June 2020 and the six months ended 30 June 2021 was primarily due to the fact that, in 2020, most strategic capital expenditure took place in the first half of the year.

In 2020, the Group's capital expenditure mainly comprised (i) maintenance capital expenditure related to upgrades of optical equipment, store equipment and IT and (ii) expansion capital expenditure related to the opening of 17 new greenfield stores including investment into the flagship store at Korsgatan in Gothenburg.

Strategic capital expenditure in 2020 related to (i) the refurbishing and redesigning of the Mega Store in Oslo and (ii) investment into digital infrastructure.

In 2019, the Group's capital expenditure mainly comprised (i) expansion capital expenditure related to the opening of 25 new greenfield stores including the Group's flagship store at Norrmalmstorg in Stockholm and (ii) maintenance capital expenditure related to upgrades of optical equipment, store equipment and IT.

In 2018, the Group's capital expenditure mainly comprised maintenance capital expenditure related to upgrades of optical equipment and IT, as well as upgrades and maintenance of stores. Expansion capital expenditure related to the opening of 13 new greenfield stores and investments in the Group's flagship store at Norrmalmstorg in Stockholm opened in 2019.

## FINANCIAL RISK MANAGEMENT

### General

The Group is exposed to a number of financial risks that the Group continuously monitors. Below is a description of the Group's management of various financial risks. Please refer to note 20 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*" for additional details.

### Refinancing risk

Financing risk refers to the risk of not being able to meet future financing requirements. To date, the Group's financing sources have mainly comprised equity, shareholder loans, external loans and cash flows. The assessment is that the Group currently has access to the necessary credit.

For a description of the Group's proposed financing following completion of the Offer, see the section "*Capitalisation, indebtedness and other financial information – Capital structure in connection with the listing*".

### Credit risk

The Group's credit risk relates to receivables from the sale of goods and services and cash and cash equivalents. Creditworthiness and risk are assessed in the individual stores in accordance with set guidelines, which are controlled by Group management. Historically, the Group has not had any significant credit losses on its receivables from the sale of goods and services. Receivables normally fall due with commercial terms of payment, meaning in 30–60 days. Please refer to note 16 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*" for additional details. The Group's outstanding credits are

spread over a large number of customers and no individual customer represents a material proportion. Cash and cash equivalents are deposited in financial institutions with a minimum rating of A, as defined by Standard and Poor's, in accordance with the Group's financial policy.

### Interest rate risk

The Group manages the risk of additional costs as a result of interest rate fluctuations (interest rate risk) by controlling the interest rate structure of the interest-bearing liabilities and through the use of financial instruments. The interest rate risk is primarily associated with the Group's liability to financial institutions. The senior facilities run with variable interest, although the Group has hedged the equivalent of approximately 48.2 per cent of this amount until June 2022 using fixed interest rate swaps, which means that a change in the market rate would not have a material impact on the Group's interest expense. The nominal amount of the interest swaps as of 31 December 2020 was SEK 1,400.0 million (2019: SEK 1,162.9 million; 2018: SEK 1,476.9 million). No hedge accounting is applied.

### Sensitivity analysis – interest rate risk

The impact on profit before tax for the net of interest income and interest expenses in 2020 of an interest rate increase/decrease of 1 percentage point on the balance sheet date amounts to SEK –23.3 million and SEK +0.0 million, respectively (2019: SEK –23.8 million and SEK +9.0 million, respectively; 2018: SEK –28.7 million and SEK +5.5 million, respectively), with consideration given to the existing floor and given the interest-bearing assets and liabilities existing on the balance sheet date. The impact on 2020 profit/loss for the year after tax and on equity has been deemed to be unchanged with respect to the tax deduction restrictions that affect the Group's companies, SEK –23.3 million and SEK +0.0 million, respectively (2019: SEK –23.8 million and SEK 9.0 million, respectively; 2018: SEK –22.6 million and SEK +4.3 million, respectively). The shareholder loan carries fixed interest and has not been taken into consideration.

### Liquidity risk

The Group continuously monitors the liquidity reserve by assessing maturity dates for current assets and liabilities respectively as well as the effect of expected cash flows from the Group's business activities. The purpose of the liquidity management is to retain an optimal liquidity reserve for financing of the Group's business activities at any given time, to minimise interest and banking expenses, and to avoid financial difficulties. The Group's liquidity reserve is primarily monitored by the CFO, who is responsible for managing the Group's liquidity situation.

The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities. The

assessment is that the Group's liquidity preparedness is sufficient.

The external financial agreements entered into by the Group include a revolver facility and an acquisition facility. The facilities are connected with financial undertakings and covenants, which the Group is obliged to achieve on a quarterly basis. In connection with the outbreak of the COVID-19 pandemic, the Group was granted a waiver for an amortisation payment and covenants from creditors.

#### Exchange rate risk

The Group has a number of holdings in foreign operations, the net assets of which are subject to translation exposure. The Group's presentation currency is SEK. The Group has business activities in Sweden, Denmark, Norway and Finland from which the majority of the Group's revenue and expenses derive. Foreign exchange fluctuations have an effect on translated earnings for business activities in Denmark, Norway and Finland as well as on the translation of assets and liabilities in the Danish, Norwegian and Finnish subsidiaries. Since the Group has external liabilities in primarily EUR, an economic hedge is in place. The Group does not otherwise apply currency hedging through financial instruments. The absolute majority of the Group's loans in NOK were converted to loans in SEK in 2020.

#### Sensitivity analysis – exchange rate risk

A 10 per cent change in the exchange rate of the Swedish krona against each currency as of the closing date would entail a change in equity of +/- SEK 84.1 million for the year ended 31 December 2020 (2019: +/- SEK 152.3 million; 2018: +/- SEK 162.0 million).

The sensitivity analysis is based on all other factors (for example, the interest rate) being unchanged. The net of foreign currency in each Group company's accounts receivable and accounts payable does not amount to a material amount and is short-term, and is thus not taken into consideration in the above sensitivity analysis.

### SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements in compliance with IFRS, senior management is required to make assessments and estimates as well as assumptions that effect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these estimates and assessments.

The estimates and assessments are reviewed regularly. Changes to estimates are recognised in the period in which the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

The information below affects the areas where there is the greatest risk for future adjustments of carrying amounts.

#### Tax matters

One of the Group's subsidiaries has an ongoing tax dispute related to the deductibility of intra-Group interest for the 2014 and 2015 income-tax returns. The legal process is ongoing but a provision has been made since 2018 in an amount corresponding to the assessment notice of a total of SEK 70.0 million, plus penalty interest. The Swedish Tax Agency has also decided the tax matter is uncertain and has granted the Company respite for the payment. The remaining risk pertains to a possible liquidity flow in the event that the subsidiary loses the tax dispute. A negative ruling was handed down by the Administrative Court in October 2019. The Administrative Court's decision has been appealed and continued respite for the payment has been granted. The ruling did not result in any remeasurement of recognised liabilities.

As a result of the introduction of IFRIC 23 *Uncertainty over Income Tax Treatments* in 2019, the classification of the disputed tax liability was impacted, from previously being recognised as a Provision to now being recognised as Current tax liability. Additional information can be found in note 24 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "Historical financial information".

#### Business combinations

In connection with acquisitions of new businesses, acquired assets, liabilities and contingencies are identified applying the acquisition method. Material assets comprise trademarks and customer relations. There is no active market for most of the acquired assets and liabilities, in particular the acquired intangible assets. Senior management therefore has to estimate the fair value of the acquired intangible assets, liabilities and contingencies. Depending on the type of asset or liability involved, some uncertainty may be attached to the estimated amount. The non-allocated part of the purchase consideration is recognised in the balance sheet as goodwill.

#### Goodwill

Goodwill is measured at cost less any accumulated impairment.

#### Trademarks

The value of trademarks and their expected lifetime is estimated based on the trademarks' market position and status, expected development and profitability. The estimate is based on the relief from royalty method, according to which the value is estimated based on expected revenue associated with the trademark, the royalty rate, the growth rate and the tax effect, and is estimated with a suitable discount rate. The trademark EyeQ is

estimated to have a useful life of 15 years and is amortised on a straight-line basis. An annual assessment of impairment is made for other trademarks.

#### **Impairment testing of goodwill and trademarks**

In calculating the recoverable amount of cash-generating units, in order to assess whether an impairment requirement exists for goodwill or trademarks, several assumptions regarding future conditions and estimates of parameters have been made. These assumptions and estimates are presented in note 11 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*". As explained therein, changes to the conditions on which these assumptions and estimates are based could have a material impact on the value of goodwill or trademarks.

#### **Customer relations**

The value of customer relations and their expected lifetime is assessed based on the stability of the customer relation and the expected return. The estimate is based on the multi-period excess method, whereby the value is calculated on the basis of expected cash flows from customer relations and costs of invested capital. Profit or loss is calculated with an appropriate discount rate. Customer relations are amortised on a straight-line basis over 5–15 years.

#### **Right-of-use assets and lease liabilities**

The Group has a significant number of lease and rental contracts for premises that are subject to IFRS 16 Leases, which means that, as of 2019, these contracts are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. The value of the asset and the liability depends on several assumptions, such as the rate used to discount the liability to present value and the assessment of extension options. Changes in assumptions and assessments of extension options and the discount rate may result in significant differences in the Group's value for right-of-use assets and lease liability. Additional information about leases can be found in note 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

#### **CHANGES IN ACCOUNTING POLICIES**

The Group's financials can be impacted by changes in accounting policies which may affect the comparability of results from period to period as well as the Group's balance sheet.

As a direct result of the COVID-19 pandemic, the Group received government assistance that has been recognised in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Group applies the option provided in IAS 20 to recognise the grants received against corresponding costs. In cases where grants were received for local amortisation of goodwill and where there is no corresponding cost in the Group, the grants have been recognised as "Other operating income". For more information, see note 9 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*". Government assistance is recognised when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received. The form of the government assistance received varies between the countries in which the Group operates and, in certain cases, the Group has had lower personnel costs as a result of furloughs. In cases where furlough compensation has been paid directly to the employee, this is not considered government assistance.

Other changed accounting policies applied by the Group from 1 January 2020 include the amendment concerning the Interest Rate Benchmark Reform (IBOR reform), which impacted IFRS 9, IAS 39 and IFRS 7, with Phase 1 taking effect on 1 January 2020. These did not have any significant effect on the Group's consolidated financial statements.

The implementation of IFRS 16 as of 1 January 2019 has resulted in a change to the consolidated statement of financial position and consolidated income statement. The Group has chosen to apply the modified retrospective approach, which means that the comparative figures have not been restated in accordance with the standard. For more information on the impact of IFRS 16, see notes 1 and 13 to the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

# CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section describe the Company's capitalisation and net indebtedness on group level, partly on an actual basis as of 31 July 2021, i.e. based on amounts collected from the Company's internal accounting and reporting system, and partly on an adjusted basis in the column "Adjustments" to reflect the effects on the Company's capitalisation and indebtedness taking into account specific planned not yet implemented measures. The adjustments made are shown in the column "Adjustments" and refer to the planned but not yet effectuated restructuring and refinancing as described in the section *"Share capital and ownership – Dismantling of current ownership structure"* and in the section *"Capitalisation, Indebtedness and other financial information – Capital structure in connection to the listing"* which includes the following steps:

- (i) dismantling of current ownership structure through issue in-kind of 8,924,405 ordinary shares in the Company with subscription rights for board members and certain existing and previous employees (including members of the Company's executive management) who indirectly owns shares in the Company through Theia Management S.A., and where payment for subscribed ordinary shares in the Company will consist of their respective shares in Theia Management S.A.;
- (ii) conversion of shareholder loans, which as of 31 July 2021 amounted to SEK 3,858.1 million (including capitalized interest), through set-off issue of 69,463,875 ordinary shares in the Company with subscription rights for the Principal Shareholder and where payment for subscribed ordinary shares will be made through set-off against shareholder loans;
- (iii) raising new long-term debt regarding bank loans of SEK 2,430 million under a new term loan facility; as well as
- (iv) cash repayment of short-term debt of SEK 751.5 million and long-term debt of SEK 1,872.2 million regarding existing bank loans under current term loan facility;

and settlement of transaction costs connected to the admission to trading of the Company's shares on Nasdaq Stockholm and the planned restructuring and refinancing described above as well as other estimated transactions costs, which are estimated to amount to approximately SEK 100.5 million.

The adjustments mentioned in items (i) – (ii) above has been made assuming a final price in the Offer corresponding to the midpoint, SEK 51, in the price range, that the dismantling of the current ownership structure and the conversion of the shareholder loans would have been completed on 31 July 2021 as well as that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the dismantling of the current ownership structure and the conversion of the shareholder loans.

All information in the tables below comprise unaudited financial information. The information presented below should be read in conjunction with the section *"Operating and financial review"* and the Company's consolidated financial statements and the notes related thereto included in the section *"Historical financial information"*.

Information regarding the Company's capitalisation and indebtedness on an adjusted basis constitute forward-looking statements. Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in actual results deviating considerably from the results which expressly or indirectly form the basis of, or are described in, the statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in the statements, not being met or turning out to be less advantageous compared to the results, which expressly or indirectly form the basis of, or are described in, the statements. The Company's business is also exposed to a number of risks and uncertainties which may result in forward-looking statements being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements.



## CAPITALISATION

Amount in SEK (millions)	31 July 2021	Adjust- ments	As adjusted
<b>Current debt</b>	–	–	–
<b>Total current debts</b> (including current portion of non-current debts)	<b>1,001.4</b>	<b>–760.9</b>	<b>240.5</b>
Guaranteed	–	–	–
Secured	751.5 <sup>1)</sup>	–751.5 <sup>2)</sup>	–
Unguaranteed/unsecured	249.9 <sup>3)</sup>	–9.4 <sup>4)</sup>	240.5
<b>Non-current debt</b>	–	–	–
<b>Total non-current debt</b> (excluding current portion of non-current debt)	<b>6,080.9</b>	<b>–3,300.3</b>	<b>2,780.6</b>
Guaranteed	–	–	–
Secured	1,872.2 <sup>1)</sup>	557.8 <sup>5)</sup>	2,430.0
Unguaranteed/unsecured	4,208.6 <sup>6)</sup>	–3,858.1 <sup>7)</sup>	350.6
<b>Total current and non-current debt</b>	<b>7,082.3</b>	<b>–4,061.2</b>	<b>3,021.1</b>
<b>Shareholder equity</b>	–	–	–
Share capital	0.5	0.5 <sup>8)</sup>	1.0
Other paid in capital	310.0	3,857.5 <sup>8)</sup>	4,167.5
Retained earnings etc.	–1,885.1 <sup>9)</sup>	–	–1,885.1
<b>Total capitalisation (excluding compre- hensive income for the period)</b>	<b>–1,574.6</b>	<b>3,858.1</b>	<b>2,283.5</b>

1) Total of non-current and current debt regarding bank loans under term loan facility amounts to SEK 2,623.7 million. Loans have not been reduced for capitalized loan costs. Assets pledged as security refers to pledge of shares in Synsam Group AB's subsidiaries, group companies' holdings of derivative instruments, brands, business mortgages, receivables, intra-group items and other receivables.

2) Repayment of existing current debt regarding bank loans under term loan facility of SEK 751.5 million.

3) Includes lease liabilities in accordance with IFRS 16 of SEK 240.0 million.

4) Payment of accrued interest as of 31 July 2021 of existing non-current and current debt regarding bank loans under term loan facility.

5) Repayment of existing non-current debt regarding bank loans under term loan facility amounting to SEK 1,872.2 million as well as payment of/receiving new bank loans during new term loan facility amounting to SEK 2,430 million.

6) Includes shareholder loans amounting to SEK 3,858.1 million (including capitalized interest) as well as other non-current debt amounting to SEK 29.0 million. Includes lease liabilities in accordance with IFRS 16 of SEK 321.5 million.

7) Conversion of shareholder loans amounting to SEK 3,858.1 million (including capitalized interest) to share capital and other paid in capital. For more information, please refer to note 8) below.

8) Change due to (i) conversion of shareholder loans amounting to SEK 3,858.1 million (including capitalized interest), through a set-off issue of ordinary shares with subscription rights for the Principal Shareholder where payment for subscribed ordinary shares will be made against set-off against shareholder loans as well as (ii) dismantling of current ownership structure through issue in-kind of ordinary shares with subscription rights for board members and certain existing and previous employees (including members of the Company's executive management) who indirectly owns shares in the Company through Theia Management S.A. Assuming that the final price in the Offer corresponds to the midpoint, SEK 51, in the price range, that the dismantling of the current ownership structure and the conversion of the shareholder loans would have been completed on 31 July 2021 as well as that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the dismantling of the current ownership and the conversion of the shareholders loans, the change in the share capital will amount to approximately SEK 0.5 million by way of set-off issue, and approximately SEK 0.1 million by way of issue in-kind respectively, as well as change in other paid in capital amounting to approximately SEK 3,402.5 million by way of set-off issue and approximately SEK 455.1 million by way of issue in-kind, respectively.

9) Includes translation reserve amounting to SEK 109.2 million and loss carried forward amounting to SEK 1,994.3 million as of 31 July 2021, excluding comprehensive income of the period 1 January 2021 – 31 July 2021.

## NET INDEBTEDNESS

Amount in SEK (millions)	31 July 2021	Adjust- ments	As adjusted
A. Cash	694.5	–303.6 <sup>1)</sup>	390.8
B. Cash equivalents	–	–	–
C. Other current financial assets	–	–	–
<b>D. Liquidity (A) + (B) + (C)</b>	<b>694.5</b>	<b>–303.6</b>	<b>390.8</b>
E. Current financial debt (including debt instru- ments, but excluding current portion of non- current financial debt)	249.9 <sup>2)</sup>	–9.4 <sup>3)</sup>	240.5
F. Current portion of non-current debt	751.5 <sup>4)</sup>	–751.5 <sup>5)</sup>	0
<b>G. Current financial indebtedness (E) + (F)</b>	<b>1,001.4</b>	<b>–760.9</b>	<b>240.5</b>
<b>H. Net current financial indebtedness (G) – (D)</b>	<b>306.9</b>	<b>–557.8</b>	<b>–250.8</b>
I. Non-current financial debt (excluding current portion and debt instruments)	6,080.9 <sup>4)</sup> 6)	–3,300.3 <sup>7)</sup>	2,780.6
J. Debt instruments	–	–	–
K. Non-current trade and other payables	–	–	–
<b>L. Non-current financial indebtedness (I) + (J) + (K)</b>	<b>6,080.9</b>	<b>–3,300.3</b>	<b>2,780.6</b>
<b>M. Financial indebtedness (H) + (L)</b>	<b>6,387.8</b>	<b>–3,858.1</b>	<b>2,529.7</b>

1) Net effect on cash due to (i) repayment of current and non-current debts regarding bank loans under term loan facility amounting to SEK 2,623.7 million and repayment of accrued interest amounting to SEK 9.4 million as of 31 July 2021 of aforementioned debts; (ii) payment/receiving of new bank loans under new term loan facility amounting to SEK 2,430 million as well as (iii) settlement of transaction costs connected to the admission to trading of the Company's shares on Nasdaq Stockholm and planned restructuring and refinancing, as well as other estimated transaction costs, which are estimated to amount to approximately SEK 100.5 million.

2) Includes leasing liabilities in accordance with IFRS 16 amounting to SEK 240.0 million.

3) Payment of accrued interest as of 31 July 2021 of non-current and current debt regarding bank loans under term loan facility.

4) Total of non-current and current debt regarding bank loans is SEK 2,623.7 million. Loans have not been reduced for capitalized loan expenditure.

5) Repayment of existing current debts regarding bank loans under term loan facility amounting to SEK 751.5 million.

6) Includes leasing liabilities in accordance with IFRS 16 amounting to SEK 321.5 million.

7) Conversion of shareholder loans amounting to SEK 3,858.1 million (including capitalized interest) to share capital and other paid in capital, repayment of existing non-current debts regarding bank loans under term loan facility amounting to SEK 1,872.2 million as well as payment/receiving of new non-current liability regarding bank loans under new term loan facility amounting to SEK 2,430 million.



## INDIRECT INDEBTEDNESS AND CONTINGENT LIABILITIES

The indirect debts and contingent liabilities below are presented in accordance with the Commission's delegated regulation (EU) 2019/980 and ESMA's guidelines on disclosure requirements under the Prospectus Regulation, both of which deviate from the Group's accounting principles regarding contingent liabilities where IAS 37 Provisions, Contingent Liabilities and Contingent Assets are applied.

### Transition tax Profil Optik

The subsidiary Profil Optik A/S may have to pay a transition tax in the event of the company distributing a surplus transferred at the time of previous corporate restructuring. The obligation is not recognised in Profil Optik A/S or the Group as there are no plans to carry out such a transfer. The changed amount is attributable to the exchange rate. The Company estimates that the amount which may have to be paid to SEK 15.2 million as of 31 July 2021.

### Obligation to buy back sold products

One of the Company's subsidiaries has an agreement with an external warehouse to buy back spectacles sold. The obligation has not been recognised in the subsidiary or the Group since a buy-back is not deemed to be probable. The Company estimates the amount that might have to be paid to be SEK 2.5 million as of 31 July 2021.

### Leasing of a production center

The Company plans to move the production of its house brand frames from Asia to a production and innovation center, which will be built in Östersund, Sweden. One of the Company's subsidiaries has entered into a leasing agreement for the center's premises. The initial leasing period runs over the course of 15 years and will indicate begin from 1 May 2022 unless the agreement is cancelled prior. The lease agreement, in its entirety, amounts to approximately SEK 82.5 million for the initial lease period as of 31 July 2021. The lease obligation has not been recognised in the subsidiary or the Group since access to the premises will not be given until, at the earliest, 1 May 2022.

## CAPITAL STRUCTURE IN CONNECTION WITH THE LISTING

The Group's existing capital structure as of 31 July 2021 consists of, *inter alia*, secured credit facilities consisting of senior term loans of SEK 2,193.3 million (divided into SEK and EUR tranches), a multi-currency acquisition facility of SEK 600 million of which SEK 430.4 million was utilised as of the balance sheet date, and a multi-currency revolving facility of SEK 300 million of which SEK 0 million was utilised as of the balance sheet date (the "Existing

Financing"). Remaining available credit facilities including cash equivalents amount to SEK 955.2 million. In addition to the credit facilities, the Group is financed by two shareholder loans which as of 31 July 2021 amounted to SEK 2,975.1 million and NOK 904.7 million (including accrued interest which is capitalized annually) respectively. The Existing Financing is expected to be repaid in its entirety along with the costs of refinancing and other expenses through the utilisation of the Credit Facility (see below) and with the Group's available cash. As the Existing Financing is refinanced, the Company will write down the capitalised costs related to replacing the Existing Financing before its maturity date. Assuming that the refinancing would have been completed as of 31 July 2021, these costs would have negatively affected the Group's results in an amount of SEK 4.2 million. However, the costs will have no impact on the Group's cash flow.

The Company has in connection with the Offer entered into a credit facilities agreement (the "Credit Facility") with a group of lenders consisting of Citibank, N.A., Jersey Branch, Danske Bank, Goldman Sachs Bank Europe SE, Nordea and Swedbank (the "Lenders") pursuant to which the Lenders have undertaken, subject to certain customary conditions, to provide the below mentioned credit facilities following the closing of the Offer in order to refinance the Existing Financing and to provide for the ongoing financing of the Group's operations.

The Credit Facility is comprised of (i) a term loan facility, divided into tranches of (A) SEK 450 million, with a maturity of three years after the initial funding date (sub-tranching into a SEK 315 million term loan; and a EUR denominated term loan in an amount equivalent to SEK 135 million), and (B) SEK 1,980 million with a maturity of five years after the initial funding date (sub-tranching into a SEK 1,395 million term loan; and a EUR denominated term loan denominated in an amount equivalent to SEK 585 million); and (ii) a SEK 1,000 million multi-currency, revolving credit facility with a maturity of five years after the initial funding date of the term facilities (under which certain ancillary facilities may also be established). The utilisations under the Credit Facility will bear interest at a rate per annum equal to the relevant IBOR plus a variable margin which is subject to adjustment by reference to the Company's leverage ratio (consolidated total net debt to consolidated pro forma EBITDA).

The Company is also required, in connection with the establishment of the Credit Facility, to pay certain fees to the Lenders, including an arrangement fee payable on the first utilisation date of the term loan facility, as well as a commitment fee, calculated on the unused commitments under the revolving credit facility, which is payable quarterly in arrears during the revolving credit facility availability period.

The Credit Facility contains two financial covenants: (i) a leverage ratio (consolidated total net debt to consolidated EBITDA pro form) and (ii) an interest cover ratio (consolidated EBITDA pro form to consolidated total net cash interest expense), which may not deviate negatively from certain levels specified in the Credit Facility. The Credit Facility is secured by a pledge over the shares of the Company's direct subsidiary and over any receivables in respect of loans given downstream from the Company to its direct subsidiary. The Company also guarantees the Credit Facility liabilities of any subsidiaries which are or will become borrowers of the revolving credit facility.

The Credit Facility is subject to customary representations and warranties as well as customary undertakings, such as a negative pledge, restriction on disposals, restriction on acquisitions, restriction on subsidiary indebtedness, restriction on mergers, restriction on change of business, undertakings to comply with sanctions, anti-corruption and anti-money laundering. The Credit Facility sets out certain events of default, including payment default, breach of financial covenant or other obligations, misrepresentation, cross default and insolvency events of default. These restrictions, undertakings and events of default are subject to customary exceptions and thresholds. In addition, the Credit Facility contains a change of control provision, which under certain specified events, including: (i) any person or group of persons acting in concert gaining control of the Company; and (ii) a de-listing of the Company's shares on Nasdaq Stockholm, gives each lender the right to demand prepayment.

If the Company does not comply with its obligations under the Credit Facility, following the expiry of applicable grace period, the banks are entitled to take certain action, including demanding full prepayment of all outstanding loans and enforcing security.

#### Conversion of shareholder loans

As of 31 July 2021, the Company's capital structure included shareholder loans from the Principal Shareholder in a total amount of SEK 3,858.1 million (including capitalized interest). In connection with the Offer, both the nominal value of the loan and accrued interest will be converted into shares in the Company. If conversion of the shareholder loan had been made as of 31 July 2021, the equity would have increased by SEK 3,858.1 million. Conversion of the shareholder loan as of 31 July 2021 would have decreased the net debt with the corresponding amount. For further information see the section "*Share capital and ownership – Dismantling of current ownership structure*".

#### PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2021, the Group's property, plant and equipment amounted to SEK 427.3 million. The property, plant and equipment mainly comprised cost of leasehold improvement and equipment.

#### INTANGIBLE FIXED ASSETS

As of 30 June 2021, the Group's intangible assets amounted to SEK 4,674.7 million. The intangible assets mainly comprised goodwill, trademarks, customer relations, software and licenses. A majority of the Group's goodwill relates to the acquisition of Synsam by the Principal Shareholder.

#### WORKING CAPITAL STATEMENT

It is the Company's opinion that the Company's working capital is sufficient for the Company's requirements for at least the twelve months following the date of the Offering Circular. Working capital in this regard is considered as the Company's ability to access cash and cash equivalents in order to meet its liabilities as they fall due.

#### SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL CONDITION AND RESULT OF OPERATIONS AFTER 30 JUNE 2021

There have not been any significant changes in the Group's financial condition and result of operations after 30 June 2021.

# BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

## BOARD OF DIRECTORS

According to Synsam's articles of association, the board of directors shall consist of between three and ten ordinary members appointed by the general meeting, without deputies. At present, Synsam's board of directors consists of nine members appointed by the general meeting. The current board of directors is appointed for the period until the end of the annual general meeting to be held in 2022.

## THE BOARD OF DIRECTORS OF SYNSAM

Name	Position	Year of birth	Appointed <sup>1)</sup>	Independent of the	
				Company	Principal Shareholder
Peter Törnquist	Chairman, member of the board	1953	2014	Yes	No
Håkan Lundstedt	CEO, member of the board	1966	2015	No	Yes
Philip Røpcke	Member of the board	1984	2020	Yes	No
Kenneth Bengtsson	Member of the board	1961	2014	Yes	Yes
Terje List	Member of the board	1965	2014	Yes	Yes
Gustaf Martin-Löf	Member of the board	1977	2014	Yes	No
Christoffer Sjøqvist	Member of the board	1976	2014	Yes	No
Helena Johnson	Member of the board	1968	2019	Yes	Yes
Ann Hellenius	Member of the board	1974	2019	Yes	Yes

1) The members of the board of directors appointed in 2014 and 2015 were initially appointed in Synsam Group AB, company registration number 556964-0930, and the same members of the board of directors were appointed in Synsam AB (publ) in connection with an extraordinary general meeting held on 20 February 2019.

**PETER TÖRNQUIST** (born 1953)

Peter Törnquist has been a member and chairman of the board of directors of Synsam since 2014.

Peter Törnquist is also a member and chairman of the boards of directors of Segelman Virtual Stores AB, SHD GREEN ENERGY AB, ÅR Packaging Holding AB, ÅR Packaging Group AB (publ) and Carl Edmond AB, a member of the boards of directors of Quimper AB, Nordijac AB and P Törnquist Invest i Stockholm AB, and a member of the boards of directors and managing director of Keravel AB and Crozon Invest AB.

In the past five years, Peter Törnquist has been, but is no longer, a member and chairman of the boards of directors of AXXA AB (publ), Sarcina 1 AB, Sarcina 2 AB, Ahlsell AB (publ), Svenska M Holding 1 AB, Parry1 Holding AB, Nybrojarl New 1 AB (publ), Norrmalm 2 AB, Paroc Group Oy, MHOLDING A A/S, MHOLDING B A/S and M-DK A/S and a member of the boards of directors of APG Invest AB, Ahlsell Operations AB (publ), MHoldings S.à r.l., Parry Holdings S.à r.l., Parry Investments S.A. and Parry S.à r.l.

Peter Törnquist holds a Business Degree from the Stockholm School of Economics, Sweden, and an MBA from IMD, Switzerland.

Peter Törnquist will hold no shares in the Company following completion of the Offer.<sup>1)</sup>

**HÅKAN LUNDSTEDT** (born 1966)

Håkan Lundstedt has been Chief Executive Officer and a member of the board of directors of Synsam since 2015. For further information, see the section *"Board of directors, executive management and auditors – Executive management – Håkan Lundstedt"*.

**PHILIP RØPCKE** (born 1984)

Philip Røpcke has been a member of the board of directors of Synsam since 2020.

Philip Røpcke is also a member of the board of directors of STARK Group ApS.

Philip Røpcke holds a master's degree in Econometrics and Finance from the University of Aarhus, Denmark.

Philip Røpcke will hold no shares in the Company following completion of the Offer.<sup>1)</sup>

1) Assuming that the person does not acquire shares in the Offer.

**KENNETH BENGTSSON** (born 1961)

Kenneth Bengtsson has been a member of the board of directors of Synsam since 2014.

Kenneth Bengtsson is also a member and chairman of the boards of directors of the non-profit organisation Ersta Diakonisällskap, Mio AB, Envirotainer Holding AB, Clas Ohlson Aktiebolag, Lyko Group AB (publ) and the foundation World Childhood Foundation, a member of the boards of directors of Segelman Virtual Stores AB and Herenco Holding Aktiebolag, a member of the board of directors and managing director of NM 24 i Stockholm AB, and a deputy member of the board of directors of Mio Försäljning AB, Mio e-handel AB, Mio Fastigheter i Tibro AB, Mio Fastigheter L4 i Tibro AB, Mio Fastigheter i Malmö AB, Mio Logistik AB and Ersta Sköndal Bräcke högskola AB.

In the past five years, Kenneth Bengtsson has been, but is no longer, a member and chairman of the boards of directors of Diaverum AB, Ersta Diakoni AB, Ahlsell AB (publ), Mekonomen Aktiebolag, Ahlsell Operations AB (publ), Systembolaget Aktiebolag and UF Support AB and a member of the board of directors of Herenco Aktiebolag.

Kenneth Bengtsson studied economics at upper secondary school and has completed various education and training courses whilst working for the ICA group.

Kenneth Bengtsson is expected to hold 63,484 shares in the Company following completion of the Offer.<sup>1)</sup>

**TERJE LIST** (born 1965)

Terje List has been a member of the board of directors of Synsam since 2014.

Terje List is also a member of the boards of directors of 3C Retail A/S and managing director of List Holding ApS, KFI Slesvig ApS, KFI Figros ApS, KFI ERHVERVSDRIVENDE FOND, JÆGERSBORG ALLE MIDTPUNKT ApS and KFI Domus ApS.

In the past five years, Terje List has been, but is no longer, a member and chairman of the boards of directors of Matas Operations A/S, Stylebox A/S and Matas Property A/S, a member of the boards of directors of EDC Holding A/S, EDC-Gruppen A/S, EDC Partner A/S, Dansk Erhverv and Riccos Kaffe ApS, Chief Executive Officer of Matas A/S, MHolding 4 ApS, MHolding 5 ApS and MHolding 6 ApS.

Terje List holds a M.Sc. in Economics and Business Administration with a specialisation towards Strategic Planning from Copenhagen Business School, Denmark.

Terje List is expected to hold 95,226 shares in the Company following completion of the Offer.<sup>1)</sup>

**GUSTAF MARTIN-LÖF** (born 1977)

Gustaf Martin-Löf has been a member of the board of directors of Synsam since 2014.

Gustaf Martin-Löf is also a member and chairman of the boards of directors of Flugo Holdings AB and Flugo Group Holdings AB, a member of the boards of directors of Ahlsell AB (publ), Källberget Invest AB, Etraveli Group Holding AB, Quimper AB, Quimper Group AB, Quimper Group Holdings AB, Nubo Holdings S.à r.l. and Quimper Holdings S.à r.l. and deputy managing director of CVC Advisers International Svenska filial.

In the past five years, Gustaf Martin-Löf has been, but is no longer, member and chairman of the board of directors of Etraveli Group Holding AB, Quimper AB, Ahlsell Försäljning AB and Flugo Company AB, a member of the boards of directors of Project Parry Jersey Limited, Quimper Finance AB, Parry 1 Holding AB, Ahlsell Operations AB (publ), Nybrojarl New 1 AB (publ), Norrmalm 2 AB, Paroc Group Oy (formerly Safari Finco 1 Oy), Parry S.à r.l., Parry Holdings S.à r.l. and Parry Investments S.A., and a member of the board of directors and managing director of Svenska M Holding 1 AB.

Gustaf Martin-Löf holds a BA (Hons) International Business Studies, major in Finance and Economics, from the European Business School in London, England.

Gustaf Martin-Löf will hold no shares in the Company following completion of the Offer.<sup>2)</sup>

1) Assuming a price in the Offer corresponding to the midpoint in the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the person does not acquire shares in the Offer.

2) Assuming that the person does not acquire shares in the Offer.

**CHRISTOFFER SJØQVIST** (born 1976)

Christoffer Sjøqvist has been a member of the board of directors of Synsam since 2014.

Christoffer Sjøqvist is also a member of the boards of directors of Alvogen Lux Holdings S.à r.l., Celtic BidCo S.à r.l., Celtic Holdings S.C.A., Celtic Intermediate S.A., STARK Group ApS, Winterfell Topco S.à r.l., Winterfell Investments S.à r.l., Winterfell Financing S.à r.l., Winterfell S.à r.l., Winterfell Holdings S.à r.l., branch manager of CVC Denmark, filial af CVC Advisers International S.à r.l., Luxembourg, and a member of the executive management of LSF10 Wolverine Bidco ApS.

In the past five years, Christoffer Sjøqvist has been, but is no longer, owner and member of the board of directors of Freva Invest ApS, member of the boards of directors of Vindfjord Midco AS, Vindfjord BidCo AS, Winterfell ManCo I S.A., Winterfell ManCo II S.A. and managing director of Winterfell Holdings ApS.

Christoffer Sjøqvist holds a B.Sc. in Management from London School of Economics and Political Science, England.

Christoffer Sjøqvist will hold no shares in the Company following completion of the Offer.<sup>1)</sup>

**HELENA JOHNSON** (born 1968)

Helena Johnson has been a member of the board of directors of Synsam since 2019.

Helena Johnson is also a member and chairman of the board of directors of V. Vole Invest AB, and a deputy member of the boards of directors of Marluc Invest AB and Marluc Partners AB. Furthermore, Helena Johnson is Head of HR in investment management at Skandinaviska Enskilda Banken AB and external authorised signatory of and Head of HR in Large Corporates & Financial Institutions at Skandinaviska Enskilda Banken AB.

In the past five years, Helena Johnson has been, but is no longer, a member of the boards of directors of Pareto AS, Mälarsen AB (publ), Mälarsen Fastigheter i Märsta AB and Mälarsen Fastigheter i Stockholm AB, a consultant at Synsam, and managing director of V. Vole Invest AB.

Helena Johnson holds a M.Sc. in Business Administration and Economics from Stockholm School of Economics, Sweden.

Helena Johnson will hold no shares in the Company after the completion of the Offer.<sup>1)</sup>

**ANN HELLENIUS** (born 1974)

Ann Hellenius has been a member of the board of directors of Synsam since 2019.

Ann Hellenius is also a member of the boards of directors of HSB Affärsstöd AB, Volvofinans Bank AB and Micro Systemation AB (publ) and managing director of SweFi at Capgemini SE as well as owner of EnnoAlla.

In the past five years, Ann Hellenius has been, but is no longer, a member of the board of directors of H&H Group AB, Conapto Group Holding AB, Conapto Holding AB, HiQ International AB, the non-profit organisation Hello World!, external authorised signatory of Bankgirocentralen BGC Aktiebolag and BGC Holding AB, head of IT of Scandic Hotels Group AB and for the city of Stockholm.

Ann Hellenius holds a M.Sc. in Business Administration from Linköping University, Sweden, and a MBA from the University of Bath, England.

Ann Hellenius will hold no shares in the Company after the completion of the Offer.<sup>1)</sup>

1) Assuming that the person does not acquire shares in the Offer.



## EXECUTIVE MANAGEMENT

The table below lists the name, position, year of birth and year of current position held in the Company of the members of Synsam's executive management.

## EXECUTIVE MANAGEMENT OF SYNSAM

Name	Position	Year of birth	Held position since
Håkan Lundstedt	Chief Executive Officer	1966	2015
Per Hedblom	Chief Financial Officer	1967	2017
Martin Daniels	Chief Innovation Officer	1980	2017
Jenny Fridh	Chief Communications and Sustainability Officer	1972	2019
Henrik Persson	Deputy Chief Executive Officer	1971	2017
Malcolm Lidbeck	Chief Business Officer	1963	2017
Michael Grimborg	Chief Marketing Officer	1960	2015
Marina Kerekliou	Creative Director	1970	2017
Jesper Koefoed	Procurement Director	1968	2010
Ingrid Holm	Head of Marketing, Norway	1986	2017
Jimmy Engström	Chief Digital Officer	1984	2020
Trond Gudbrandsen	Managing Director Synsam Norway	1971	2017
Tina Høyer Gaardsholt	Managing Director Synsam Denmark	1977	2017
Vesa Mars	Managing Director Synsam Finland	1961	2014
Krister Duwe	Managing Director Synsam Sweden	1969	2016
Susanne Westford	HR & People Director	1972	2017
Andreas Sjöharald	Chief Commercial Officer	1987	2020
Heba El Sheemy	Chief Information Officer	1967	2017
Olav Torgersen	Chief Optical Officer	1972	2018

**HÅKAN LUNDSTEDT** (born 1966)

Håkan Lundstedt has been Chief Executive Officer of Synsam since 2015.

Håkan Lundstedt is also a member of the boards of directors of Rizzo International AB, Rizzo Group AB, and Clas Ohlson Aktiebolag. Håkan Lundstedt is also external authorised signatory and owner of Villa Bergvik AB.

In the past five years, Håkan Lundstedt has been, but is no longer, chairman of the board of directors of Hugo Hendén Aktiebolag, and a member of the boards of directors of Carl Edmond AB, Segelman Virtual Stores AB, Nokitej Holding AB and Dialect AB.

Håkan Lundstedt is expected to hold 1,564,369 shares in the Company following completion of the Offer.<sup>1)</sup>

**PER HEDBLOM** (born 1967)

Per Hedblom is Chief Financial Officer of Synsam since 2017.

Per Hedblom is also a member of the board of directors of Hedblom Ventures AB.

In the past five years, Per Hedblom has been, but is no longer, chairman and member of the boards of directors of Mekonomen Levänen Oy, Mekonomen Renkomäki Oy, Mekonomen Tammisto Oy, Mekonomen Viikki Oy and, chairman of the boards of directors of Mekonomen Ehf and Mekonomen Gardabaer Ehf, a member of the boards of directors of Bileko Car Parts AB (formerly Mekonomen Grossist AB), Mekonomen Services AB, MECA Scandinavia AB, Mekonomen Grossist Oy, Mekonomen Oy and A/S Sørensen og Balchen, and a deputy member of the board of directors of Mekonomen Detaljist Aktiebolag. Furthermore, Per Hedblom has been, but is no longer, Chief Financial Officer and external authorised signatory of Mekonomen Aktiebolag.

Per Hedblom holds a M.Sc. in Industrial Engineering and Management from Chalmers University of Technology, Sweden, and an MBA from INSEAD, France.

Per Hedblom is expected to hold 22,406 shares in the Company following completion of the Offer.<sup>1)</sup>

**MARTIN DANIELS** (born 1980)

Martin Daniels has been Chief Innovation Officer of Synsam since 2017 (employed since 2014).

Martin Daniels holds a M.Sc. in Information Technology from Royal Institute of Technology, Sweden, and a M.Sc. in Economics and Business Administration with a specialisation towards Finance from Stockholm School of Economics, Sweden.

Martin Daniels is expected to hold 327,608 shares in the Company following completion of the Offer.<sup>1)</sup>

1) Assuming a price in the Offer corresponding to the midpoint in the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the person does not acquire shares in the Offer.



**JENNY FRIDH** (born 1972)

Jenny Fridh has been Chief Communications and Sustainability Officer of Synsam since 2019.

Jenny Fridh is also a member of the board of directors of LISAB Säljkonst i Göteborg Aktiebolag.

In the past five years, Jenny Fridh has been, but is no longer, Group Director of Communications and Sustainability at Scandi Standard AB (publ), and Head of Communications at Kronfågel AB and Scandi Standard AB (publ).

Jenny Fridh holds a Bachelor of Arts from Linköping University, Sweden.

Jenny Fridh is expected to hold 4,075 shares in the Company following completion of the Offer.<sup>1)</sup>



**HENRIK PERSSON** (born 1971)

Henrik Persson has been Deputy Chief Executive Officer of Synsam since 2017 (employed since 2010).

In the past five years, Henrik Persson has been, but is no longer, a member of the board of directors and managing director of Hugo Hendén Aktiebolag.

Henrik Persson studied Economics at upper secondary school and continued his education with a focus on Economics at Blekinge Tekniska Högskola, Sweden.

Henrik Persson is expected to hold 802,565 shares in the Company following completion of the Offer.<sup>1)</sup>



**MALCOLM LIDBECK** (born 1963)

Malcolm Lidbeck has been Chief Business Officer of Synsam since 2017 (employed since 2015).

Malcolm Lidbeck is also chairman of the boards of directors of Kullen Holding AB, Schuykill Partners AB, Schuykill Investment Management AB and Algonquin AB, a member of the boards of directors and owner of Malcolm Lidbeck AB, and a deputy member of the board of directors of FK Resources AB, and a consultant for RPlim Fastighets AB.

In the past five years, Malcolm Lidbeck has been, but is no longer, a member of the boards of directors of Filippa K Group AB, Långviks Fiskehamnsförening u.p.a. Långviks VA Ekonomiska Förening, and a deputy member of the board of directors of L1 Productions & artbuying AB.

Malcolm Lidbeck holds a Master of Laws from Stockholm University, Sweden.

Malcolm Lidbeck is expected to hold 190,451 shares in the Company following completion of the Offer.<sup>1)</sup>



**MICHAEL GRIMBORG** (born 1960)

Michael Grimborg has been Chief Marketing Officer of Synsam since 2015.

Michael Grimborg is also chairman of the board of directors of the Association of Swedish Advertisers (Sw. Sveriges Annonsörer), members of the board of directors of Interactive Advertising Bureau Sverige ekonomisk förening, Desination Järvsö AB and Rizzo Group AB.

In the past five years, Michael Grimborg has been, but is no longer, a member and chairman of the board of directors of Lavendla AB, a member of the boards of directors of RAG Real Agency Group AB, Pharem Biotech AB, and Plegium AB, and a Sales Director at Bonnier Broadcasting.

Michael Grimborg studied Economics at upper secondary school.

Michael Grimborg is expected to hold 262,087 shares in the Company following completion of the Offer.<sup>1)</sup>



**MARINA KEREKLIDOU** (born 1970)

Marina Kerekliou has been Creative Director of Synsam since 2017 (employed since 2016).

Marina Kerekliou is also a member of the board of directors of Marina Kerekliou AB.

Marina Kerekliou holds a Fashion Design degree from Beckmans College of Design, Sweden.

Marina Kerekliou is expected to hold 126,968 shares in the Company following completion of the Offer.<sup>1)</sup>

1) Assuming a price in the Offer corresponding to the midpoint in the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the person does not acquire shares in the Offer.

**JESPER KOEFOED** (born 1968)

Jesper Koefoed has been Procurement Director of Synsam since 2010.

Jesper Koefoed has completed Higher Commercial Examination (HHX) at Lyngby Business School, Denmark, and holds a Mini MBA from Probanda Business School, Denmark.

Jesper Koefoed is expected to hold 88,877 shares in the Company following completion of the Offer.<sup>1)</sup>

**JIMMY ENGSTRÖM** (born 1984)

Jimmy Engström has been Chief Digital Officer of Synsam since 2020 (employed since 2015).

Jimmy Engström holds a M.Sc. in Economics and Business with a major in Accounting and Financial Management from Stockholm School of Economics, Sweden.

Jimmy Engström is expected to hold 126,968 shares in the Company following completion of the Offer.<sup>1)</sup>

**TINA HØYER GAARDSHOLT** (born 1977)

Tina Høyer Gaardsholt has been Managing Director of Synsam in Denmark since 2017.

In the past five years, Tina Høyer Gaardsholt has been, but is no longer, Head of Sales Nordic of Bang & Olufsen A/S.

Tina Høyer Gaardsholt has completed education in Business Administration at Niels Brock Copenhagen Business College, Denmark, and education in Business Coaching at Acuity World, Denmark.

Tina Høyer Gaardsholt is expected to hold 44,137 shares in the Company following completion of the Offer.<sup>1)</sup>

**INGRID HOLM** (born 1986)

Ingrid Holm has been Head of Marketing of Synsam in Norway since 2017.

In the past five years, Ingrid Holm has been, but is no longer, Digital Marketing Manager at Varier Furniture AS.

Ingrid Holm holds a Master of Arts from Goldsmiths College, University of London, England, and a Bachelor of Arts from University of the Arts London, England.

Ingrid Holm is expected to hold 29,875 shares in the Company following completion of the Offer.<sup>1)</sup>

**TROND GUDBRANDSEN** (born 1971)

Trond Gudbrandsen has been Managing Director of Synsam in Norway since 2017 (employed since 2012).

Trond Gudbrandsen holds a M.Sc. in Business and Economics and M.Sc. in Management from Handelshøyskolen BI, Norway.

Trond Gudbrandsen is expected to hold 196,565 shares in the Company following completion of the Offer.<sup>1)</sup>

**VESA MARS** (born 1961)

Vesa Mars has been Managing Director of Synsam in Finland since 2012, first as Managing Director of SF Optical Holding Oy Ab (franchisee of Synsam Group in Finland) and as Managing Director of Synsam Group Finland since 2014 (when Synsam Group acquired SF Optical holding Oy Ab).

Vesa Mars is also a member of the board of directors and owner of Mars Consulting Oy and a Partner at C E R R Holding AB.

Vesa Mars holds a degree of M.Sc. in Economics from Turku School of Economics and Business Administration, Finland.

Vesa Mars is expected to hold 225,630 shares in the Company following completion of the Offer.<sup>1)</sup>

1) Assuming a price in the Offer corresponding to the midpoint in the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the person does not acquire shares in the Offer.



**KRISTER DUWE** (born 1969)

Krister Duwe has been Managing Director of Synsam in Sweden since 2016.

Krister Duwe is also a member of the boards of directors of Ronnie Nilsson Holding AB and LJKD AB.

In the past five years, Krister Duwe has been, but is no longer, a member of the board of directors of Speedy Autoservice AB, and a managing director of MECA Sweden AB, MECA Verkstadsdrift AB and BilXtra Sweden AB (formerly ProMeister Sweden AB).

Krister Duwe holds an Executive Master in Strategy from M-gruppen, and has undertaken graduate studies in Management Strategy, Finance and Leadership from PEAK HSE Executive Education in Helsinki, Shanghai and Amsterdam and an education in leadership from MiL Institute Lund, Sweden.

Krister Duwe is expected to hold 450,956 shares in the Company following completion of the Offer.<sup>1)</sup>



**SUSANNE WESTFORD** (born 1972)

Susanne Westford has been HR & People Director of Synsam since 2017 (employed since 2015).

Susanne Westford holds a B.Sc. in Marketing, Business and Economics from Uppsala University, Sweden, and a M.Sc. in Business Law from Lund University, Sweden.

Susanne Westford is expected to hold 147,347 shares in the Company following completion of the Offer.<sup>1)</sup>



**ANDREAS SJÖHARALD** (born 1987)

Andreas Sjöharald has been Chief Commercial Officer of Synsam since 2020 (employed since 2015).

Andreas Sjöharald is also chairman of the board of directors of Plant Based Revolution AB.

Andreas Sjöharald holds a M.Sc. in Business and Economics from Linköping University, Sweden, and a M.Sc. in Business and Economics from Michael G. Foster School of Business, USA.

Andreas Sjöharald is expected to hold 126,968 shares in the Company following completion of the Offer.<sup>1)</sup>



**HEBA EL SHEEMY** (born 1967)

Heba El Sheemy has been Chief Information Officer of Synsam since 2017.

Heba El Sheemy is also a member of the board of directors and owner of Heba Management Consulting AB, and a deputy member of the boards of directors Frapon AB and Functional medicine Sweden AB.

In the past five years, Heba El Sheemy has been, but is no longer, a member of the board of directors and managing director of eHIVE Stockholm AB (formerly Cafe&Co of Sweden AB).

Heba El Sheemy holds a M.Sc. in Mathematical and Computer Science from Umeå University, Sweden.

Heba El Sheemy is expected to hold 74,687 shares in the Company following completion of the Offer.<sup>1)</sup>



**OLAV TORGENSEN** (born 1972)

Olav Torgersen has been Chief Optical Officer of Synsam since 2018 (employed since 2011).

Olav Torgersen holds an Optometry degree from University of South-Eastern Norway, Norway.

Olav Torgersen is expected to hold 12,697 shares in the Company following completion of the Offer.<sup>1)</sup>

1) Assuming a price in the Offer corresponding to the midpoint in the price range, that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer and assuming that the person does not acquire shares in the Offer.



## INDEPENDENT AUDITORS

KPMG AB, with address Box 382, SE-101 27 Stockholm, is the auditor of the Company. The authorised public accountant Joakim Thilstedt, who is a member of FAR (professional institute for authorised public accountants) is the main responsible auditor. Joakim Thilstedt has been the Company's auditor during the whole time that has been referenced in the historical financial information of the Offering Circular. The consolidated financial statements of the Company as of 31 December 2020 and 2019, and for the year then ended, included in this Offering Circular, have been audited by KPMG AB, independent auditors, as stated in their report appearing herein. With respect to the unaudited interim financial information for the periods ended 30 June 2021 and 2020, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

## FURTHER INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There are no family ties between any of the members of the board of directors and executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and executive management of Synsam towards the Company and their private interests and/or other undertakings (but several of the board of directors and executive management have financial interests in Synsam due to their shareholdings in the Company). Shareholding members of the board of directors and the executive management have undertaken, with certain exceptions, not to sell their respective holdings for a certain period after the trading on Nasdaq Stockholm has commenced, see the section *"Share capital and ownership – Undertaking to refrain from selling shares"*.

During the past five years, no members of the board of directors or executive management described above have (i) been convicted in relation to fraudulent offences, (ii) been the subject of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or (iii) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Peter Törnquist was chairman of the board of directors of AXXA AB (publ) up until 4 February 2020 and the company was declared bankrupt on 9 October 2020. Further, Peter Törnquist was chairman of the board of directors of Carl Edmond AB when it was declared bankrupt on 17 June 2021, and Håkan Lundstedt was a member of the board of directors of Carl Edmond AB up until 1 June 2020. Håkan Lundstedt was also a member of the board of directors of Dialect AB up until 24 January 2017 and the company was declared bankrupt on 23 April 2019. Lastly, Håkan Lundstedt and Michael Grimborg are members of the board of directors of Rizzo Group AB and Håkan Lundstedt is a member of the board of directors of Rizzo International AB, both of which entered into corporate reorganisations on 23 March 2021 and 23 April 2021, respectively.

The board members are not entitled to any benefits when they retire from the board. For information on management's right to severance pay if their position with the Company is terminated, see the section *"Corporate governance – Remuneration for members of the board of directors and executive management – Remuneration for the managing director and executive management"*.

All members of the board of directors and executive management are available at the Company's domicile at Sankt Eriksgatan 60, SE-112 34 Stockholm.



# CORPORATE GOVERNANCE

Synsam is a Swedish public limited liability company. Prior to listing on Nasdaq Stockholm, corporate governance in the Company is mainly based on Swedish law, the Company's articles of association and internal rules and instructions. As a Company listed on Nasdaq Stockholm, the Company will apply the rules of the Swedish Companies Act (Sw. *Aktiebolagslagen* (2005:551)), the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)), the Company's articles of association, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code") as well as other Swedish and foreign laws and regulations, as applicable. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and shall be applied at the date of the listing of the Company's shares on Nasdaq Stockholm. The Code defines a standard for good corporate governance that exceeds the minimum requirements of the Swedish Companies Act. The Code is based on the principle comply or explain. This means that the Company is not required to apply every rule of the Code at all occasions, but may choose alternative solutions, deemed to better respond to the particular circumstances, provided that the Company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

Synsam will apply the Code from the date of the listing of the Company's shares on Nasdaq Stockholm. Synsam does not expect to deviate from any of the rules of the Code. All, if any, deviations from the Code will be described in the Company's corporate governance report, which will be drawn up for the first time for the 2021 financial year.

The primary objective with Synsam's corporate governance is to create a framework for rules and regulations, areas of responsibility and processes and routines that efficiently protects the interests of shareholders and other parties by minimising risks and create conditions for a stable expansion of the Company's business.

Neither the Company's board of directors nor its general meeting has passed any resolution that will, or potentially may have, a material impact on the corporate

governance of the Company and the Group, including future changes in the board of directors and the board committees, in relation to the description herein.

## THE GENERAL MEETING

According to the Swedish Companies Act, the general meeting is a company's highest decision-making body. The general meeting may resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the annual general meeting, which shall be held within six months from the end of each financial year, shareholders exercise their voting rights on issues, such as adoption of income statements and balance sheets, allocation of the company's profits or losses, discharge of liability for the board of directors and the CEO for the financial year, the appointment of members of the board of directors and auditor, and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by posting the notice of the meeting on the Company's website. An announcement shall simultaneously be placed in Dagens Nyheter with information that the meeting has been convened.

## Right to attend general meetings

All shareholders who are directly registered in the share register kept by Euroclear, six business days prior to the general meeting, and who have notified the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting, shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by not more than two assistants.

### Shareholder initiatives

Shareholders who wish a matter to be discussed at the general meeting must submit a written request in that regard to the board of directors. Requests must normally be received by the board of directors at least seven weeks prior to the general meeting.

### Nomination committee

The annual general meeting held on 30 March 2021 resolved to adopt instructions for the nomination committee. The instructions for the nomination committee shall apply as from 1 January 2022 according to the resolution by the annual general meeting. According to the instructions for the nomination committee, the nomination committee shall consist of four members, each of whom is appointed by the four largest shareholders or shareholder groups with regards to the number of votes in the company as of the last banking day in August the year before the annual general meeting and who wish to appoint a representative. In addition to these four members, the chairman of the board of directors shall be a member of the nomination committee. The nomination committee shall appoint within it the chairman of the nomination committee.

The extraordinary general meeting held on 19 October 2021 resolved to adopt instructions for the nomination committee with amended wording for the annual general meeting 2022. The amendment entails that the nomination committee shall consist of four members, each of whom is appointed by the four largest shareholders or shareholder groups with regards to the number of votes in the company as of the last banking day in January the same year as the annual general meeting and who wish to appoint a representative. This wording shall only be applied at the annual general meeting 2022, thereafter the instruction for the nomination committee shall be applied in its original wording.

The instructions for the nomination committee comply with the Code with respect to the appointment of committee members. The members of the nomination committee shall be announced not later than six months prior to the annual general meeting. The members of the nomination committee shall, in connection with their assignments, conduct their duties in accordance with the Code. The nomination committee's main duties are to propose candidates for the positions as chairman of the board of directors and other members of the board of directors, as well as propose fees and other remuneration to each member of the board of directors. The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.

### THE BOARD OF DIRECTORS

The board of directors is the highest decision-making body after the general meeting and is also the highest executive body. The board of directors' responsibility is

regulated on various levels. The board of directors' responsibility is mainly regulated in the Swedish Companies Act. Pursuant to the Swedish Companies Act, the board of directors is responsible for the company's organisation and the administration of the company's affairs. Furthermore, the board of directors shall continuously assess the company's financial position, as well as to ensure that the company's organisation is formed in a way that the accounting, management of funds and the company's financial conditions otherwise are controlled in a secure manner.

The board of directors will, after the listing of the Company's shares on Nasdaq Stockholm, comply with the Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

The board of directors' responsibility is further regulated in the Company's articles of association, directions given by the general meeting and rules of procedure for the board of directors of the Company adopted by the board of directors.

The assignments of the board of directors include, among other things, to set objectives and strategies, ensure that there are effective systems for follow-up and control of the Company's operations, and ensure that there is satisfactory control of the Company's compliance with legislation and other regulations applicable to the Company's operations. The board of directors decides on the Company's business direction, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. In addition, the board of directors addresses issues and makes decisions regarding other matters considered to be outside the scope of the CEO's authority.

The board of directors shall also define appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability, as well as ensure that the Company's disclosure of information is characterised by transparency and is accurate, reliable, relevant and not misleading. In addition, the assignments of the board of directors include appointing, evaluating and if necessary removing the CEO.

Members of the board of directors, except for employee representatives, are appointed annually by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the members of the board of directors to be elected by the general meeting shall consist of 3–10 members. At the date of the Offering Circular, the Company's board of directors consists of nine members elected by the general meeting. The board members are presented in detail in the section "*Board of directors*,"

*executive management and auditors*". Synsam's board of directors follows a written rules of procedure, which has been adopted by the board of directors and which is reviewed annually. Among other things, the rules of procedure for the board of directors regulates the board of directors' role and responsibility, the board of directors' way of working and how the work is divided within the board of directors. The board of directors also adopts instructions for the CEO of Synsam, including instructions for financial reporting.

#### **Audit committee**

The board of directors has established an audit committee in accordance with the Swedish Companies Act. According to the Swedish Companies Act, members of the audit committee may not be employed by the Company and at least one member of the audit committee shall hold accounting or auditing competence. The current audit committee consists of three members: Peter Törnquist (chairman of the audit committee), Gustaf Martin-Löf and Terje List, who are all independent of the Company and its management. Terje List is also independent of the Company's Principal Shareholder.

The audit committee is responsible for monitoring the Company's financial reporting, risk management and internal control, as well as accounting and auditing. The audit committee also reviews and monitors the auditor's impartiality and independence, other services provided by the Company's auditor and assists the Company's nomination committee with the proposal for election of auditor.

#### **Remuneration committee**

The board of directors has established a remuneration committee. The remuneration committee consists of Kenneth Bengtsson (chairman of the remuneration committee), Peter Törnquist and Christoffer Sjöqvist, all of whom are independent of the Company and its management. Kenneth Bengtsson is also independent of the Company's Principal Shareholder.

The remuneration committee's main tasks are to prepare the board of directors' decisions on issues concerning, among other things, terms of employment and remuneration to the executive management. The remuneration committee shall produce a compensation policy to be presented to the board of directors. Furthermore, the remuneration committee shall prepare documentation in certain other remuneration matters of principal nature or otherwise of significant importance, e.g. stock option programmes and profit sharing systems and monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company.

## **CEO AND EXECUTIVE MANAGEMENT**

### **CEO**

The CEO's responsibilities are regulated at various levels. The CEO's responsibilities are mainly regulated in the Swedish Companies Act. According to the Swedish Companies Act, the CEO shall attend to the day-to-day management according to the guidelines and instructions set out by the board. In addition, the CEO shall take all measures necessary in order to maintain the Company's accounts according to applicable laws and regulations and to have an adequate asset management.

After the listing of the Company's shares on Nasdaq Stockholm, the CEO shall comply with the Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

The CEO must also adhere to the Company's articles of association, directions given by the general meeting, the instructions for the CEO, including instructions for financial reporting, and other internal directions and guidelines established by the board of directors. The division of work between the board of directors and the CEO is described in the instructions for the CEO, including instructions for financial reporting.

The CEO reports to the board of directors and is responsible for the management of the Company and to execute the resolutions passed by the board of directors. The CEO shall control and monitor that the matters to be dealt with by the board of directors according to applicable legislation, the articles of association or internal instructions are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other events, circumstances or conditions that cannot be assumed to be irrelevant to the board of directors or to the shareholders.

The CEO is presented in greater detail in the section *"Board of directors, executive management and auditors"*.

### **The executive management**

Synsam's group management is divided into a strategic management team and an operational management team. The division of work between the strategic management team and the operational management team is set out in the Group's rules of procedure for the group management. The strategic management team is responsible for operational matters on a medium to long-term, for example, strategic business cooperations, assortment decisions and business development projects. The CEO and CFO, together with other members of the group management, form the strategic management team. The operational management team is

responsible for operational matters on a short term, for example, marketing campaigns, the Group's sales and communication with the Group's stores. The CEO and the Country Managers, together with other members of the group management, form the operational management team. For implementation of changes to the Group strategy resolved by the board of directors, or other important operational matters, the whole executive management team will convene.

The members of the executive management are presented in greater detail in the section *"Board of directors, executive management and auditors"*.

## REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

### Remuneration to members of the board of directors

Fees and other remuneration for members of the board of directors, including the chairman of the board, are resolved upon by the annual general meeting. The annual general meeting held on 30 March 2021 decided that the total fees to the board members, for the period until the next annual general meeting shall amount to SEK 1,850,000. SEK 650,000 shall be payable to the chairman of the board and SEK 300,000 to each of Kenneth Bengtsson, Terje List, Helena Johnson and Ann Hellenius. Another SEK 150,000 shall be payable to the chairman of the audit committee and another SEK 100,000 to each of the other members of the audit committee. Another SEK 100,000 shall be payable to the chairman of the remuneration committee and another SEK 50,000 to each of the other members of the remuneration committee. Gustaf Martin-Löf and Christoffer Sjöqvist have declined remuneration for their positions in the board of directors, the audit committee and the remuneration committee. Remuneration as set out above shall only be paid provided that and as from the time the Company's shares are listed on Nasdaq Stockholm. For the period as from which the board members were elected as members of the board of directors of the Company up until the time of the listing on Nasdaq Stockholm, board remuneration shall be paid annually with SEK 800,000 to the chairman of the board of directors and with SEK 300,000 to each of Kenneth Bengtsson, Terje List, Helena Johnson and Ann Hellenius (the amount shall thereby be reduced so that it proportionally corresponds to the part of the period the Company has not been listed). Members of the Company's board of directors shall not be entitled to any benefits once they retire as members of the board of directors.

### Remuneration for the CEO and executive management

Remuneration to the executive management of the group shall be in accordance with market standards, in order to secure the Company's ability to attract and

retain competent leaders. Remuneration shall be based on the individual's competence, responsibilities and performance and are to be paid in accordance with the guidelines for remuneration for the CEO and executive management adopted by the annual general meeting on 30 March 2021 for the period until the annual general meeting 2022.

The total remuneration for the group management shall consist of fixed salary, variable remuneration based on annual performance-based goals (up to 100 per cent of the base salary), and other benefits such as non-monetary benefits, as well as pensions and insurance. Non-monetary benefits may be offered in accordance with customary rules and market standards in each country. These benefits shall not constitute a substantial part of the total remuneration. Furthermore, the annual general meeting may decide to offer a long-term incentive programme such as share and share price related incentive programmes. These incentive programmes shall be intended to contribute to long-term valuable growth and provide a common interest for value creation for shareholders and employees.

### Performance based compensation in connection with the Offer

In connection with the Offer, and by reason of the additional significant work load required by reason thereof, Per Hedblom, CFO, is entitled to a one-off performance-based compensation from the Company of SEK 2.4 million (including vacation pay) for services performed in addition to ordinary employment tasks. The compensation is conditional upon that the shares in the Company being admitted to trading on Nasdaq Stockholm. The size of the compensation is not dependent on the price or other terms in the Offer. The Company shall bear all costs (including social security costs) of the compensation. The compensation shall not entitle to occupational pension provision.

### Share-related incentive programs

The Company values competitive compensation for senior management and other employees and will further develop the Company's compensation and incentive schemes to contribute to the Company's future development and growth. The remuneration committee and the board of directors of the Company have discussed the need for a long-term incentive scheme and have decided to prepare a long-term share-related incentive program that will be resolved upon after the Offering. The terms of the incentive program are expected to correspond to market practices of listed companies of Synsam's size and business profile.

### Remuneration during the financial year 2020

Remuneration received by the board of directors and executive management during the financial year 2020 is listed below.

(SEK million)	Fee	Fixed salary	Variable salary	Pension	Other benefits <sup>1)</sup>	Total
<i>Members of the board of directors</i>						
Peter Törnquist	0.8	–	–	–	–	0.8
Lave Beck-Friis (until 26 March 2020)	–	–	–	–	–	–
Kenneth Bengtsson	0.3	–	–	–	–	0.3
Ann Hellenius	0.3	–	–	–	–	0.3
Helena Johnson	0.3	–	–	–	–	0.3
Terje List	0.3	–	–	–	–	0.3
Gustaf Martin-Löf	–	–	–	–	–	–
Christoffer Sjöqvist	–	–	–	–	–	–
Philip Røpcke (from 26 March 2020)	–	–	–	–	–	–
<i>Members of executive management</i>						
CEO, Håkan Lundstedt <sup>2)</sup>	–	6.6	6.6	2.2	0.1	15.6
Other members of the executive management	–	30.7	15.9	7.1	0.8	54.5

1) Other benefits include car benefit, healthcare benefit, broadband, accident and travel insurance as well as mobile subscriptions. Different benefits are relevant depending on position and country.

2) Håkan Lundstedt is also a member of the board of directors for which position he did not receive any remuneration.

### INTERNAL CONTROL

The board of directors' and the CEO's responsibilities for internal control is governed by the Swedish Companies Act and the Code. According to the Swedish Companies Act, the board of directors of a company is responsible for the company's organisation and management of the company's affairs and shall ensure that the company's organisation is structured in such way that accounting, asset management and the company's financial conditions are controlled in a satisfactory manner.

The CEO of a company shall, according to the Swedish Companies Act, manage the day to day business according to the instructions and guidelines issued by the board of directors. Furthermore, the CEO shall take necessary measures to ensure that the company's bookkeeping is done in accordance with the law and that the asset management is handled in a satisfactory manner.

According to the Code, it is the responsibility of the board of directors to ensure that there are effective systems for follow-up and control of the company's operations. The audit committee shall, pursuant to the Swedish Companies Act, subject to the board of directors' other responsibilities and duties, monitor the company's financial reporting and, in terms of the financial reporting, monitor the efficiency in the company's risk management, internal controls and internal audit.

Internal control is by practice defined as a process affected by the board of directors, the audit committee, the CEO, other members of the executive management and other employees and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process for Synsam's internal control is based on the control environment which provides the discipline and structure for the other four components of the process: risk assessment, control activities, information and communication, and monitoring.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements as well as that the external financial reporting is prepared in accordance with applicable legislation and accounting standards and other requirements for listed companies. Ultimately, the responsibility for the internal control rests with the board of directors, which continuously, through the audit committee, evaluates Synsam's risk management and internal control.

## AUDITING

The Company's statutory auditor is appointed by the annual general meeting. The auditor shall audit the Company's annual report and accounts, the consolidated accounts and the significant subsidiaries, as well as the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the annual general meeting.

According to the Company's articles of association, the Company shall have one to two auditors, and not more than two deputy auditors, or a registered accounting firm. The Company's auditor is KPMG, with Joakim Thilstedt as auditor-in-charge. The Company's auditor is presented in more detail in the section *"Board of directors, executive management and auditors – Auditors"*.

Total fee for the Company's auditor in 2020 amounted to SEK 10.0 million of which SEK 5.3 million was paid for audit services, SEK 3.1 million for fiscal advice and SEK 1.6 million for other services.

## INSIDER POLICY

The Company has prepared an insider policy document for the purpose of informing employees and others concerned within the Group of the laws and regulations applicable to the Company's dissemination of information and the special requirements imposed on persons who are active in a listed company with regard to, for example, price-sensitive information. In this context, the Company has established routines for appropriate handling and limiting of the dissemination of information which has not been made public. The Company's CFO has the overall responsibility for handling of questions regarding inside information and keeping of an insider register.

## IR FUNCTION

The IR function is led by the Company's CFO. The main duties of the IR function are to support the CEO and the CFO in relation to capital markets, as well as, along with the CFO and the communications team, prepare quarterly and annual reports, analyst meetings, general meetings and capital market presentations, and regularly report on IR activities.



# SHARE CAPITAL AND OWNERSHIP

The Company's share capital, as of 30 June 2021 as well as the day of the Offering Circular, amounts to SEK 500,000 divided into 37,181,942 ordinary shares, each with a quota (par) value of SEK 0.013447. Each share carries one (1) vote at general meetings and all shares have equal rights to the Company's assets upon liquidation and distribution of dividends. All outstanding shares are fully paid.

Following completion of the Offer (i.e. after the dismantling of the current ownership structure as described in the section "*Share capital and ownership – Dismantling of current ownership structure*"), the Company's share capital will amount to SEK 1,047,317, divided into 150,000,000 shares, each with a quota (par) value of approximately SEK 0.006982. There will only be one class of shares in the Company and each share will carry one (1) vote at general meetings and all shares will have equal rights to the Company's assets upon liquidation and distribution of dividends.

The ISIN-code for the Company's shares is SE0016829709. The Company's share capital is expressed in SEK and is distributed among the shares issued by the Company

with a quota (par) value expressed in SEK. The Company's shares have been issued in accordance with Swedish law and the shareholders' rights may only be altered or modified in accordance with the Swedish Companies Act.

The Company's shares will, ahead of the completion of the Offer, be registered with Euroclear, which is the central securities depository and clearing organisation for shares in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*).

## DEVELOPMENT OF THE SHARE CAPITAL

The table below sets forth the changes in the share capital of the Group since the incorporation of the Company up to 30 June 2021 as well as the changes in the number of shares and share capital which will be completed in connection with the Offer under the assumption that the final price in the Offer corresponds to the midpoint, SEK 51, in the price range in the Offer and that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer.

Date of adoption	Date of registration with the SCRO <sup>1)</sup>	Transaction	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota (par) value (SEK)
14 October 2013	23 October 2013	Incorporation	50,000	50,000	50,000	50,000	1.00
15 April 2019	30 April 2019	Bonus Issue	–	50,000	450,000	500,000	10
17 May 2019	23 May 2019	Share split (743,639:1) <sup>2)</sup>	37,131,942	37,181,942	0	500,000	0.013447
19 October 2021 <sup>4)</sup>	21 October 2021 <sup>4)</sup>	Share split (1.93:1) <sup>2)</sup>	34,429,778	71,611,720	0	500,000	0.006982
28 October 2021	1 November 2021 <sup>4)</sup>	Set-off issue 1 <sup>3)</sup>	39,194,140	110,805,860	273,658	773,658	0.006982
28 October 2021 <sup>4)</sup>	1 November 2021 <sup>4)</sup>	Set-off issue 2 <sup>3)5)</sup>	30,464,354	141,270,214	212,706	986,364	0.006982
28 October 2021 <sup>4)</sup>	2 November 2021 <sup>4)</sup>	Issue in kind <sup>5)</sup>	8,729,786	150,000,000	60,953	1,047,317	0.006982

1) Swedish Companies Registration Office.

2) An extraordinary general meeting will decide upon a set-off issue whereby a share split has been carried out in order to obtain an appropriate number of shares in the Company.

3) Part of shareholder loans held by the Principal Shareholder will be set off against newly issued ordinary shares in the Company. The shareholders' loans will be set-off in two separate new issues for technical reasons.

4) Estimated date.

5) An extraordinary general meeting will decide on (i) a set-off issue to set off remainder of the Principal Shareholder's shareholder loans against newly issued ordinary shares in the Company and (ii) an issue in kind (the minority shareholders will contribute the value of their current shareholding in the Company's indirect shareholder, Theia Management S.A., in exchange for newly issued shares in the Company).

## DILUTION

The Company has as of the date of the Offering Circular no outstanding convertible debentures, warrants or other financial instruments, which would if they were exercised imply a dilutive effect for the shareholders of the Company.

The net asset value per share was approximately SEK 55.24 as per 31 December 2020, compared to the price range in the offering, SEK 46–56.<sup>1)</sup> The number of outstanding shares as of the date of the Offering Circular has not changed compared to as of 31 December 2020.

## OWNERSHIP STRUCTURE PRIOR TO AND FOLLOWING THE OFFER

The table below sets forth the shareholding of the Company immediately before and after the Offer, assuming conversion of the previous ownership structure has been carried out in accordance with what is described in the section “Share capital and ownership – Dismantling of current ownership structure” below, that the persons in the table does not acquire shares in the Offer, that the Offer is made at a price corresponding to the midpoint, SEK 51, in the price range and that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer.

Shareholders	Before the Offer <sup>1)</sup>		After the Offer (assuming the Upsize Option and the Over-Allotment Option are not exercised)		After the Offer (assuming the Upsize Option is exercised in full and the Over-Allotment Option is not exercised)		After the Offer (assuming the Upsize Option and the Over-Allotment Option are exercised in full)	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
<b>Selling Shareholders</b>								
Principal Shareholder	141,270,214	94.2%	98,040,448	65.4%	90,540,448	60.4%	82,665,448	55.1%
Total	141,270,214	94.2%	98,040,448	65.4%	90,540,448	60.4%	82,665,448	55.1%
<b>Members of the board of directors, executive management and other employees<sup>2)</sup></b>								
Håkan Lundstedt	1,840,434	1.2%	1,564,369	1.0%	1,564,369	1.0%	1,564,369	1.0%
Kenneth Bengtsson	74,687	0.0%	63,484	0.0%	63,484	0.0%	63,484	0.0%
Terje List	112,030	0.1%	95,226	0.1%	95,226	0.1%	95,226	0.1%
Per Hedblom	22,406	0.0%	22,406	0.0%	22,406	0.0%	22,406	0.0%
Martin Daniels	385,421	0.3%	327,608	0.2%	327,608	0.2%	327,608	0.2%
Jenny Fridh	4,794	0.0%	4,075	0.0%	4,075	0.0%	4,075	0.0%
Henrik Persson	944,194	0.6%	802,565	0.5%	802,565	0.5%	802,565	0.5%
Malcolm Lidbeck	224,060	0.1%	190,451	0.1%	190,451	0.1%	190,451	0.1%
Michael Grimborg	308,337	0.2%	262,087	0.2%	262,087	0.2%	262,087	0.2%
Marina Kerekliou	149,373	0.1%	126,968	0.1%	126,968	0.1%	126,968	0.1%
Jesper Koefoed	104,561	0.1%	88,877	0.1%	88,877	0.1%	88,877	0.1%
Ingrid Holm	29,875	0.0%	29,875	0.0%	29,875	0.0%	29,875	0.0%
Jimmy Engström	149,373	0.1%	126,968	0.1%	126,968	0.1%	126,968	0.1%
Trond Gudbrandsen	231,252	0.2%	196,565	0.1%	196,565	0.1%	196,565	0.1%
Tina Høyer Gaardsholt	51,925	0.0%	44,137	0.0%	44,137	0.0%	44,137	0.0%
Vesa Mars	225,630	0.2%	225,630	0.2%	225,630	0.2%	225,630	0.2%
Krister Duwe	464,903	0.3%	450,956	0.3%	450,956	0.3%	450,956	0.3%
Susanne Westford	173,349	0.1%	147,347	0.1%	147,347	0.1%	147,347	0.1%
Andreas Sjöharald	149,373	0.1%	126,968	0.1%	126,968	0.1%	126,968	0.1%
Heba El Sheemy	74,687	0.0%	74,687	0.0%	74,687	0.0%	74,687	0.0%
Olav Torgersen	14,937	0.0%	12,697	0.0%	12,697	0.0%	12,697	0.0%
Other employees and shareholders <sup>2)</sup>	2,994,185	2.0%	1,975,606	1.3%	1,975,606	1.3%	1,975,606	1.3%
Total	8,729,786	5.8%	6,959,552	4.6%	6,959,552	4.6%	6,959,552	4.6%
<b>New shareholders</b>								
New shareholders	0	0.0%	45,000,000	30.0%	52,500,000	35.0%	60,375,000	40.3%
Total	0	0.0%	45,000,000	30.0%	52,500,000	35.0%	60,375,000	40.3%
Total	150,000,000	100.0%	150,000,000	100.0%	150,000,000	100.0%	150,000,000	100.0%

1) Following dismantling of current ownership structure in accordance with the section “Share capital and ownership – Dismantling of current ownership structure”.

2) Under the assumption that the Offer is completed around 55, current and previous employees (among others, certain of the Company's members of executive management) and board members will sell up to 1,918,304 shares to the Principal Shareholder in connection with completion of the Offer. The Principal Shareholder will, in turn, sell the previously sold shares in the Offer. No current member of the executive management or member of the board or other employee will sell more than 15 per cent of their total shareholding in the Company (after the dismantling of the current ownership structure in accordance with the section “Share capital and ownership – Dismantling of the current ownership structure”).

1) Equity (incl. shareholder loans)/outstanding shares as of 31 December 2020 (i.e. without taking into account the dismantling of the previous ownership structure which will be carried out in connection with the Offer and will result in an increased number of shares).

At the date of this Offering Circular, the Company has one direct shareholder. Certain board members and employees of the Company, including certain members of the Company's executive management, indirectly jointly own approximately 18.5 per cent of the shares in the Company at the date of this Offering Circular (before dismantling of current ownership structure, including set off of shareholder loans, as described in the section "*Share capital and ownership – Dismantling of current ownership structure*").

#### PRIORITISED ALLOTMENT TO EMPLOYEES

In connection to the Offer, the Principal Shareholder will offer employees with tax domicile in Sweden, Norway, Denmark and Finland the opportunity to acquire shares in the Company to a value of up to SEK 30 thousand per employee with prioritised allotment. In addition, certain employees may apply for acquisition of further shares, but any allotment of shares in such applications will be made without priority.

#### DISMANTLING OF CURRENT OWNERSHIP STRUCTURE

In connection with completion of the Offer, all direct and indirect shareholders will convert all outstanding instruments and ownership interests into ordinary shares in the Company, which will be allocated among them based on the value of their respective holdings applying the final price in the Offer. This will also apply to shareholder loans from the Principal Shareholder, which will be set off against claims and converted to ordinary shares in the Company. Following the completion of the Offer, assuming dismantling of the previous ownership structure has occurred in accordance with the below, the number of shares in the Company will be 150,000,000 and, based on a price corresponding to the midpoint in the price range and that the exchange rate NOK:SEK amounts to approximately 0.98 at the time of the completion of the Offer, the Principal Shareholder will own approximately 94.2 per cent of the shares in the Company at the first day of trading before completion of the Offer. The remaining shareholders, consisting mainly of certain current and previous board members, members of executive management and employees of the Group, will own in total approximately 5.8 per cent.

The dismantling of the ownership structure will be carried out in several steps which will include, *inter alia*, split and new issues. Assuming the ownership structure is

converted as set out above, the Principal Shareholder will following completion of the Offer, if the Offer is fully subscribed and the Upsize Option and the Over-Allotment Option are not utilised, hold approximately 65.4 per cent of all shares in the Company. If the Offer is fully subscribed and the Upsize Option and the Over-Allotment Option are fully utilised, the Principal Shareholder will, following completion of the Offer, hold approximately 55.1 per cent of the shares in the Company.

#### UNDERTAKING TO REFRAIN FROM SELLING SHARES

Through or pursuant to, the agreement on placement of shares that is expected to be entered into on or about 28 October 2021 (the "Underwriting Agreement"), the Principal Shareholder, as well as shareholding members of the board of directors and certain shareholding employees and former employees of the Company, including the Company's executive management, will commit, not to sell their respective remaining holdings, following any sale of shares in the Offer, during a certain period of time after trading at Nasdaq Stockholm has been initiated (the "Lock-up Period"). The Lock-up Period for the Principal Shareholder and certain former employees of the Company and the Principal Shareholder will be 180 days, while the Lock-up Period for shareholding board members and certain shareholding employees, including the Company's executive management, will be 365 days. The Joint Global Coordinators, or, in the case of the Principal Shareholder, a majority of the Joint Global Coordinators or a majority of the Managers, Managers may grant an exemption from the undertakings in question. Granting of exemptions from issued lock-up undertakings will be determined on a case-by-case basis and at the discretion of the Joint Global Coordinators, and may be personal as well as business related. The Lock-up undertakings are also subject to certain customary exceptions, including transfers to a shareholders' affiliates. After the expiration of the respective Lock-up Period, or before then with the prior approval of the Joint Global Coordinators, the shares might be tendered for sale, which might affect the market price of the shares.

In the Underwriting Agreement, the Company will commit to the Managers to, among other things, with certain reservations, during a period of 180 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to issue, offer, lend, pledge or sell shares

or securities convertible into shares, without written approval from the Joint Global Coordinators, decide on or propose a general meeting to decide on an increase of the share capital through the issuance of shares or other financial instruments. See also the section “*Legal considerations and supplementary information – Material agreements – Underwriting agreement*”.

#### SHAREHOLDERS’ AGREEMENTS ETC.

Upon completion of the Offer, there will be no shareholders’ agreement between the shareholders, aiming at creating a common influence over the Company, or that may result in a change of control of the Company.

#### RESTRICTIONS ON THE DISPOSAL OF HOLDING OF THE COMPANY’S SHARES AND TAKEOVER OFFERS

As of the day of the Offering Circular, the shares are subject to a post-transfer acquisition right clause according to the Company’s articles of association. At the extraordinary general meeting held on 19 October 2021 it was resolved to adopt new articles of association without a post-transfer acquisition right clause. The Company estimates that the new articles of association will be registered with the Swedish Companies Registration Office and therefore be applied from the 21 October 2021, whereby the Company’s shares will be freely transferable well in advance of the shares being admitted to trading on Nasdaq Stockholm. Furthermore, the shares are not subject to any mandatory takeover bid, squeeze-out or sell-out process. No public takeover bid relating to the Company’s shares has occurred since the Company was established.

After admission to trading of the Company’s shares on Nasdaq Stockholm the Swedish Act on Public Takeovers on the Stock Market (Sw. *lagen (2006:451) om offentlig uppköpserbjudanden på aktiemarknaden*), the takeover rules for Nasdaq Stockholms, the Swedish Securities Council’s statements and rulings regarding interpretation and application of the takeover rules for Nasdaq Stockholm, as well as, where applicable, the Swedish Securities Council’s interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee (Sw. *Näringslivets börskommitté*) will be applicable to future public takeover offers regarding the shares in the Company.

In a takeover offer, the shareholders have the right, but not the obligation to sell their shares to the offeror on the terms and conditions set out in an offer document. Acceptances may be withdrawn up until such time when the offer is unconditional (i.e. when there are no outstanding conditions for the takeover offer). Mandatory offers may not be subject to conditions. A shareholder who reaches 30 per cent or more of the votes in the Company will be obliged to either make a mandatory offer for all shares in the Company, or to sell shares so that the shareholding falls below 30 per cent. A minority squeeze out can be initiated by a shareholder who holds more than 90 per cent of the shares in the Company. The procedure for redemption of minority shareholdings is further regulated in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

# ARTICLES OF ASSOCIATION

The articles of association of Synsam AB (publ) below where adopted via extraordinary general meeting 19 October 2021 and is expected to register at the SCRO around 21 October 2021.

## § 1

The name of the company is Synsam AB (publ).

## § 2

The registered office of the company is situated in Stockholm.

## § 3

The object of the Company's business is to, directly or through subsidiaries, own and manage real property and chattels, including shares in subsidiaries, and to conduct activities within support functions and thereto related activities.

## § 4

The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000. The number of shares shall be not less than 70,000,000 and not more than 280,000,000.

## § 5

The board of directors shall comprise of 3–10 members without alternate members.

## § 6

The company shall have 1–2 auditors and not more than two (2) alternate auditors or a registered accounting firm.

## § 7

Notice of a general meeting shall be issued by publishing in the Official Swedish Gazette (*Sw. Post- och Inrikes Tidningar*) and on the Company's website. An announcement with information that the notice has been issued shall be published in Dagens Nyheter.

In order to attend the general meeting, shareholder must notify the Company of their intention to participate at the latest on the day indicated in the announcement of the general meeting. This latter day shall not be a Sunday, other public holiday, Saturday, Midsummers Eve, Christmas Eve or New Year's Eve and shall not be earlier than five working days before the general meeting.

Shareholders may be accompanied by one or two assistants at the general meeting provided that the shareholder has notified the Company hereof in accordance with the above paragraph.

**§ 8**

The annual general meeting is held each year within six months of the end of the financial year.

The following matters shall be addressed at the annual general meeting:

- 1) Election of a chairman of the meeting;
- 2) Preparation and approval of the voting register;
- 3) Approval of the agenda;
- 4) Election of one or two persons to attest the minutes;
- 5) Determination of whether the meeting was duly convened;
- 6) Submission of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group;
- 7) Resolutions regarding
  - a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
  - b) allocation of the company's profit and loss according to the adopted balance sheet;
  - c) discharge from liability for board members and the managing director;
- 8) Determination of fees for the board of directors and the auditors;
- 9) Election of the board of directors and accounting firm or auditors;
- 10) Any other business incumbent on the meeting according to the Swedish Companies Act or the articles of association.

**§ 9**

The company's financial year shall be the calendar year.

**§ 10**

Shareholders or trustees which on the record date are entered into the shareholders' register and noted in a central securities depository register, according to Chapter 4 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) or noted on a central securities depository account according to Chapter 4, Section 18 first paragraph 6–8 in the aforementioned Act, shall be presumed to be authorised to exercise the rights in Chapter 4, Section 39 of the Swedish Companies Act (2005:551).



# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT THIS OFFERING CIRCULAR

The Offering and this Offering Circular are governed by Swedish law. Disputes arising from or in connection with the Offer or the Offering Circular shall be settled exclusively by Swedish courts. The SFSA only approves the Swedish language version of the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in the securities. The SFSA's visiting address is Brunnsgatan 3, and its postal address is Box 7821, SE-103 97 Stockholm, Sweden. The SFSA's telephone number is +46 (0) 8 408 980 00 and its website is [www.fi.se](http://www.fi.se).

The Swedish language version of the prospectus is valid for up to twelve months as from 20 October 2021 provided that it is accompanied with supplements when required. The obligation to prepare supplements to the Swedish language version of the prospectus in the event of significant new factors, material mistakes or material inaccuracies expires when the shares in Synsam have been admitted to trading on Nasdaq Stockholm.

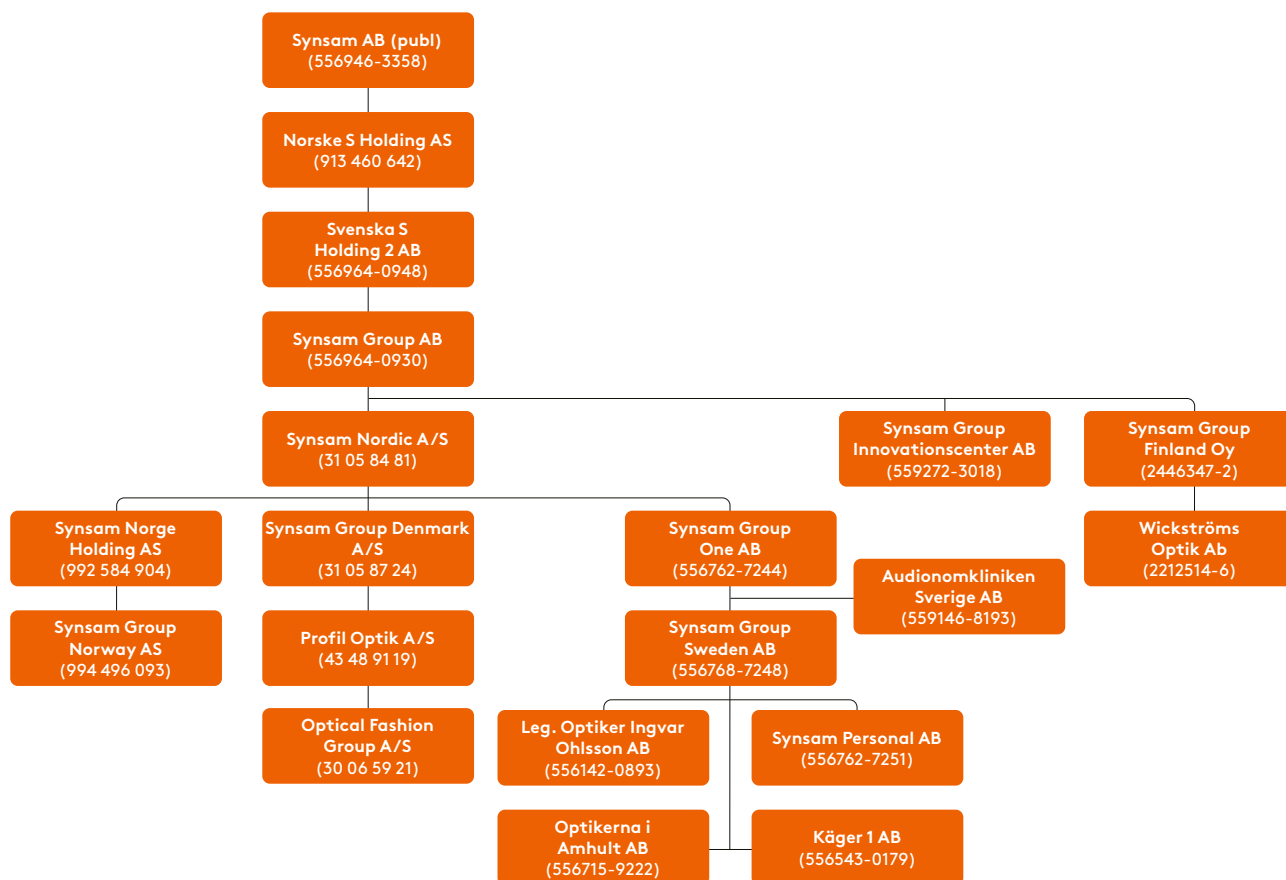
## GENERAL CORPORATE INFORMATION AND LEGAL GROUP STRUCTURE

The Company's activities are carried out in compliance with the Swedish Companies Act (2005:551). Synsam AB (publ) (corporate registration number 556946-3358) is a Swedish public limited liability company (Sw. *publikt aktiebolag*) which was established 14 October 2013 and registered with the Swedish Companies Registration Office on 23 October 2013. The Company's current name was registered on 30 April 2019. Pursuant to the Company's articles of association, § 3, the object of the company is to, directly or through subsidiaries, own and manage real property and chattels, including shares in subsidiaries, and to conduct activities within support functions and thereto related activities.

The Company has its registered office in Stockholm, Sweden. The Company is a holding company and mainly conducts its business indirectly through its subsidiaries. The Company's LEI (Legal Entity Identifier) is 5493000TMEGW9DHNOQ70.

Synsam has subsidiaries in Sweden, Norway, Denmark and Finland. Below is an overview of the legal structure of the Group showing the Company's subsidiaries. All entities illustrated below are wholly owned unless otherwise stated. For more information about the Group's subsidiaries, see note 27 in the section "*Historical financial information – Notes for the Group*".

## GROUP LEGAL STRUCTURE



In addition to the subsidiaries included in the group chart above, Synsam Group Denmark A/S holds approximately 21.1 per cent of the shares in OptiKIT Holding ApS, corporate registration number 13613281. There is no shareholders' agreement between the shareholders in OptiKIT Holding ApS and Synsam Group Denmark A/S are not entitled to any dividends in OptiKIT Holding ApS. OptiKIT Holding ApS is owned by opticians and suppliers of optical equipment in Denmark. The license for the POS system used by the Group's stores in Denmark is owned by OptiKIT A/S, corporate registration number 38506668, a subsidiary of OptiKIT Holding ApS. The assessment has been made that OptiKIT Holding ApS does not fulfil the conditions for an associated company.

The Company will also, in connection with the completion of the Offer, acquire all shares in Theia Management S.A. (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg having its registered office at 20 Avenue Monterey, L-2163 Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) with corporate registration number B 186658, as part of the dismantling of the current ownership structure in accordance with the section "Share capital and ownership – Dismantling of the current ownership structure".

## AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS

### Customer agreements

Synsam's customers can broadly be divided into three categories: individual customers, corporate customers and governmental, county or municipal customers. Individual customers do not sign any individual customer agreements, but all online purchases and subscriptions are governed by the Group's general terms and conditions. For most of the Group's corporate customers, the Group has a template agreement governing the supply of computer spectacles and eye examinations to the customer's employees. Public procurement agreements are entered into with the Group's governmental, county or municipal customers.

### Supplier agreements

Most of the Group's supply agreements are based on the Group's main template supply agreement. The Group's relationship with eight out of the Group's ten most important suppliers are all governed by the Group's template supply agreements. The main template supply agreement contains clauses governing, *inter alia*, the products to be delivered, pricing method, payment and delivery terms, confidentiality, marketing and an obligation on the supplier to comply with the Group's code of

conduct. Agreements with suppliers are usually entered into centrally through Synsam Group One AB.

#### Franchise agreements

Out of the Group's 490 stores as of 30 June 2021, 39 stores are operated by franchisees. Most of the franchise agreements have a fixed term, but may be extended at the option of the franchisee if certain conditions are fulfilled.

#### Factoring agreements regarding the Lifestyle subscriptions

The Group has entered into agreements with two factors regarding purchase of receivables for the Lifestyle subscription entailing that the Group sells the customer invoices to the factors. The agreements do not contain volume commitments for the factors or only limited volume commitments, from the factors. The agreements have a fixed term of between one and three years and one of the agreements is automatically extended if neither party terminates the agreement. The Group does not sell the receivables from contact lens subscriptions.

#### Lease agreement

The Company plans to move the production of house brand frames from Asia to a production and innovation center, which will be built in Östersund, Sweden. The Group has entered into a leasing agreement for the center's premises. The base rent amounts to approximately SEK 6.1 million annually and is subject to annual index adjustments based on the Consumer Price Index. Charges for wastewater, electricity, heat, water and property taxes are not included in the base rent. The leasing period runs from 1 May 2022 until 30 April 2037 and is extended in periods of five years at a time unless terminated with 12 months' notice prior the end of the leasing period.

### MATERIAL AGREEMENTS

Presented below is a summary of significant agreements which the Group has entered into over the past two years (excluding agreements that are entered into within the scope of ordinary course of business) as well as all other agreements that the Group has entered into that contain obligations or entitlements that are material to the Group (other than agreements entered into within the scope of the ordinary course of business). The Group does not regard any specific agreements to be material to the Group's business as a whole, other than the agreements described below.

#### The Credit Facility

The Company has entered into a new credit facility agreement with a syndicate of banks consisting of Citibank, N.A., Jersey Branch, Danske Bank, Goldman Sachs Bank Europe SE, Nordea and Swedbank as lenders. For information on the new credit facility agreement, see the section "*Capitalisation, indebtedness and other*

*financial information – Capital structure in connection with the listing*".

#### Underwriting agreement

According to the terms of the Underwriting Agreement relating to placing of shares in the Company, which is intended to be signed on or about 28 October 2021 between the Company, the Principal Shareholder and the Managers, the Principal Shareholder will undertake to sell the shares that are covered by the Offer to purchasers procured by the Managers or, failing that, to the Managers.

The Principal Shareholder intends to grant the Managers an Over-Allotment Option to purchase up to 7,875,000 additional shares from the Principal Shareholder, which may be exercised in whole or in part by the Stabilisation Agent (as defined below) no later than 30 days from the first day of trading in the Company's shares. The Over-Allotment Option corresponds to a maximum of 15.0 per cent of the total number of shares in the Offer under the assumption that the Upsize Option is exercised in full and may only be exercised in order to cover potential over-allotments made in connection with the Offer or short positions arising from stabilisation transactions (as described below).

Pursuant to the Underwriting Agreement, the Company will provide customary representations and warranties to the Managers, primarily relating to the accuracy of the information in the Offering Circular, the compliance of the Offering Circular and the Offer with relevant legal and regulatory requirements, and the absence of any legal, and/or other, restrictions preventing the Company from entering into the Underwriting Agreement or completing the Offer. The Managers' underwriting commitments are conditional upon customary closing conditions which may be waived at the discretion of the Joint Global Coordinators. If the conditions in the Underwriting Agreement are not fulfilled, the shares may not be delivered or paid for pursuant to the Offer.

Under the Underwriting Agreement, subject to customary qualifications, the Company will undertake to indemnify the Managers against certain claims under certain circumstances. Pursuant to the Underwriting Agreement, the Principal Shareholder, shareholding members of the board of directors and certain shareholding employees of the Company, including the Company's executive management, undertake not to sell their shares during a lock-up period. The Lock-up Period for the Principal Shareholder and certain former employees of the Company and the Principal Shareholder will be 180 days after admission to trading, subject to certain customary exceptions<sup>1)</sup> and provided that the lock-up undertakings may be waived at the sole discretion of the Joint Global Coordinators, or, in the case of the Principal Shareholder, by a majority of the Joint

1) In relation to the Principal Shareholder, such exceptions relate to, *inter alia*, pledge of shares in the Company as security for so called "margin loans".

Global Coordinators or a majority of the Managers. The Lock-up Period for shareholding board members and certain shareholding employees, including the Company's executive management, will be 365 days after admission to trading subject to certain customary exceptions and provided that the lock-up undertakings may be waived at the sole discretion of the Joint Global Coordinators. In addition, the Company will undertake, subject to certain exceptions, during a period of 180 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to (i) issue, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares in the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, shares in the Company or file any registration statement under the Securities Act or any prospectus with the SFSA with respect to any of the foregoing, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares in the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares sold in the Offer or such other securities, in cash or otherwise in each case, without the written consent of the Joint Global Coordinators (see further the section "*Share capital and ownership – Undertaking to refrain from selling shares*"). In addition, the Company has undertaken not to enter into any material contracts or execute any material transactions for a period of 45 days from the first day of trading, in each case, without the written consent of the Joint Global Coordinators.

The Managers have agreed in the Underwriting Agreement that their investment banking divisions will not sell shares in the Company short, as principal, for their own accounts for a period of 90 days from the commencement of trading and official listing of the shares on the main list of Nasdaq Stockholm, subject to certain exceptions.

## STABILISATION

In connection with the Offer, Carnegie Investment Bank, in its capacity as stabilisation agent for the Joint Bookrunners (the "Stabilisation Agent"), may, to the extent permitted under Swedish law, carry out transactions in order to stabilise, maintain, or otherwise support the market price of the Company's shares for a period commencing on the first day of trading on Nasdaq Stockholm and ending no later than 30 days thereafter ("Stabilisation Period") in the Company's shares on Nasdaq Stockholm. Stabilisation transactions aim at supporting the market price of the securities during the Stabilisation Period. The Stabilisation Agent may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those

which might otherwise prevail in the open market. The Stabilisation Agent is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be affected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice, but must be ended upon the expiry of the above-mentioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Agent shall disclose that the stabilisation transactions have been undertaken in accordance with Article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the Stabilisation Period, the Stabilisation Agent will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation last occurred, and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Joint Bookrunners nor the Stabilisation Agent will disclose the extent of any stabilisation and/or over-allotment transactions concluded in relation to the Offer.

## UNDERTAKINGS FROM CORNERSTONE INVESTORS IN THE OFFER

Cornerstone Investors have undertaken to acquire shares in the Offer to an aggregate amount of SEK 950 million. Provided that the Offer is fully subscribed and that the final price in the Offer is set at the midpoint of the price range, SEK 51, the undertakings amount to acquisitions of approximately 18,627,449 shares, corresponding to approximately 41.4 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are not exercised, approximately 30.9 per cent of the number of shares in the Offer under the assumption that the Upsize Option and the Over-Allotment Option are exercised in full and approximately 12.4 per cent of the share capital and votes in the Company after the completion of the Offer. Cornerstone Investors' respective undertaking are, among other things, conditioned upon that the first day of trading in the shares occurs on Nasdaq Stockholm no later than on 15 November 2021, and that each Cornerstone Investor receives full allotment in relation to its undertaking. If these conditions are not fulfilled, the Cornerstone Investors are not obligated to acquire any shares in the Offer. No compensation will be paid to the Cornerstone Investors for their respective undertaking and the investments shall be made at the price in the Offer.

The undertakings are not secured by bank guarantees, blocked funds, pledges or similar arrangements. Therefore, there is a risk that payment of the purchase price and delivery of the Cornerstone Investors' shares in the Offer does not occur in connection with the completion of the Offer.

Cornerstone Investors have not entered into any lock-up undertakings. The information in the table below is based on the assumption that the Offer is completed at a price corresponding to the midpoint in the price range.

Cornerstone Investors	Undertaking (MSEK)	Undertaking (%) of the total number of shares in the Company following completion of the Offer	Number of shares
Fjärde AP-Fonden	450.0	5.9	8,823,529
C WorldWide Asset Management Fondsmæglerselskab A/S Danmark Filial i Sverige	250.0	3.3	4,901,960
Handelsbanken Fonder Aktiebolag	250.0	3.3	4,901,960
<b>Total</b>	<b>950.0</b>	<b>12.4</b>	<b>18,627,449</b>

## CLAIMS, LITIGATIONS AND INVESTIGATIONS

The Group is currently engaged in a tax litigation in Sweden regarding denied interest deductions, where the Swedish Tax Agency has imposed additional tax and related surcharges charges for financial years 2014 and 2015. The Group appealed the Swedish Tax Agency's decisions to the Administrative Court, which upheld the Swedish Tax Agency's decision in a judgment from 14 October 2019. The Group has appealed to the Administrative Court of Appeal and has made a provision in the statutory accounts. The provision is SEK 74,236,838 per 31 December 2020, including interest.

The Group is also engaged in a tax litigation in Finland regarding VAT and arrears of an amount totalling EUR 429,326 for the financial years 2015 and 2016. However, the amount could be EUR 636,094 if the Group was to correct its VAT reporting in Finland for year 2015 and onwards as a result of an unfavourable legally binding ruling in the tax litigation. The Finnish subsidiary appealed the Finnish Tax Administration's decision to the Administrative Court, but on 9 June 2021, the appeal was denied. The ruling will be appealed by Synsam. The Group has made a provision of EUR 182,989 in the accounts, including interest on overdue payments.

The Finnish subsidiary has amended its VAT reporting for the year 2017 and onwards in accordance with the Group's interpretation of the Finnish Tax Administration's new guidelines concerning the matter of the VAT audits for 2015 and 2016. The Finnish subsidiary's amendments are in line with the views of the Finnish Association of Vision and Eyecare (NÄE ry). If the Finnish subsidiary was to correct its VAT reporting for year 2015 and onwards according to the tax authority's interpretation of the guidelines, e.g., as a result of an unfavourable legally binding ruling in the tax litigation in Finland described above, this would lead to a possible additional VAT to pay amounting to EUR 636,094 as per 31 December 2020. The aggregate effect on the Group's profit and loss account would in such case amount to EUR 882,431 as per 31 December 2020 (i.e. EUR 636,094 plus EUR 429,326 less EUR 182,989).

The Group is licensing the right to use certain of the Group's house brands in product manufacturing to

suppliers in China, Hong Kong and Taiwan. However, the Group lacks brand registrations in China for the brands which the Group uses there. A Chinese company has recently applied for registration of the Group's brands OSCAR EIDE, FELLEPINI, AI and D. ARNESEN. The application is not yet processed and the Group is considering appropriate actions together with its advisers in intellectual property law. There is a risk that the Group and the licensees are held responsible for infringements if a third party registers the Group's brands, which could have a material effect on the Group's ability to manufacture products in China, Hong Kong and Taiwan and export products of the relevant brands to China, Hong Kong and Taiwan. Legal procedures in order to stop third party registration of brands or to defend the Group's right to use brands in China would also be time consuming and costly as well as have an adverse effect on the Group's business. However, the Company does not consider that the current potential dispute can have, or has had during recent times, significant effects on the Group or its financial position or profitability due to the planned move of the majority of the Group's production of house brands to Sweden, which is planned to begin during the first half of 2022.

## PERMITS AND REGULATORY

The Group's business as an optical retail company is subject to extensive regulation which comprises a combination of statutory acts, regulations, recommendations and industry standards. Prescription and testing of optical visual aids in Sweden fall within the scope of, inter alia, the Swedish Act on Health and Medical Care (Sw. *Hälso- och sjukvårdslag* (2017:30)), the Swedish Act on Patient Injuries (Sw. *Patientskadelag* (1996:799)) and the Swedish Act on Patient Safety (Sw. *Patientsäkerhetslag* (2010:659)). The Group must further comply with, among others, regulations relating to optical business and patient safety adopted by the Swedish National Board of Health and Welfare (Sw. *Socialstyrelsen*). Furthermore, the Group is subject to mandatory consumer protection legislation, such as the Swedish Consumer Credit Act (Sw. *Konsumentkreditlag* (2010:1846)), the Swedish Consumer Sales Act (Sw. *Konsumentköplagen* (1990:932)), the Swedish Distance Contracts Act

(Sw. lag (2005:59) om distansavtal och avtal utanför affärslokaler), the Swedish Consumer Contracts Act (Sw. lag (1994:1512) om avtalsvillkor i konsumentförhållanden). Corresponding regulations exist in the other markets where the Group operates.

The Group companies process personal data, including health related personal data, as part of its daily operations. This entails that the Group must comply with the GDPR but also other data protection legislation, for example, the Swedish Patient Data Act (Sw. *Patientdatalag* (2008:355)).

The Group will also be required to comply with various other laws and regulations following admission to trading of the shares in the Company on Nasdaq Stockholm, including, for example, the so called Taxonomy Regulation (Regulation (EU) 2020/852, and amending Regulation (EU) 2019/2088). The Taxonomy Regulation is, *inter alia*, setting forth certain criteria in order to determine whether a business is sustainable from an environment perspective.

## REAL ESTATE

All but one of the Group's stores are leased. As regards the stores operated by franchisees, the lease agreements are held by the franchisees with no rights or obligations for any Group company.

## INSURANCE

The Group has insurance policies in place which cover all Group Companies in respect of, *inter alia*, property damage, business interruption, general and product liability, medical malpractice, legal expenses, directors' and officers' liability and cargo. According to the Company's assessment, the Group's current insurance coverage is adequate and consistent with industry practice and sufficient for the risks normally associated with the Group's business.

## INTELLECTUAL PROPERTY RIGHTS

The Group's registered intellectual property rights are limited to trademarks and domain names. The trademark portfolio is actively managed in cooperation with mainly one external service provider who is responsible for the maintenance and enforcement of the Group's trademarks.

## ENVIRONMENT

The Group does not conduct any material manufacturing and the risk for contamination of soil, water, air etc. is therefore low. Environmental impact from the Group's business derive from the products managed and distributed by the Group (e.g. transports, energy and waste).

## TRANSACTIONS WITH RELATED PARTIES

In 2018, the Group paid monitoring fees invoiced by CVC Advisers Company (Luxembourg) S.à r.l. The Group has also had outstanding shareholder loans for which interest

has been capitalised. For further information on these transactions, see note 21 in the section "*Historical financial information – Historical financial information of 2020 – Notes*".

## ADVISORS

The Managers provide financial advice and other services to Synsam and the Principal Shareholder in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Managers have, from time to time, provided and may in the future provide, the Company, the Principal Shareholder and parties related to the Principal Shareholder, services within the scope of the daily operations in connection with other transactions. In connection with the Offer, the Company's and the Principal Shareholder's legal advisors (see the section "*Addresses*") will receive customary compensation for the advice given. The legal advisors have also, from time to time, provided, and may in the future provide, the Principal Shareholder and parties related to the Principal Shareholder with legal advice within the scope of the daily operations in connection with other transactions.

In connection with the Offer, Citibank, N.A., Jersey Branch, Danske Bank, Goldman Sachs Bank Europe SE, Nordea and Swedbank will form the group of lenders which, subject to certain customary conditions, have undertaken to provide the Company certain credit facilities upon closing of the Offer in order to refinance the Existing Financing and to ensure the ongoing financing of the Group's operations. In addition, some of the mentioned lenders are also lenders under the Company's current credit facility.

## TRANSACTION COSTS

Synsam's total costs attributable to the admission to trading of the Company's shares on Nasdaq Stockholm as well as planned restructuring and refinancing, including payment to the issuing institute and other advisors, and other estimated transaction costs are estimated to amount to approximately SEK 100.5 million.

## WEBSITE

The Company's website is [www.synsamgroup.com](http://www.synsamgroup.com). The information on the website does not form part of the Offering Circular unless it is incorporated by reference into the Offering Circular.

## DOCUMENTATION AVAILABLE FOR INSPECTION

Synsam's (i) certificate of registration, (ii) up to date articles of association, and (iii) all such historical financial statements as referred to in this Offering Circular, including auditors' reports, are available for inspection during office hours at Synsam's office at Sankt Eriksgatan 60 in Stockholm. These documents are also available in electronic form on Synsam's website at [www.synsamgroup.com](http://www.synsamgroup.com).



# SELLING RESTRICTIONS

The shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- (3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the shares, was located outside the United States at the time the buy order for the shares was originated and continues to be located outside the United States and has not purchased the shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- (5) the shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- (6) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognise any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions;

- (7) if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (8) the purchaser acknowledges that the Company and the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser (i) is a qualified institutional buyer (as defined in Rule 144A), (ii) is aware that the sale to it is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (iii) is acquiring such shares for its own account or for the account of a qualified institutional buyer;
- (4) the purchaser is aware that the shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares, or any economic interest therein, such shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S, or (iii) in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (6) the purchaser acknowledges that the shares are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any shares;
- (7) the purchaser will not deposit or cause to be deposited such shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act;
- (8) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognise any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions;
- (9) if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (10) the purchaser acknowledges that the Company and the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a member state of the European Economic Area (a “Relevant Member State”), other than persons receiving offers contemplated in the Swedish prospectus registered with the Swedish Financial Supervisory Authority, who receives any communication in respect of, or who acquires any shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

- (1) it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129 (the “Prospectus Regulation”); and
- (2) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation: (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in other circumstances falling within Article 5(1) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the Offering and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

- (1) it is a person:
  - (a) (i) who has professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) falling within Article 49(2) (a) to (d) of the Order, and/or (iii) to whom it may otherwise lawfully be communicated; and
  - (b) it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”) (all such persons as described in (1) (a) and (1) (b) being referred to as “relevant persons”); and

(2) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation: (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than relevant persons, and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in the United Kingdom other than relevant persons, the offer of those shares to it is not treated under the UK Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offering and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares.

#### INFORMATION TO DISTRIBUTORS

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments (“MiFID II”), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (jointly referred to below as “MiFID II’s product governance requirements”), and with no liability to pay damages for claims that may rest with a “manufacturer” (in accordance with MiFID II’s product governance requirements) that may otherwise be relevant, the Company’s shares have been subject to a product approval process

whereby the target market for the Company’s shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and eligible counterparties, each in accordance with MiFID II (the “target market”). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company’s shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company’s shares offer no guaranteed income and no protection of capital; and an investment in the Company’s shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offer.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the target market regarding the Company’s shares and for deciding on suitable channels of distribution.

# TAXATION OF INVESTORS

The tax legislation in the state where an investor is liable to pay taxes and where the issuer is registered may affect the investors' income from the securities.

## SWEDEN

The following is a summary of certain Swedish tax consequences that may arise from the Offer, especially for individuals or limited liability companies being unlimited tax liable in Sweden. General information regarding shareholders being limited tax liable in Sweden is also provided. The summary is based on current legislation and is only intended as general information, any changes occurring after this date may have retroactive effect.

This description does not deal comprehensively with all tax consequences that may occur in this context. For instance, the summary does not address shares held on a so-called investment savings account that are subject to special rules on standardised taxation or shares held by partnerships or shares as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains and dividends (including non-deductibility for capital losses) in the corporate sector that may be applicable when shares are considered to be held for business purposes (Sw. *näringsbetingade andelar*) by the shareholder. Neither are the specific rules covered that could be applicable to holdings in companies that are, or have previously been, closely held companies or shares acquired on the basis of such holdings. Special tax rules apply to certain categories of taxpayers, for example, investment companies, mutual funds and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties. Potential taxation in other jurisdictions, of dividends and/or capital gains, is not covered by this summary and should be analysed based on each investor's particular circumstances.

A committee appointed by the Ministry of Finance has presented a proposal for a new Withholding Tax Act

("Assignment to conduct a review of the withholding tax regulation (Fi2017:C)) to replace the existing Withholding Tax Act. It is proposed that new rules for withholding tax should apply for dividends made after 31 December 2023. This proposal is currently subject to preparation by the Ministry of Finance. The final proposal has not yet been presented; depending on its content and whether it results in legislation, such proposal may eventually affect the tax liability of shareholders in Synsam AB (publ).

## Shareholders who are tax resident in Sweden

### Individuals

#### *Dividend taxation*

For individuals, dividends on listed shares are taxed as capital income at a rate of 30 per cent. A preliminary tax of 30 per cent is generally withheld on dividends paid to individuals resident in Sweden. The preliminary tax is withheld by Euroclear or, regarding nominee-registered shares, by the Swedish nominee.

A Swedish tax resident individual who is residing abroad might, based on the applicable tax treaty, be regarded as a tax treaty resident of the other country. Following the rules of the treaty, the Swedish taxation of dividends may be limited.

#### *Capital gains taxation*

Upon sale or other disposal of listed shares a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as capital income at a tax rate of 30 per cent. The capital gain or loss is calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method or, alternatively, shareholders may choose to use 20 per cent of the sales proceeds after deducting sales costs, as the tax basis for the sale of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on listed and non-listed shares in Swedish limited liability companies and foreign legal entities as well as other equity-related securities which has been realised during the same fiscal year. This is not

applicable for units in securities funds or special funds that consist solely of Swedish receivables ("interest funds"). Up to 70 per cent of capital losses on shares that cannot be offset in this way are deductible against other capital income. Capital losses on securities funds or special funds that consist solely of Swedish receivables ("interest funds") are fully deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 per cent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 per cent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

A Swedish tax resident individual who is residing abroad might, based on the applicable tax treaty, be regarded as a tax treaty resident of the other country. Following the rules of the treaty, the Swedish taxation of capital gains may be limited.

#### **Limited liability companies**

##### *Dividend and capital gains taxation*

For a limited liability company, all income, including taxable capital gains and dividends, is taxed as business income at a tax rate of 20.6 per cent (applicable for financial years commencing after 31 December 2020). Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on other securities that are taxed in the same manner as shares. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the same Group, provided that the companies can tax consolidate (Sw. *koncern-bidragsrätt*). A capital loss that could not be utilised during a given year may be carried forward and offset taxable capital gains on shares and other equity-related securities during subsequent fiscal years without any limitation in time.

#### **Shareholders who are not tax resident in Sweden**

##### *Dividend taxation*

For shareholders not tax resident in Sweden who receive dividends from a Swedish limited liability company, Swedish withholding tax is normally payable. In Sweden, normally Euroclear, or in the case of nominee-registered shares, the nominee, carries out the deduction of withholding tax.

The withholding tax rate is 30 per cent. However, the tax rate is generally reduced for shareholders resident in other jurisdictions with which Sweden has entered a tax treaty. The majority of Sweden's tax treaties enable an at-source reduction of the Swedish withholding tax to the tax rate stipulated in the treaty at the time of

payment of dividends, provided that necessary information is made available to Euroclear in relation to the person entitled to such dividends.

If a 30 per cent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or in case too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

#### **Capital gains taxation**

Shareholders not tax resident in Sweden and who are not operating a business from a permanent establishment in Sweden are normally not liable for Swedish capital gains taxation on the disposal of shares. However, shareholders may be taxed in their state of resident. Under a specific tax rule, individuals that are not tax resident in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or stayed permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The applicability of this rule may, however, be limited by tax treaties between Sweden and other countries.

#### **U.S. FEDERAL INCOME TAXATION**

The following discussion is a general summary based on present law of certain U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of shares. This discussion is not a complete description of all tax considerations that may be relevant to a holder of the shares; it is not a substitute for tax advice. It addresses only U.S. Holders (as defined below) that purchase shares in the Offer, will hold shares as capital assets (generally, property held for investment), and use the U.S. dollar as their functional currency. This discussion does not address the tax treatment of persons subject to special rules, such as financial institutions, pass-through entities (including S corporations), insurance companies, regulated investment companies, real estate investment trusts, dealers, traders in securities that elect to mark-to-market, tax-exempt entities, persons owning directly, indirectly or constructively 10 per cent or more of the Company's equity (by vote or value), investors liable for alternative minimum tax, persons holding shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction or persons holding shares in connection with a permanent establishment or fixed base outside the United States. It also does not address U.S. federal taxes other than income tax (e.g., estate and gift taxes), U.S. state and local, or non-U.S. tax considerations, or the medicare tax on net investment income.

As used in this section, "U.S. Holder" means a beneficial owner of shares that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organised under the laws of the United States or its political subdivisions, (iii)

a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds shares generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their own tax advisors regarding the specific U.S. federal income tax consequences to their partners of the partnership's acquisition, ownership and disposition of shares.

The Company believes, and the following discussion assumes, that the Company was not a passive foreign investment company (a "PFIC") for its most recently completed taxable year and that the Company will not be a PFIC in the foreseeable future. If the Company were to become a PFIC, U.S. Holders would be subject to certain adverse U.S. federal tax consequences in connection with its ownership and disposition of the shares. The tests to determine whether a company is a PFIC apply annually and a company's status can change depending, among other things, on changes in the composition of its gross income and the relative quarterly average value of its assets, changes in its operations and changes in the market value of its stock. Accordingly, no assurance can be provided by the Company that it will not become a PFIC in the current or any future year.

### Dividends

Distributions on the shares received by a U.S. Holder (including the amounts of any Swedish tax withheld, as discussed in the section "*Taxation – Sweden – Shareholders who are not tax resident in Sweden*") generally should be included in a U.S. Holder's gross income as ordinary dividend income on the day actually or constructively received. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations. If the Company qualifies for benefits under the United States-Sweden Tax Treaty (the "Treaty"), dividends on the shares will qualify for the reduced rates applicable to qualified dividend income of certain eligible non-corporate U.S. Holders that satisfy a minimum holding period and other generally applicable requirements. The Company expects to qualify for benefits under the Treaty.

Dividends paid in SEK will be includable in income in a U.S. dollar amount based on the spot exchange rate in effect on the date of receipt whether or not the SEK is converted into U.S. dollars or otherwise disposed of at that time. A U.S. Holder's tax basis in the SEK received will equal the US dollar amount included in income. Any gain or loss realised on a subsequent disposition or conversion of the SEK for a different U.S. dollar amount generally will be U.S. source ordinary income or loss. If a dividend paid

in SEK is converted into U.S. dollars on the day the dividend is received, the U.S. Holder generally will not be required to recognise foreign currency exchange gain or loss in respect of the dividend.

A U.S. Holder eligible for benefits under the Treaty generally may claim a reduced 15 per cent rate of Swedish withholding tax. Each U.S. Holder should consult its own tax advisor about its eligibility for benefits under the Treaty and procedures for obtaining a reduction of Swedish withholding tax. Subject to generally applicable limitations, a U.S. Holder may claim a deduction or a foreign tax credit only for Swedish tax withheld at the appropriate rate. For purposes of calculating the foreign tax credit, dividends paid on the shares will be treated as income from sources outside the United States and will generally constitute "passive category income." The rules governing foreign tax credits are complex and each U.S. Holder should consult its own tax advisors regarding the tax consequences to it if Swedish tax is withheld from dividends on the shares, including the availability of the foreign tax credit under such U.S. Holder's particular circumstances.

### Dispositions

A U.S. Holder generally will recognise capital gain or loss on the sale or other taxable disposition of shares in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the shares and the U.S. dollar value of the amount realised from the sale or other taxable disposition. Any gain or loss generally will be capital gain or loss treated as arising from U.S. sources and will generally be long-term capital gain or loss if the U.S. Holder's holding period exceeds one year. Deductions for capital loss are subject to limitations.

A U.S. Holder's adjusted tax basis in the shares generally will be the U.S. dollar value of the purchase price paid. A U.S. Holder that receives SEK on the sale or other disposition of shares will realise an amount equal to the U.S. dollar value of the SEK received at the spot exchange rate on the date of sale or other disposition (or, if the shares are treated as traded on an established securities market at such time, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). An accrual basis U.S. Holder that does not elect to determine the amount realised using the spot exchange rate on the settlement date will recognise foreign currency exchange gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A U.S. Holder will have a tax basis in the SEK received equal to the U.S. dollar value of the SEK received at the spot exchange rate on the settlement date. Any gain or loss realised on a subsequent disposition or conversion of the SEK for a different U.S. dollar amount generally will be U.S. source ordinary income or loss.



**Reporting and Backup Withholding**

Dividends on the shares and proceeds from the sale or other disposition of shares may be reported to the U.S. Internal Revenue Service ("IRS") unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number or otherwise establishes a basis for exemption. Backup withholding is not an additional tax. Any amount withheld may be credited against a U.S. Holder's U.S. federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is timely furnished to the IRS.

Certain U.S. Holders are required to report information to the IRS with respect to an account with a non-U.S. financial institution through which such U.S. Holder's shares are held. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SHARES IN THE INVESTOR'S OWN CIRCUMSTANCES.

# HISTORICAL FINANCIAL INFORMATION

## SYNSAM AB (PUBL)

Corporate identity number 556946-3358

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# CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY–30 JUNE 2021

for Synsam AB (publ), corporate identity number 556946-3358

## CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Amounts in SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-Year 2020
Net sales	1,213	843	2,248	1,742	3,806
Other operating income	18	12	29	20	54
<b>Total revenue</b>	<b>1,231</b>	<b>856</b>	<b>2,277</b>	<b>1,763</b>	<b>3,860</b>
Goods for resale	-298	-244	-545	-457	-953
Other external expenses	-148	-102	-281	-224	-468
Personnel costs	-445	-327	-873	-699	-1,505
Depreciation and amortisation of tangible and intangible non current assets	-137	-138	-268	-274	-532
<b>EBIT</b>	<b>203</b>	<b>45</b>	<b>311</b>	<b>109</b>	<b>402</b>
Financial income	7	14	71	72	99
Financial expenses	-172	-154	-340	-313	-636
<b>Profit/loss before tax</b>	<b>39</b>	<b>-96</b>	<b>42</b>	<b>-132</b>	<b>-136</b>
Income tax (expense/benefit)	-25	15	-40	-5	-60
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>14</b>	<b>-81</b>	<b>2</b>	<b>-137</b>	<b>-195</b>
<b>Other comprehensive income:</b>					
<i>Items that have been or may be reclassified to profit/loss for the period:</i>					
Translation differences for the period – foreign subsidiaries	-4	-28	1	12	-7
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>9</b>	<b>-109</b>	<b>2</b>	<b>-125</b>	<b>-203</b>
Profit/Loss for the period attributable to Parent Company Shareholders	14	-81	2	-137	-195
Comprehensive income for the period attributable to Parent Company shareholders	9	-109	2	-125	-203
Earnings per share before and after dilution, SEK	0.36	-2.17	0.05	-3.68	-5.25

The above condensed consolidated financial information should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	30 June 2021	30 June 2020	31 December 2020
<b>ASSETS</b>			
Intangible non-current assets	4,675	4,796	4,666
Tangible non-current assets	427	402	394
Right-of-use assets	549	532	511
Financial non-current assets	18	25	16
Deferred tax asset	58	63	52
<b>Total non-current assets</b>	<b>5,726</b>	<b>5,818</b>	<b>5,639</b>
Inventories	437	394	383
Accounts receivable	362	234	313
Other receivables	54	8	18
Prepaid expenses and accrued income	114	124	97
Cash and cash equivalents	623	647	809
<b>Total current assets</b>	<b>1,591</b>	<b>1,407</b>	<b>1,620</b>
<b>TOTAL ASSETS</b>	<b>7,318</b>	<b>7,225</b>	<b>7,258</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity<sup>1)</sup></b>	<b>-1,572</b>	<b>-1,497</b>	<b>-1,575</b>
Non-current loans from financial institutions	2,297	2,644	2,491
Shareholder loans	3,842	3,458	3,629
Lease liabilities attributable to right-of-use assets	327	318	304
Derivatives	1	-	2
Other liabilities, interest bearing	29	-	28
Deferred tax liability	487	497	491
Pension obligations	5	13	4
Other provisions	9	0	-
<b>Total non-current liabilities</b>	<b>6,996</b>	<b>6,930</b>	<b>6,949</b>
Current loans from financial institutions	318	366	405
Lease liabilities attributable to right-of-use assets	241	226	222
Other liabilities, interest bearing	0	-	173
Accounts payable	615	414	458
Current tax liabilities	168	138	174
Other liabilities	163	318	145
Accrued expenses and deferred income	387	329	307
<b>Total current liabilities</b>	<b>1,894</b>	<b>1,792</b>	<b>1,884</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,318</b>	<b>7,225</b>	<b>7,258</b>

1) At the end of the reporting period on 30 June 2021, the share capital amounted to SEK 0.5 million (0.5), additional paid-in capital to SEK 310 million (310), the translation reserve to SEK 110 million (128) and retained losses including earnings for the period to SEK -1,993 million (-1,936). Equity is entirely attributable to Parent Company shareholders.

The above condensed consolidated financial information should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	30 June 2021	30 June 2020	31 December 2020
Equity at the beginning of the year	-1,575	-1,372	-1,372
Comprehensive income for the period	2	-125	-203
<b>EQUITY AT THE END OF THE PERIOD<sup>1)</sup></b>	<b>-1,572</b>	<b>-1,497</b>	<b>-1,575</b>

1) At the end of the reporting period on 30 June 2021, the share capital amounted to SEK 0.5 million (0.5), additional paid-in capital to SEK 310 million (310), the translation reserve to SEK 110 million (128) and retained losses including earnings for the period to SEK -1,993 million (-1,936). Equity is entirely attributable to Parent Company shareholders.

The above condensed consolidated financial information should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Operating activities</b>					
Profit/loss before tax	39	-96	42	-132	-136
Adjustments for other non-cash items <sup>1)</sup>	248	253	434	436	868
Income taxes paid	-10	0	-64	-4	-19
	<b>277</b>	<b>157</b>	<b>412</b>	<b>301</b>	<b>713</b>
Change in inventories	-7	3	-50	-62	-56
Change in operating receivables	6	63	-74	-16	-81
Change in operating liabilities	-40	166	47	232	323
<b>Cash flow from operating activities</b>	<b>236</b>	<b>389</b>	<b>335</b>	<b>455</b>	<b>898</b>
<b>Investing activities</b>					
Investments in intangible non-current assets	-5	-7	-10	-13	-23
Investments in tangible non-current assets	-55	-42	-92	-78	-137
Other investing activities	-2	-2	-7	-5	-5
<b>Cash flow from investing activities</b>	<b>-62</b>	<b>-51</b>	<b>-108</b>	<b>-95</b>	<b>-165</b>
<b>Financing activities</b>					
Amortisation of liabilities <sup>2)</sup>	-154	-68	-426	-133	-342
Borrowings	-	-	-	210	210
<b>Cash flow from financing activities</b>	<b>-154</b>	<b>-68</b>	<b>-426</b>	<b>77</b>	<b>-132</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>21</b>	<b>270</b>	<b>-199</b>	<b>436</b>	<b>601</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>615</b>	<b>377</b>	<b>809</b>	<b>223</b>	<b>223</b>
Exchange rate differences in cash and cash equivalents	-13	0	14	-13	-16
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>623</b>	<b>647</b>	<b>623</b>	<b>647</b>	<b>809</b>

1) Whereof SEK 137 million (138) relates to depreciation of tangible non-current assets, including right-of-use assets, and amortisation of intangible non-current assets for the second quarter 2021. For the first six months 2021 the corresponding items amounts to SEK 268 million (274) and for the full year 2020 to SEK 532 million.

2) Amortisation of liabilities includes repayment of bank loans and payment of lease liabilities.

The above condensed consolidated financial information should be read in conjunction with the accompanying notes.

## Notes

### Note 1 REPORTING COMPANY

Synsam AB (publ) is a Swedish registered limited company with its registered office in Stockholm. Synsam AB (publ) is the Swedish parent company in Synsam Group. These condensed consolidated financial information refers to the three months period ended 30 June 2021.

Synsam Group is active in the areas of optics and eye health and conduct operations in local stores in Sweden, Denmark, Norway and Finland as well as through online/omnichannel sales in each of these countries. Its stores are both directly owned and operated by franchisees. The operations in Sweden, Norway and Finland are conducted under the Synsam brand and the operations in Denmark are conducted under the Profil Optik brand. We offer eye examinations, spectacles, sunglasses, sports eyewear, contact lenses and accessories in optics and eye fashion.

The condensed consolidated interim financial information was approved for issue by the board of directors and the CEO on 26 August 2021.

### Note 2 ACCOUNTING POLICIES

These interim condensed financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods of calculation have been applied as in the most recent Consolidated Financial statement, financial year 2020.

No new standards, changes or interpretations of existing standards applied from 1 January 2021 are assessed to have had any material impact on the Group's earnings or financial position.

#### Clarification concerning reporting of the Synsam Lifestyle™ subscription service

Revenue from Synsam Lifestyle™ is recognised after the agreement is entered into in conjunction with the customer receiving all of the spectacles ordered. For Synsam Lifestyle™, revenue calculated at present value for the entire contract period is recognised when the customer receives his or her spectacles, which takes place at a point in time. This recognition approach is based on a financial assumption that several pairs of spectacles were sold under a payment instalment plan when the agreement was entered into. Synsam has entered into agreements with external credit companies to sell the receivables from customers that arise as a result of the agreements. Agreements sold to external credit companies are not recognised in the company's own accounts after payment has been made.

As of 2020, a contact lens subscription can also be included in Synsam Lifestyle™. This contact lens subscription continues to be recognised under contact lens subscriptions, meaning that revenue is recognised upon the delivery of contact lenses, which takes place over time. *For further information, refer to Synsam AB's (publ) 2020 Annual Report, Note 1 Accounting policies and valuation principles.*

#### Clarification of recognition between segments and "Other and central functions"

Since the beginning of 2018, the Synsam Group has established a central warehouse operation. Most of the Group's purchases of frames are made by the central warehouse, where sales then take place to all stores in Sweden, Denmark, Norway and Finland. The central warehouse is included in "Other and central functions". The segments continuously utilise approximately 96 per cent of the profit of the central warehouse in the form of a reduced cost of goods for resale based on the segments' actual purchase volumes during the period. The internal inventory gain that arises on sales to the stores are recognised in "Other and central functions". The central warehouse is as an independent profit unit, but is not significant enough to be presented as an individual segment in the financial statements and is not monitored on an ongoing basis by the chief operating decision-maker.

### Note 3 SEGMENT INFORMATION

The Synsam Group comprises four segments: Sweden, Denmark, Norway and Finland. These segments include the sales derived from the various geographic markets and the costs directly attributable to these sales. Certain costs are determined at Group level and are thus not included in the respective segments, including certain marketing costs and other central activities and functions, such as the treasury, finance and IT functions. These costs are recognised under "Other and central functions". Net sales from external customers come from sales of goods (primarily sales of spectacles, sunglasses and contact lenses) as well as eye examinations (services) and revenue from Synsam Lifestyle™. Net sales in the segments are specifically followed up for Synsam Lifestyle™.



## Note 3 – Segment information, cont.

## QUARTERLY DATA, SEGMENTS AND OTHER &amp; CENTRAL FUNCTIONS

	2021		2020	2020	
	Q2	Q1	Full-Year	Q2	Q1
<b>NET SALES, SEK million</b>					
Synsam Sweden	585	508	1,820	415	437
Synsam Denmark	273	216	931	202	224
Synsam Norway	267	231	801	178	178
Synsam Finland	64	58	200	39	48
Other and central functions	25	21	55	9	11
<b>GROUP</b>	<b>1,213</b>	<b>1,034</b>	<b>3,806</b>	<b>843</b>	<b>899</b>
<b>Of wich, Synsam Lifestyle™</b>					
Synsam Sweden	282	265	812	183	184
Synsam Denmark	106	94	349	66	95
Synsam Norway	97	96	290	62	58
Synsam Finland	27	23	69	11	15
Other and central functions	13	12	35	6	6
<b>GROUP</b>	<b>526</b>	<b>491</b>	<b>1,555</b>	<b>328</b>	<b>358</b>
<b>Gross profit, SEK million</b>					
Synsam Sweden	442	408	1,414	304	351
Synsam Denmark	205	163	705	157	166
Synsam Norway	194	178	580	114	134
Synsam Finland	43	42	140	25	36
Other and central functions	50	9	68	12	6
<b>GROUP</b>	<b>933</b>	<b>799</b>	<b>2,907</b>	<b>612</b>	<b>694</b>
<b>Gross margin, %</b>					
Synsam Sweden	75.0%	79.9%	76.9%	72.0%	79.6%
Synsam Denmark	74.6%	75.2%	74.8%	77.4%	73.9%
Synsam Norway	72.6%	76.8%	71.9%	63.5%	74.8%
Synsam Finland	67.2%	72.2%	70.0%	64.6%	74.4%
Other and central functions	144.5%	2.3%	73.9%	65.7%	24.4%
<b>GROUP</b>	<b>75.4%</b>	<b>76.2%</b>	<b>75.0%</b>	<b>71.1%</b>	<b>76.3%</b>
<b>EBITDA, SEK million</b>					
Synsam Sweden	179	168	576	111	142
Synsam Denmark	80	48	259	45	52
Synsam Norway	90	54	164	47	26
Synsam Finland	9	9	21	2	5
Other and central functions	-18	-41	-87	-23	-26
<b>Total EBITDA</b>	<b>340</b>	<b>239</b>	<b>934</b>	<b>183</b>	<b>200</b>
Depreciation of tangible non-current assets	-102	-96	-391	-103	-100
<b>EBITA</b>	<b>238</b>	<b>143</b>	<b>543</b>	<b>80</b>	<b>100</b>
Amortisation of intangible non-current assets	-35	-35	-141	-35	-36
<b>EBIT</b>	<b>203</b>	<b>107</b>	<b>402</b>	<b>45</b>	<b>64</b>
Net financial items	-165	-104	-538	-141	-100
<b>Profit/loss before tax</b>	<b>39</b>	<b>3</b>	<b>-136</b>	<b>-96</b>	<b>-36</b>
<b>EBITDA margin, %</b>					
Synsam Sweden	30.4%	32.9%	31.4%	26.5%	32.2%
Synsam Denmark	29.3%	22.3%	27.6%	22.4%	23.1%
Synsam Norway	33.7%	23.4%	20.4%	26.2%	14.6%
Synsam Finland	14.8%	15.7%	10.6%	5.0%	10.3%
<b>GROUP</b>	<b>27.6%</b>	<b>22.8%</b>	<b>24.2%</b>	<b>21.4%</b>	<b>22.0%</b>
<b>EBITA, SEK million</b>					
Synsam Sweden	132	125	410	67	102
Synsam Denmark	61	30	172	22	28
Synsam Norway	67	31	75	26	3
Synsam Finland	2	2	-8	-6	-3
Other and central functions	-23	-45	-106	-28	-30
<b>GROUP</b>	<b>238</b>	<b>143</b>	<b>543</b>	<b>80</b>	<b>100</b>
<b>EBITA margin, %</b>					
Synsam Sweden	22.4%	24.4%	22.3%	15.8%	23.2%
Synsam Denmark	22.2%	13.6%	18.4%	10.7%	12.4%
Synsam Norway	25.0%	13.5%	9.3%	14.7%	1.7%
Synsam Finland	3.0%	4.0%	-3.8%	-16.1%	-5.6%
<b>GROUP</b>	<b>19.4%</b>	<b>13.6%</b>	<b>14.1%</b>	<b>9.3%</b>	<b>11.0%</b>

## Note 3 – Segment information, cont.

	2021		2020	2020	
	Q2	Q1	Full-Year	Q2	Q1
<b>Adjusted EBITDA, SEK million</b>					
Synsam Sweden	179	168	576	111	142
Synsam Denmark	80	48	259	45	52
Synsam Norway	90	54	164	47	26
Synsam Finland	9	9	21	2	5
Other and central functions	-3	-31	-73	-23	-25
<b>GROUP</b>	<b>356</b>	<b>248</b>	<b>948</b>	<b>183</b>	<b>201</b>
Depreciation of tangible non-current assets	-102	-96	-391	-103	-100
<b>Adjusted EBITA</b>	<b>254</b>	<b>152</b>	<b>557</b>	<b>80</b>	<b>101</b>
Items affecting comparability	-15	-9	-14	-	-1
<b>EBITA</b>	<b>238</b>	<b>143</b>	<b>543</b>	<b>80</b>	<b>100</b>
Amortisation of intangible non-current assets	-35	-35	-141	-35	-36
<b>EBIT</b>	<b>203</b>	<b>107</b>	<b>402</b>	<b>45</b>	<b>64</b>
Net financial items	-165	-104	-538	-141	-100
<b>Profit/loss before tax</b>	<b>39</b>	<b>3</b>	<b>-136</b>	<b>-96</b>	<b>-36</b>
<b>Adjusted EBITDA margin, %</b>					
Synsam Sweden	30.4%	32.9%	31.4%	26.5%	32.2%
Synsam Denmark	29.3%	22.3%	27.6%	22.4%	23.1%
Synsam Norway	33.7%	23.4%	20.4%	26.2%	14.6%
Synsam Finland	14.8%	15.7%	10.6%	5.0%	10.3%
<b>GROUP</b>	<b>28.9%</b>	<b>23.7%</b>	<b>24.6%</b>	<b>21.4%</b>	<b>22.1%</b>
<b>Adjusted EBITA, SEK million</b>					
Synsam Sweden	132	125	410	67	102
Synsam Denmark	61	30	172	22	28
Synsam Norway	67	31	75	26	3
Synsam Finland	2	2	-8	-6	-3
Other and central functions	-7	-36	-93	-28	-29
<b>GROUP</b>	<b>254</b>	<b>152</b>	<b>557</b>	<b>80</b>	<b>101</b>
<b>Adjusted EBITA-margin, %</b>					
Synsam Sverige	22.4%	24.4%	22.3%	15.8%	23.2%
Synsam Danmark	22.2%	13.6%	18.4%	10.7%	12.4%
Synsam Norge	25.0%	13.5%	9.3%	14.7%	1.7%
Synsam Finland	3.0%	4.0%	-3.8%	-16.1%	-5.6%
<b>GROUP</b>	<b>20.6%</b>	<b>14.5%</b>	<b>14.4%</b>	<b>9.3%</b>	<b>11.1%</b>

## Note 4 FINANCIAL INSTRUMENTS

*Disclosures on financial instruments measured at fair value*

The Synsam Group's financial instruments are recognised and measured at amortised cost or at fair value through profit or loss. Measurement at fair value takes place by dividing the measurements into three levels, which are described in Note 18 of the 2020 Annual Report. All of the company's financial instruments are included in Level 2 except for contingent considerations, which are included in Level 3. At the end of the second quarter of 2021, contingent considerations amounted to SEK -9 million (-) and pertained to acquisitions that took place during 2021. The Group's interest derivatives are measured at fair value through profit or loss. Older derivative agreements expired during the second quarter of 2020, and new interest derivatives that have been signed were capitalised during the third quarter

and recognised in the same manner as previously, totalling SEK -1 million (-) at the end of the second quarter. The main methods and assumptions used to determine the fair value of the financial instruments are described in Note 18 of the 2020 Annual Report. The existing financial instruments are of the same character as those described in the 2020 Annual Report. The fair value of financial instruments essentially corresponds to the carrying amount since they either have short maturities or, in the case of financial instruments with longer maturities, variable interest or other terms that enable the repayment of liabilities without additional fees. No hedge accounting is applied. receivables, cash and cash equivalents, accounts payable and other liabilities constitutes a reasonable approximation of the fair value.

## Note 4 – Financial instruments, cont.

## CHANGE, LEVEL 3

SEK million	30 June 2021	30 June 2020	31 December 2020
<b>CONTINGENT CONSIDERATION</b>			
Opening balance	–	1	1
Additional	9	–	–
Settled liabilities	–	–1	–1
<b>TOTAL</b>	<b>9</b>	<b>–</b>	<b>–</b>

## THE GROUP'S DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

SEK million	30 June 2021	30 June 2020	31 December 2020
<b>FINANCIAL ASSETS</b>			
Derivative instruments: Interest swaps	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>FINANCIAL LIABILITIES</b>			
Derivative instruments: Interest swaps	1	–	2
<b>TOTAL</b>	<b>1</b>	<b>–</b>	<b>2</b>

THE GROUP'S FINANCIAL ASSETS AND LIABILITIES  
PER MEASUREMENT CATEGORY, 30 JUNE 2021

SEK million	Amortised cost	Fair value through other profit or loss	Fair value through other comprehensive income	Total carrying amount
<b>FINANCIAL ASSETS</b>				
Financial non-current assets	18			18
Accounts receivable	362			362
Receivables for goods delivered but not invoiced	15			15
Cash and cash equivalents	623			623
<b>TOTAL</b>	<b>1,018</b>	<b>–</b>	<b>–</b>	<b>1,018</b>
<b>FINANCIAL LIABILITIES</b>				
Interest-bearing non-current liabilities <sup>1)</sup>	6,466	1		6,468
Non-interest-bearing non-current liabilities	–	9		9
Interest-bearing current liabilities <sup>1)</sup>	560			560
Non-interest-bearing current liabilities	615			615
<b>TOTAL</b>	<b>7,641</b>	<b>10</b>	<b>–</b>	<b>7,651</b>

1) Including Lease liabilities recognised in accordance with IFRS 16 Leases and not in accordance with IFRS 9 Financial instruments. Recognised as financial liability.

THE GROUP'S FINANCIAL ASSETS AND LIABILITIES PER  
MEASUREMENT CATEGORY, 30 JUNE 2020

SEK million	Amortised cost	Fair value through other profit or loss	Fair value through other comprehensive income	Total carrying amount
<b>FINANCIAL ASSETS</b>				
Financial non-current assets	16			16
Accounts receivable	234			234
Receivables for goods delivered but not invoiced	32			32
Cash and cash equivalents	647			647
<b>TOTAL</b>	<b>929</b>	<b>–</b>	<b>–</b>	<b>929</b>
<b>FINANCIAL LIABILITIES</b>				
Interest-bearing non-current liabilities <sup>1)</sup>	6,422	–		6,422
Interest-bearing current liabilities <sup>1)</sup>	592			592
Non-interest-bearing current liabilities	414			414
<b>TOTAL</b>	<b>7,428</b>	<b>–</b>	<b>–</b>	<b>7,428</b>

1) Including Lease liabilities recognised in accordance with IFRS 16 Leases and not in accordance with IFRS 9 Financial instruments. Recognised as financial liability.

## Note 5 TRANSACTIONS WITH RELATED PARTIES

The ownership structure for Synsam AB (publ) is described in the 2020 Consolidated Financial statement. Transactions with related parties during the period were in line with the transactions described in the 2020 Annual Report in terms of their nature and scope.

## Note 6 EVENTS AFTER THE END OF THE PERIOD

In July, the Group company Synsam Innovationscenter AB signed a lease with Frösö Park Fastighets AB. The lease extends for 15 years and entails future rent obligations preliminarily calculated at a present value of SEK 58 million. The present value of the lease liability and the corresponding right-of-use asset will be recognised in the Group in conjunction with the occupancy date in spring 2022.

The board decided on financial targets, now including effects from IFRS 16 Leases.

## Note 7 ACQUISITIONS AND ESTABLISHMENTS

### Business combinations

No business acquisitions have taken place during the second quarter of 2021.

### First quarter of 2021

On 1 March 2021, 100 percent of Audionomkliniken Sverige AB, referred to as Audionomkliniken below, was acquired. The total purchase consideration amounted to SEK 21 million, consisting of a fixed component of SEK 13 million that was established on the acquisition date, of which SEK 9 million has already been paid in cash, and a contingent consideration of SEK 9 million. Acquired assets amounted to SEK 6 million, acquired liabilities totalled SEK 2 million and equity amounted to SEK 4 million.

The preliminary acquisition analysis revealed that acquired surplus values totalled SEK 18 million, of which SEK 14 million was attributable to goodwill and SEK 4 million to customer relations, net after deferred tax. This goodwill is not expected to be tax deductible.

The contingent consideration is divided into two separate components that are subject to different terms and have been recognised based on probable outcomes, one of which represents the maximum amount according to the agreement. Provided the terms are fulfilled, both components will fall due for payment after two to three years.

The acquisition is expected to provide Synsam with synergies by making it possible to offer eye examinations and hearing tests in the same premises. The acquisition is recognised in cash flow for the quarter in an amount of SEK 6 million, corresponding to the net of the amount paid and the cash received and is included in "Other investing activities".

Acquisition costs totalled SEK 0 million. Audionomkliniken's net sales from the acquisition date amounted to SEK 1 million in the first quarter of 2021, with earnings before net financial items of SEK 0 million. If Audionomkliniken had been acquired on 1 January 2021, net sales for the first quarter would have totalled SEK 2 million and earnings before net financial items would have totalled SEK 0 million. Audionomkliniken is recognised in Other and central functions.

The acquisition had only a marginal impact on the Group's sales and earnings.

### Establishments

#### Second quarter 2021

Synsam Sweden opened two Synsam Recycling Outlets: one at Fridhemsplan in Stockholm and one at Triangeln in Malmö. One store was closed in Södertälje and one franchise store was opened in Örebro. Synsam Denmark opened a Flagship store in Odense and Synsam Norway opened a store in Bodø. No changes were made to the store portfolio in Synsam Finland.

#### Earlier during the year

During the first quarter, Synsam Sweden opened an additional outlet, located on Drottninggatan in Stockholm. In addition, Synsam Sweden also opened directly owned stores in Sölvesborg and Sollefteå during the quarter.

## Note 8 PROVISION FOR TAX DISPUTE

One of the subsidiaries in the Group has an ongoing tax dispute with the Swedish Tax Agency related to the deductibility of intra-Group interest for the 2014 and 2015 income-tax returns. The legal process is ongoing but a provision has been made in an amount corresponding to the assessment notice. As of 31 December 2018, the reserved amount totalled SEK 70 million for taxes and related fees. Synsam's assessment is that the provision is sufficient to fully cover the dispute and no further change has been made to the size of the provision other than quarterly update of minor change to the interest payable on the debt. The remaining risk pertains to a possible liquidity flow in the event that the subsidiary loses the tax dispute.

## Note 9 IMPACT OF THE COVID-19 PANDEMIC ON ACCOUNTING

As a result of the COVID-19 pandemic, which broke out in the spring of 2020, Synsam was granted rent-free months by its landlords in certain cases and rent reductions for a certain period of time in others. In these cases, recognition according to IFRS 16 Leases is complicated, and a statement regarding accounting exemptions has been adopted. Synsam is following the exemption rule which, in brief, entails that rent reductions received are to be recognised in profit or loss in the quarter in which they are received, beginning in the second quarter of 2020 and throughout the period in which the exemption rule may be applied, until 30 June 2022. The rent relief received in the quarter totalled SEK 1 (12) million, of which the majority, SEK 1 million (10), pertained to the Sweden segment. For the full-year 2020, the amount totalled SEK 12 million, of which the majority, SEK 10 million, pertained to the Sweden segment.

For the Group, the impact on earnings as a result of the government assistance received is recognised as a reduction of expenses. In cases where the Group lacks corresponding expenses, specifically with respect to amortisation of goodwill in Denmark, the government assistance is recognised under "Other operating income". The structure of government assistance programmes differs depending on the country, and in certain cases, a reconciliation will take place in 2021 to ensure that the compensation received has been correctly calculated when the period for government assistance ends.

The government assistance received during the second quarter of 2021 that impacted EBITDA amounted to SEK 2 million (22), of which SEK 2 million (5) pertained to the Sweden segment, SEK - million (16) to the Denmark segment and SEK 0 million (1) to other and central functions. The government assistance

**Note 9 – Impact of the COVID-19 pandemic on accounting, cont.**

received during the first half of 2021 that impacted EBITDA amounted to SEK 8 million (25), of which SEK 4 million (6) pertained to the Sweden segment, SEK 3 million (18) to the Denmark segment and SEK 0 million (1) to other and central functions.

For full-year 2020, EBITDA was impacted in an amount of SEK 48 million, with the Sweden segment impacted in an amount of SEK 9 million, the Denmark in an amount of SEK 30 million, the Norway in an amount of SEK 5 million and the Finland segment in an amount of SEK 2 million. Other and central functions was impacted in an amount of SEK 1 million.

Excluding the aforementioned rent relief, the government assistance that the Group received in the first half of 2020 and 2021 that does not need to be repaid pertained primarily to furlough compensation and compensation for sick pay costs. In Norway, furlough compensation is paid directly to the employee and is therefore not included in the above amounts. During 2020, the Synsam Group availed itself of the opportunity provided by the Swedish and Danish governments to defer tax and VAT payments. The Group's liability on 31 December 2020 totalled SEK 196 million, which enabled the Group to maintain a more secure liquidity level. The liability was settled in its entirety during the first half of 2021, with SEK 66 million settled in the second quarter of 2021. In Sweden, interest was charged on the deferred amount, and after a certain time an additional fee was also levied on the deferred amount.

**Note 10 RISK AND UNCERTAINTIES**

Synsam Group is through its activities exposed to different risks. The company has reviewed and assessed its operational and financial risks as well as uncertainties, which are presented in the 2020 Annual Report. For a complete report on the risks deemed to impact the Group, refer to the 2020 Annual Report. The most significant are described in short below.

- Financial risks – Financial risks refer to fluctuations in earnings and cash flow due to, for example, changes in exchange rates and interest rates as well as the customers' capacity to pay and the ability to refinance the operations. Known financial risks are managed in the financial policy, that is set annually.
- Business risk – The Group's most important business risk is linked to having a strong position in each country where Synsam operates. A strong position can be attributed to brand awareness, optimal customer service and competitive prices. Business risk is also influenced by the economic cycle of each market. The state of the economy has an effect on customers' purchasing power and readiness to purchase, and thus on footfall in the Group's stores.
- IT-systems – Synsam Group is dependent on well-functioning IT systems to collect, process and communicate information securely and efficiently. A longer interruption or a serious error in the IT systems could lead to difficulties and limitations in the delivery of goods, invoicing of customers or the possibility of presenting financial information.

**OTHER FINANCIAL INFORMATION****QUARTERLY DATA**

SEK million	Q2 2021	Q1 2021	2020 Full-Year	2020 Q2	2020 Q1
Total revenue	1,231	1,045	3,860	856	907
EBITDA	340	239	934	183	200
EBITA	238	143	543	80	100
EBIT	203	107	402	45	64
Net financial items	-165	-104	-538	-141	-100
Profit/loss after financial items	39	3	-136	-96	-36
Income tax	-25	-15	-60	15	-20
Profit/Loss for the period	14	-12	-195	-81	-56
EBITDA margin, %	27.6%	22.8%	24.2%	21.4%	22.0%
EBITA margin, %	19.4%	13.6%	14.1%	9.3%	11.0%
EBIT margin, %	16.5%	10.3%	10.4%	5.2%	7.0%
Investments, excluding acquisitions <sup>1)</sup>	60	43	164	50	42
Earnings per share, SEK	0.36	-0.32	-5.25	-2.17	-1.51

1) Investments in this table include leases for tangible non-current assets, such as cars and optical equipment. However, these have not been included in the Group's cash flow from investing activities.

## PERFORMANCE MEASURES

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Sales measures</b>					
Total revenue	1,231	856	2,277	1,763	3,860
Growth, %	43.9%	-13.7%	29.2%	-7.5%	2.1%
Net sales	1,213	843	2,248	1,742	3,806
Growth in net sales, %	43.9%	-14.2%	29.0%	-7.5%	1.8%
<b>Earnings measures</b>					
EBIT	203	45	311	109	402
EBITA	238	80	381	180	543
Adjusted EBITA	254	80	406	181	557
EBITDA	340	183	579	383	934
Adjusted EBITDA	356	183	604	384	948
<b>Margin measures</b>					
Gross margin, %	75.4%	71.1%	75.8%	73.8%	75.0%
EBIT margin, %	16.5%	5.2%	13.7%	6.2%	10.4%
EBITDA margin, %	27.6%	21.4%	25.4%	21.7%	24.2%
Adjusted EBITDA margin, %	28.9%	21.4%	26.5%	21.8%	24.6%
EBITA margin, %	19.4%	9.3%	16.7%	10.2%	14.1%
Adjusted EBITA margin, %	20.6%	9.3%	17.8%	10.3%	14.4%
<b>Cash flow measures</b>					
Cash flow from operating activities	236	389	335	455	898
Cash flow from operating activities/ Adjusted EBITDA	66.5%	212.4%	55.5%	118.6%	94.8%
<b>Capital structure</b>					
External net debt	2,580	2,932	2,580	2,932	2,636
External net debt/Adjusted EBITDA	n/a	n/a	n/a	n/a	2.78
Equity/assets ratio, %	-21.5%	-20.7%	-21.5%	-20.7%	-21.7%
<b>Return</b>					
Return on equity, %	n/a	n/a	n/a	n/a	n/a
<b>Share</b>					
Number of shares at the end of the period	37,181,942	37,181,942	37,181,942	37,181,942	37,181,942
Average number of shares during the period	37,181,942	37,181,942	37,181,942	37,181,942	37,181,942
Earnings per share before and after dilution, SEK	0.36	-2.17	0.05	-3.68	-5.25

**Reconciliation of alternative performance measures**

Synsam applies the ESMA Alternative Performance Measures Guidelines. An alternative performance measure is a financial measure of a company's past or future earnings performance, financial position or cash flow that is not defined or specified in accordance with IFRS. EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, EBITA, Adjusted EBITA, EBITA margin, Adjusted EBITA margin, Gross profit, Gross margin and External net debt are so-called alternative performance measures, for which detailed calculations are presented below. These alternative performance measures are used by management to monitor the Group's operations. Synsam is of the opinion that these performance measures provide valuable supplementary

information to enable management, investors and other stakeholders to assess the Company's performance. EBIT provides information about the Company's operating profit. EBITDA and EBITA also provide information about operating profit, but before non-cash depreciation and amortisation of tangible and intangible non-current assets in the case of EBITDA and before amortisation of intangible non-current assets in the case of EBITA. Adjusted EBITDA and adjusted EBITA provide better information about the Group's capacity to generate earnings than EBITDA and EBITA since the adjusted measures do not include items affecting comparability. Gross profit is an earnings measure that shows earnings in the form of total revenue less the cost of goods for resale.

EBITDA and Adjusted EBITDA April-June 2021, SEK million	Group	Sweden	Denmark	Norway	Finland	Other and central functions
EBIT	203	131	61	67	2	-57
Amortisation of intangible assets	-35	-1	0	0	0	-34
Depreciation of tangible assets	-102	-47	-19	-23	-7	-5
<b>EBITDA</b>	<b>340</b>	<b>179</b>	<b>80</b>	<b>90</b>	<b>9</b>	<b>-18</b>
Items affecting comparability <sup>1)</sup> , whereof:	-15	-	-	-	-	-15
<i>IPO preparatory costs</i>	-15	-	-	-	-	-15
<b>Adjusted EBITDA</b>	<b>356</b>	<b>179</b>	<b>80</b>	<b>90</b>	<b>9</b>	<b>-3</b>

1) Pertains to items affecting comparability; refer to definition on page 16.



<b>EBITA and Adjusted EBITA</b> <b>April-June 2021, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	203	131	61	67	2	-57
Amortisation of intangible assets	-35	-1	0	0	0	-34
<b>EBITA</b>	<b>238</b>	<b>132</b>	<b>61</b>	<b>67</b>	<b>2</b>	<b>-23</b>
Items affecting comparability <sup>1)</sup> , whereof;	-15	-	-	-	-	-15
<i>IPO preparatory costs</i>	-15	-	-	-	-	-15
<b>Adjusted EBITA</b>	<b>254</b>	<b>132</b>	<b>61</b>	<b>67</b>	<b>2</b>	<b>-7</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITDA margin and Adjusted EBITDA margin</b> <b>April-June 2021, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	
EBIT margin, %	16.5%	22.3%	22.2%	24.9%	2.9%	
Amortisation of intangible assets, %	-2.8%	-0.1%	-0.1%	-0.1%	-0.1%	
Depreciation of tangible assets, %	-8.3%	-8.0%	-7.0%	-8.7%	-11.7%	
<b>EBITDA margin, %</b>	<b>27.6%</b>	<b>30.4%</b>	<b>29.3%</b>	<b>33.7%</b>	<b>14.8%</b>	
Items affecting comparability, %	-1.3%	-	-	-	-	
<b>Adjusted EBITDA margin, %</b>	<b>28.9%</b>	<b>30.4%</b>	<b>29.3%</b>	<b>33.7%</b>	<b>14.8%</b>	

<b>EBITA margin and Adjusted EBITA margin</b> <b>April-June 2021, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	
EBIT margin, %	16.5%	22.3%	22.2%	24.9%	2.9%	
Amortisation of intangible assets, %	-2.8%	-0.1%	-0.1%	-0.1%	-0.1%	
<b>EBITA margin, %</b>	<b>19.4%</b>	<b>22.4%</b>	<b>22.2%</b>	<b>25.0%</b>	<b>3.0%</b>	
Items affecting comparability, %	-1.3%	-	-	-	-	
<b>Adjusted EBITA margin, %</b>	<b>20.6%</b>	<b>22.4%</b>	<b>22.2%</b>	<b>25.0%</b>	<b>3.0%</b>	

<b>Gross profit</b> <b>April-June 2021, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	1,213	585	273	267	64	25
Other operating income	18	3	1	1	0	14
<b>Total revenue</b>	<b>1,231</b>	<b>588</b>	<b>274</b>	<b>267</b>	<b>64</b>	<b>39</b>
Goods for resale	-298	-146	-69	-73	-21	11
<b>Gross profit</b>	<b>933</b>	<b>442</b>	<b>205</b>	<b>194</b>	<b>43</b>	<b>50</b>

<b>Gross margin</b> <b>April-June 2021, SEK million, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	1,213	585	273	267	64	25
Goods for resale	-298	-146	-69	-73	-21	11
<b>Total</b>	<b>915</b>	<b>439</b>	<b>204</b>	<b>194</b>	<b>43</b>	<b>36</b>
<b>Gross margin, %</b>	<b>75.4%</b>	<b>75.0%</b>	<b>74.6%</b>	<b>72.6%</b>	<b>67.2%</b>	<b>144.5%</b>

<b>EBITDA and Adjusted EBITDA</b> <b>April-June 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	45	65	21	26	-6	-61
Amortisation of intangible assets	-35	-1	0	0	0	-33
Depreciation of tangible assets	-103	-45	-24	-20	-8	-6
<b>EBITDA</b>	<b>183</b>	<b>111</b>	<b>45</b>	<b>47</b>	<b>2</b>	<b>-23</b>
Items affecting comparability <sup>1)</sup>	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>183</b>	<b>111</b>	<b>45</b>	<b>47</b>	<b>2</b>	<b>-23</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITA and Adjusted EBITA</b> <b>April-June 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	45	65	21	26	-6	-61
Amortisation of intangible assets	-35	-1	0	0	0	-33
<b>EBITA</b>	<b>80</b>	<b>67</b>	<b>22</b>	<b>26</b>	<b>-6</b>	<b>-28</b>
Items affecting comparability <sup>1)</sup>	-	-	-	-	-	-
<b>Adjusted EBITA</b>	<b>80</b>	<b>67</b>	<b>22</b>	<b>26</b>	<b>-6</b>	<b>-28</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITDA margin and Adjusted EBITDA margin</b> <b>April-June 2020, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	
EBIT margin, %	5.2%	15.5%	10.6%	14.6%	-16.4%	
Amortisation of intangible assets, %	-4.1%	-0.3%	-0.1%	-0.1%	-0.3%	
Depreciation of tangible assets, %	-12.1%	-10.7%	-11.8%	-11.5%	-21.2%	
<b>EBITDA margin, %</b>	<b>21.4%</b>	<b>26.5%</b>	<b>22.4%</b>	<b>26.2%</b>	<b>5.0%</b>	
Items affecting comparability, %	-	-	-	-	-	
<b>Adjusted EBITDA margin, %</b>	<b>21.4%</b>	<b>26.5%</b>	<b>22.4%</b>	<b>26.2%</b>	<b>5.0%</b>	

**EBITA margin and Adjusted EBITA margin**  
**April-June 2020, %**

	Group	Sweden	Denmark	Norway	Finland
EBIT margin, %	5.2%	15.5%	10.6%	14.6%	-16.4%
Amortisation of intangible assets, %	-4.1%	-0.3%	-0.1%	-0.1%	-0.3%
<b>EBITA margin, %</b>	<b>9.3%</b>	<b>15.8%</b>	<b>10.7%</b>	<b>14.7%</b>	<b>-16.1%</b>
Items affecting comparability, %	-	-	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>9.3%</b>	<b>15.8%</b>	<b>10.7%</b>	<b>14.7%</b>	<b>-16.1%</b>

**Gross profit**
**April-June 2020, SEK million**

	Group	Sweden	Denmark	Norway	Finland	Other and central functions
Net sales	843	415	202	178	39	9
Other operating income	12	5	1	1	0	6
<b>Total revenue</b>	<b>856</b>	<b>420</b>	<b>203</b>	<b>178</b>	<b>39</b>	<b>15</b>
Goods for resale	-244	-116	-46	-65	-14	-3
<b>Gross profit</b>	<b>612</b>	<b>304</b>	<b>157</b>	<b>114</b>	<b>25</b>	<b>12</b>

**Gross margin**
**April-June 2020, SEK million, %**

	Group	Sweden	Denmark	Norway	Finland	Other and central functions
Net sales	843	415	202	178	39	9
Goods for resale	-244	-116	-46	-65	-14	-3
<b>Total</b>	<b>599</b>	<b>299</b>	<b>156</b>	<b>113</b>	<b>25</b>	<b>6</b>
<b>Gross margin, %</b>	<b>71.1%</b>	<b>72.0%</b>	<b>77.4%</b>	<b>63.5%</b>	<b>64.6%</b>	<b>65.7%</b>

**EBITDA and Adjusted EBITDA**  
**January-June 2021, SEK million**

	Group	Sweden	Denmark	Norway	Finland	Other and central functions
EBIT	311	255	90	98	4	-136
Amortisation of intangible assets	-70	-2	0	0	0	-68
Depreciation of tangible assets	-198	-90	-38	-46	-14	-9
<b>EBITDA</b>	<b>579</b>	<b>347</b>	<b>129</b>	<b>144</b>	<b>18</b>	<b>-59</b>
Items affecting comparability <sup>1)</sup> , whereof:	-25	-	-	-	-	-25
<i>IPO preparatory costs</i>	-25	-	-	-	-	-25
<b>Adjusted EBITDA</b>	<b>604</b>	<b>347</b>	<b>129</b>	<b>144</b>	<b>18</b>	<b>-34</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

**EBITA and Adjusted EBITA**
**January-June 2021, SEK million**

	Group	Sweden	Denmark	Norway	Finland	Other and central functions
EBIT	311	255	90	98	4	-136
Amortisation of intangible assets	-70	-2	0	0	0	-68
<b>EBITA</b>	<b>381</b>	<b>256</b>	<b>90</b>	<b>98</b>	<b>4</b>	<b>-68</b>
Items affecting comparability <sup>1)</sup> , whereof:	-25	-	-	-	-	-25
<i>IPO preparatory costs</i>	-25	-	-	-	-	-25
<b>Adjusted EBITA</b>	<b>406</b>	<b>256</b>	<b>90</b>	<b>98</b>	<b>4</b>	<b>-43</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

**EBITDA margin and Adjusted EBITDA margin**  
**January-June 2021, %**

	Group	Sweden	Denmark	Norway	Finland
EBIT margin, %	13.7%	23.2%	18.4%	19.6%	3.4%
Amortisation of intangible assets, %	-3.1%	-0.2%	-0.1%	-0.1%	-0.1%
Depreciation of tangible assets, %	-8.7%	-8.2%	-7.8%	-9.3%	-11.7%
<b>EBITDA margin, %</b>	<b>25.4%</b>	<b>31.5%</b>	<b>26.2%</b>	<b>28.9%</b>	<b>15.2%</b>
Items affecting comparability, %	-1.1%	-	-	-	-
<b>Adjusted EBITDA margin, %</b>	<b>26.5%</b>	<b>31.5%</b>	<b>26.2%</b>	<b>28.9%</b>	<b>15.2%</b>

**EBITA margin and Adjusted EBITA margin**  
**January-June 2021, %**

	Group	Sweden	Denmark	Norway	Finland
EBIT margin, %	13.7%	23.2%	18.4%	19.6%	3.4%
Amortisation of intangible assets, %	-3.1%	-0.2%	-0.1%	-0.1%	-0.1%
<b>EBITA margin, %</b>	<b>16.7%</b>	<b>23.3%</b>	<b>18.4%</b>	<b>19.6%</b>	<b>3.5%</b>
Items affecting comparability, %	-1.1%	-	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>17.8%</b>	<b>23.3%</b>	<b>18.4%</b>	<b>19.6%</b>	<b>3.5%</b>

**Gross profit**
**January-June 2021, SEK million**

	Group	Sweden	Denmark	Norway	Finland	Other and central functions
Net sales	2,248	1093	489	498	121	46
Other operating income	29	5	1	1	0	22
<b>Total revenue</b>	<b>2,277</b>	<b>1,099</b>	<b>491</b>	<b>499</b>	<b>121</b>	<b>68</b>
Goods for resale	-545	-249	-123	-127	-37	-10
<b>Gross profit</b>	<b>1,732</b>	<b>850</b>	<b>368</b>	<b>372</b>	<b>84</b>	<b>58</b>

<b>Gross margin</b> <b>January-June 2021, SEK million, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	2,248	1,093	489	498	121	46
Goods for resale	-545	-249	-123	-127	-37	-10
<b>Total</b>	<b>1,703</b>	<b>845</b>	<b>366</b>	<b>371</b>	<b>84</b>	<b>36</b>
<b>Gross margin, %</b>	<b>75.8%</b>	<b>77.3%</b>	<b>74.9%</b>	<b>74.6%</b>	<b>69.6%</b>	<b>79.3%</b>

<b>EBITDA and Adjusted EBITDA</b> <b>January-June 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	109	166	49	28	-9	-126
Amortisation of intangible assets	-71	-3	0	-1	0	-67
Depreciation of tangible assets	-203	-85	-48	-44	-16	-10
<b>EBITDA</b>	<b>383</b>	<b>253</b>	<b>97</b>	<b>73</b>	<b>7</b>	<b>-48</b>
Items affecting comparability <sup>1)</sup> , whereof;	-1	-	-	-	-	-1
<i>IPO preparatory costs</i>	-1	-	-	-	-	-1
<b>Adjusted EBITDA</b>	<b>384</b>	<b>253</b>	<b>97</b>	<b>73</b>	<b>7</b>	<b>-47</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITA and Adjusted EBITA</b> <b>January-June 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	109	166	49	28	-9	-126
Amortisation of intangible assets	-71	-3	0	-1	0	-67
<b>EBITA</b>	<b>180</b>	<b>169</b>	<b>49</b>	<b>29</b>	<b>-9</b>	<b>-59</b>
Items affecting comparability <sup>1)</sup> , whereof;	-1	-	-	-	-	-1
<i>IPO preparatory costs</i>	-1	-	-	-	-	-1
<b>Adjusted EBITA</b>	<b>181</b>	<b>169</b>	<b>49</b>	<b>29</b>	<b>-9</b>	<b>-57</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITDA margin and Adjusted EBITDA margin</b> <b>January-June 2020, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>
EBIT margin, %	6.2%	19.3%	11.5%	7.9%	-10.5%
Amortisation of intangible assets, %	-4.0%	-0.3%	-0.1%	-0.3%	-0.2%
Depreciation of tangible assets, %	-11.5%	-9.9%	-11.2%	-12.2%	-18.2%
<b>EBITDA margin, %</b>	<b>21.7%</b>	<b>29.5%</b>	<b>22.8%</b>	<b>20.4%</b>	<b>8.0%</b>
Items affecting comparability, %	-0.1%	-	-	-	-
<b>Adjusted EBITDA margin, %</b>	<b>21.8%</b>	<b>29.5%</b>	<b>22.8%</b>	<b>20.4%</b>	<b>8.0%</b>

<b>EBITA margin and Adjusted EBITA margin</b> <b>January-June 2020, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>
EBIT margin, %	6.2%	19.3%	11.5%	7.9%	-10.5%
Amortisation of intangible assets, %	-4.0%	-0.3%	-0.1%	-0.3%	-0.2%
<b>EBITA margin, %</b>	<b>10.2%</b>	<b>19.6%</b>	<b>11.6%</b>	<b>8.2%</b>	<b>-10.3%</b>
Items affecting comparability, %	-0.1%	-	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>10.3%</b>	<b>19.6%</b>	<b>11.6%</b>	<b>8.2%</b>	<b>-10.3%</b>

<b>Gross profit</b> <b>January-June 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	1,742	853	426	356	87	20
Other operating income	20	8	2	1	0	9
<b>Total revenue</b>	<b>1,763</b>	<b>860</b>	<b>427</b>	<b>358</b>	<b>88</b>	<b>30</b>
Goods for resale	-457	-206	-104	-110	-26	-11
<b>Gross profit</b>	<b>1,305</b>	<b>655</b>	<b>323</b>	<b>248</b>	<b>61</b>	<b>18</b>

<b>Gross margin</b> <b>January-June 2020, SEK million, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	1,742	853	426	356	87	20
Goods for resale	-457	-206	-104	-110	-26	-11
<b>Total</b>	<b>1,285</b>	<b>647</b>	<b>322</b>	<b>246</b>	<b>61</b>	<b>9</b>
<b>Gross margin, %</b>	<b>73.8%</b>	<b>75.9%</b>	<b>75.6%</b>	<b>69.2%</b>	<b>70.1%</b>	<b>43.5%</b>

<b>EBITDA and Adjusted EBITDA</b> <b>January-December 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	402	405	172	74	-8	-240
Amortisation of intangible assets	-141	-5	-1	-1	0	-134
Depreciation of tangible assets	-391	-167	-87	-89	-29	-19
<b>EBITDA</b>	<b>934</b>	<b>576</b>	<b>259</b>	<b>164</b>	<b>21</b>	<b>-87</b>
Items affecting comparability <sup>1)</sup> , whereof;	-14	-	-	-	-	-14
<i>IPO preparatory costs</i>	-7	-	-	-	-	-7
<i>IT attack</i>	-6	-	-	-	-	-6
<b>Adjusted EBITDA</b>	<b>948</b>	<b>576</b>	<b>259</b>	<b>164</b>	<b>21</b>	<b>-73</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITA and Adjusted EBITA</b> <b>January-December 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
EBIT	402	405	172	74	-8	-240
Amortisation of intangible assets	-141	-5	-1	-1	0	-134
<b>EBITA</b>	<b>543</b>	<b>410</b>	<b>172</b>	<b>75</b>	<b>-8</b>	<b>-106</b>
Items affecting comparability <sup>1)</sup> , whereof;	-14	-	-	-	-	-14
<i>IPO preparatory costs</i>	-7	-	-	-	-	-7
<i>IT attack</i>	-6	-	-	-	-	-6
<b>Adjusted EBITA</b>	<b>557</b>	<b>410</b>	<b>172</b>	<b>75</b>	<b>-8</b>	<b>-93</b>

1) Pertains to items affecting comparability; refer to definition on page 16.

<b>EBITDA margin and Adjusted EBITDA margin</b> <b>January-December 2020, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>
EBIT margin, %	10.4%	22.1%	18.3%	9.2%	-4.0%
Amortisation of intangible assets, %	-3.7%	-0.3%	-0.1%	-0.2%	-0.2%
Depreciation of tangible assets, %	-10.1%	-9.1%	-9.2%	-11.0%	-14.5%
<b>EBITDA margin, %</b>	<b>24.2%</b>	<b>31.4%</b>	<b>27.6%</b>	<b>20.4%</b>	<b>10.6%</b>
Items affecting comparability, %	-0.4%	-	-	-	-
<b>Adjusted EBITDA margin, %</b>	<b>24.6%</b>	<b>31.4%</b>	<b>27.6%</b>	<b>20.4%</b>	<b>10.6%</b>

<b>EBITA margin and Adjusted EBITA margin</b> <b>January-December 2020, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>
EBIT margin, %	10.4%	22.1%	18.3%	9.2%	-4.0%
Amortisation of intangible assets, %	-3.7%	-0.3%	-0.1%	-0.2%	-0.2%
<b>EBITA margin, %</b>	<b>14.1%</b>	<b>22.3%</b>	<b>18.4%</b>	<b>9.3%</b>	<b>-3.8%</b>
Items affecting comparability, %	-0.4%	-	-	-	-
<b>Adjusted EBITA margin, %</b>	<b>14.4%</b>	<b>22.3%</b>	<b>18.4%</b>	<b>9.3%</b>	<b>-3.8%</b>

<b>Gross profit</b> <b>January-December 2020, SEK million</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	3,806	1,820	931	801	200	55
Other operating income	54	14	9	4	0	27
<b>Total revenue</b>	<b>3,860</b>	<b>1,833</b>	<b>940</b>	<b>805</b>	<b>200</b>	<b>82</b>
Goods for resale	-953	-420	-235	-225	-60	-14
<b>Gross profit</b>	<b>2,907</b>	<b>1,414</b>	<b>705</b>	<b>580</b>	<b>140</b>	<b>68</b>

<b>Gross margin</b> <b>January-December 2020, SEK million, %</b>	<b>Group</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Norway</b>	<b>Finland</b>	<b>Other and central functions</b>
Net sales	3,806	1,820	931	801	200	55
Goods for resale	-953	-420	-235	-225	-60	-14
<b>Total</b>	<b>2,853</b>	<b>1,400</b>	<b>696</b>	<b>576</b>	<b>140</b>	<b>41</b>
<b>Gross margin, %</b>	<b>75.0%</b>	<b>76.9%</b>	<b>74.8%</b>	<b>71.9%</b>	<b>70.0%</b>	<b>73.9%</b>

<b>Items affecting comparability, SEK million</b>	<b>Apr-Jun 2021</b>	<b>Apr-Jun 2020</b>	<b>Jan-Jun 2021</b>	<b>Jan-Jun 2020</b>	<b>Jan-Dec 2020</b>
IPO preparatory costs	15	-	25	1	7
IT attack	-	-	-	-	6
<b>Total</b>	<b>15</b>	<b>-</b>	<b>25</b>	<b>1</b>	<b>14</b>

<b>EXTERNAL NET DEBT,</b> <b>SEK million</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
Loans from financial institutions	2,615	3,010	2,896
+ Lease liabilities	568	544	526
+ Bank guarantees	20	24	22
-Cash and cash equivalents	-623	-647	-809
<b>External Net Debt</b>	<b>2,580</b>	<b>2,932</b>	<b>2,636</b>



## Independent Auditor's Report on review of interim financial information

To the Board of Directors of Synsam AB (publ.)

Corp. id. 556946-3358

### Introduction

We have reviewed the accompanying June 30, 2021 and June 30, 2020 condensed consolidated interim financial information of Synsam AB (publ.), included on pages F-2 – F-15 in this document, which comprises:

- the condensed consolidated statements of financial position as of June 30, 2021 and June 30, 2020;
- the condensed consolidated income statement and other comprehensive income for the three and six month periods ended June 30, 2021 and June 30, 2020;
- the condensed consolidated statements of changes in equity for the six-month periods ended June 30, 2021 and June 30, 2020;
- the condensed consolidated statements of cash flows for the three and six month periods ended June 30, 2021 and June 30, 2020, and
- notes to the interim financial information.

The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the the accompanying June 30, 2021 and June 30, 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Stockholm 20 October 2021

KPMG AB

Joakim Thilstedt

Authorized Public Accountant

# FINANCIAL INFORMATION FOR THE FINANCIAL YEARS 2020, 2019 AND 2018

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in SEK million	Note	2020	2019 <sup>1)</sup>	2018
Net sales	3	3,806.5	3,740.6	3,380.0
Other operating income	3	53.8	40.6	30.4
<b>Total revenue</b>		<b>3,860.3</b>	<b>3,781.2</b>	<b>3,410.4</b>
Goods for resale		-953.4	-923.2	-823.8
Other external expenses	4, 5, 16	-468.3	-482.3	-756.7
Personnel costs	6	-1,504.5	-1,450.7	-1,275.9
Depreciation and amortisation of tangible and intangible non-current assets and right-of-use assets	10, 11, 12, 13	-532.2	-527.8	-292.1
<b>Operating expenses</b>		<b>-3,458.4</b>	<b>-3,384.1</b>	<b>-3,148.5</b>
<b>EBIT</b>		<b>401.9</b>	<b>397.2</b>	<b>261.9</b>
Financial income	7	98.9	89.3	63.7
Financial expenses	7	-636.4	-615.8	-586.1
<b>Net financial items</b>		<b>-537.5</b>	<b>-526.5</b>	<b>-522.4</b>
<b>Loss before tax</b>		<b>-135.6</b>	<b>-129.3</b>	<b>-260.6</b>
Income tax (expense)	8, 14	-59.6	-48.7	-39.0
<b>Loss for the year</b>		<b>-195.3</b>	<b>-177.9</b>	<b>-299.6</b>
<b>Other comprehensive income</b>				
<i>Items that have been or may be reclassified to profit/loss for the year</i>				
Translation differences for the year – foreign subsidiaries		-7.5	2.8	20.7
<b>Comprehensive income for the year</b>		<b>-202.7</b>	<b>-175.1</b>	<b>-278.9</b>
Loss for the year attributable to Parent Company shareholders		-195.3	-177.9	-299.6
Comprehensive income for the year attributable to Parent Company shareholders		-202.7	-175.1	-278.9
<b>Earnings per share</b>	22			
Before dilution (SEK)		-5.25	-4.79	-8.06
After dilution (SEK)		-5.25	-4.79	-8.06

1) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, the consolidated income statement and statement of other comprehensive income were impacted as of 2019. For a disclosure of the effects, see Note 13. The comparative figures have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019 <sup>1)</sup>	31 Dec 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>	10, 11			
Goodwill		2,476.5	2,546.5	2,512.6
Trademarks		1,476.2	1,538.4	1,523.7
Customer relations		612.7	738.9	828.6
Software and licences		100.8	108.2	110.4
<b>Total intangible assets</b>		<b>4,666.2</b>	<b>4,932.1</b>	<b>4,975.3</b>
<b>Tangible assets</b>	12			
Tangible assets		394.0	400.0	427.7
<b>Total tangible assets</b>		<b>394.0</b>	<b>400.0</b>	<b>427.7</b>
<b>Right-of-use assets</b>	13			
Right-of-use assets		510.6	562.9	–
<b>Total right-of-use assets</b>		<b>510.6</b>	<b>562.9</b>	<b>–</b>
<b>Financial assets</b>				
Pension assets		–	8.9	7.6
Other financial assets		15.9	16.1	15.0
<b>Total financial assets</b>		<b>15.9</b>	<b>25.0</b>	<b>22.6</b>
Deferred tax assets	14	51.8	58.5	60.9
<b>Total non-current assets</b>		<b>5,638.5</b>	<b>5,978.6</b>	<b>5,486.4</b>
<b>Current assets</b>				
Inventories	15	383.4	337.9	297.4
<b>Current receivables</b>				
Accounts receivable	16	312.9	223.8	240.1
Other receivables		17.7	7.0	3.7
Prepaid expenses and accrued income	17	97.0	122.9	100.9
<b>Total current receivables</b>		<b>427.6</b>	<b>353.7</b>	<b>344.6</b>
Cash and cash equivalents	18, 19, 20	808.6	222.9	289.6
<b>Total current assets</b>		<b>1,619.5</b>	<b>914.4</b>	<b>931.6</b>
<b>TOTAL ASSETS</b>		<b>7,258.1</b>	<b>6,893.0</b>	<b>6,418.0</b>

1) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, the consolidated statement of financial position was impacted as of 2019. For a disclosure of the effects, see Note 13. The comparative figures have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019 <sup>1)</sup>	31 Dec 2018
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	23			
Share capital		0.5	0.5	0.1
Additional paid-in capital		310.0	310.0	310.0
Reserves		109.2	116.7	113.9
Retained earnings including profit/loss for the year		-1,994.3	-1,799.1	-1,620.7
<b>Equity attributable to Parent Company shareholders</b>		<b>-1,574.6</b>	<b>-1,371.8</b>	<b>-1,196.7</b>
<b>Non-current liabilities</b>				
Loans from financial institutions	20	2,491.3	2,731.4	2,964.7
Shareholder loans	20, 21	3,628.7	3,372.7	3,036.8
Lease liabilities	20	303.9	345.3	22.5
Other non-current liabilities	20	28.3	–	–
Pension obligations	6, 24	4.4	13.3	11.5
Other provisions	24	–	0.9	74.9
Derivative instruments	18, 20	1.6	3.9	17.9
Deferred tax liabilities	14	490.9	516.8	536.1
<b>Total non-current liabilities</b>		<b>6,949.0</b>	<b>6,984.4</b>	<b>6,664.4</b>
<b>Current liabilities</b>				
Loans from financial institutions	18, 20	404.5	122.3	277.0
Lease liabilities	18, 20	222.4	226.2	12.4
Accounts payable	18	457.9	445.8	346.2
Current tax liabilities	2, 8	174.3	126.2	10.3
Other liabilities		317.4	93.2	56.5
Accrued expenses and deferred income	25	307.1	266.7	247.8
<b>Total current liabilities</b>		<b>1,883.6</b>	<b>1,280.5</b>	<b>950.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,258.1</b>	<b>6,893.0</b>	<b>6,418.0</b>

1) As an effect of the introduction of IFRS 16 Leases as of 1 January 2019, the consolidated statement of financial position was impacted as of 2019. For a disclosure of the effects, see Note 13. The comparative figures have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Share capital	Additional paid-in capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity
<b>Closing equity</b>					
<b>31 Dec 2017</b>	<b>0.1</b>	<b>310.0</b>	<b>93.2</b>	<b>-1,321.1</b>	<b>-917.8</b>
<b>Opening equity</b>					
<b>1 Jan 2018</b>	<b>0.1</b>	<b>310.0</b>	<b>93.2</b>	<b>-1,321.1</b>	<b>-917.8</b>
Profit/loss for the year	-	-	-	-299.6	-299.6
Other comprehensive income for the year	-	-	20.7	-	20.7
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>20.7</b>	<b>-299.6</b>	<b>-278.9</b>
<b>Closing equity</b>					
<b>31 Dec 2018</b>	<b>0.1</b>	<b>310.0</b>	<b>113.9</b>	<b>-1,620.7</b>	<b>-1,196.7</b>
<b>Opening equity</b>					
<b>1 Jan 2019</b>	<b>0.1</b>	<b>310.0</b>	<b>113.9</b>	<b>-1,620.7</b>	<b>-1,196.7</b>
Profit/loss for the year	-	-	-	-177.9	-177.9
Other comprehensive income for the year	-	-	2.8	-	2.8
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2.8</b>	<b>-177.9</b>	<b>-175.1</b>
<b>Bonus issue</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-0.5</b>	<b>-</b>
<b>Closing equity</b>					
<b>31 Dec 2019</b>	<b>0.5</b>	<b>310.0</b>	<b>116.7</b>	<b>-1,799.1</b>	<b>-1,371.8</b>
<b>Opening equity</b>					
<b>1 Jan 2020</b>	<b>0.5</b>	<b>310.0</b>	<b>116.7</b>	<b>-1,799.1</b>	<b>-1,371.8</b>
Profit/loss for the year	-	-	-	-195.3	-
Other comprehensive income for the year	-	-	-7.5	-	-
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-7.5</b>	<b>-195.3</b>	<b>-202.7</b>
<b>Closing equity</b>					
<b>31 Dec 2020</b>	<b>0.5</b>	<b>310.0</b>	<b>109.2</b>	<b>-1,994.3</b>	<b>-1,574.6</b>

All equity is held by Parent Company shareholders.

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK million	Note	2020	2019 <sup>1)</sup>	2018
<b>Operating activities</b>				
Loss before tax		-135.6	-129.3	-260.6
Adjustments for non-cash items	26	867.9	849.6	603.7
Income taxes paid		-18.8	-11.0	-0.9
		<b>713.4</b>	<b>709.3</b>	<b>342.2</b>
Change in operating receivables		-81.3	-4.8	51.1
Change in inventories		-56.2	-35.3	10.3
Change in current liabilities		322.6	134.3	-40.4
		<b>185.1</b>	<b>94.2</b>	<b>21.0</b>
<b>Cash flow from operating activities</b>		<b>898.5</b>	<b>803.5</b>	<b>363.2</b>
<b>Investing activities</b>				
Acquisition of subsidiaries and operations, net of cash and cash equivalents acquired	28	-4.3	-13.7	-0.2
Investments in intangible assets	10	-23.5	-23.6	-24.8
Investments in tangible assets	12	-137.3	-128.2	-86.6
Divested intangible and tangible assets		-	-	1.9
Investment in financial assets		-0.4	-0.9	-
<b>Cash flow from investing activities</b>		<b>-165.5</b>	<b>-166.4</b>	<b>-109.7</b>
<b>Financing activities</b>	26			
Borrowings, external		210.0	-	-
Amortisation of borrowings		-341.6	-699.0	-91.9
Increase in other financial liabilities		-	-	28.2
Decrease in other financial liabilities		-	-	-15.4
<b>Cash flow from financing activities</b>		<b>-131.6</b>	<b>-699.0</b>	<b>-79.1</b>
<b>Cash flow for the year</b>		<b>601.4</b>	<b>-62.0</b>	<b>174.4</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>222.9</b>	<b>289.6</b>	<b>122.6</b>
<b>Exchange rate differences in cash and cash equivalents</b>		<b>-15.8</b>	<b>-4.7</b>	<b>-7.4</b>
<b>Cash and cash equivalents at year-end</b>	19	<b>808.6</b>	<b>222.9</b>	<b>289.6</b>

1) Classification of items and therefore the presentation in the consolidated statement of cash flows were impacted by the introduction of IFRS 16 Leases as of 2019. Cash flow from operating activities increased by SEK 238.3 million in 2019 and cash flow from financing activities decreased by SEK 238.3 million. The comparative figures were not restated since the Group applied the modified retrospective approach when implementing IFRS 16. The changed classification has had no impact on total cash flow. Refer also to Notes 1, 13 and 26.

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

## Notes for the Group

### Note 1 ACCOUNTING POLICIES AND VALUATION PRINCIPLES

#### GENERAL INFORMATION

Synsam AB (publ) and its subsidiaries (jointly referred to as the Group) are active in the areas of optical retail and eye health and conduct operations in local stores in Sweden, Denmark, Norway and Finland as well as through online/omni-channel sales in each of these countries. Its stores are both directly owned and operated by franchisees. The operations in Sweden, Norway and Finland are conducted under the Synsam brand and the operations in Denmark are conducted under the Profil Optik brand. We offer eye examinations, spectacles, sunglasses, sports glasses, contact lenses and accessories in optical retail as well as spectacles subscriptions with related services under the Synsam Lifestyle™ name.

Synsam AB (publ), corporate identity number 556946-3358, is a Swedish registered limited company with its registered office in Stockholm. The address of the head office is Sankt Eriksgatan 60 in Stockholm.

The consolidated financial statements were approved for issue by the Board of Directors and CEO on 29 March 2021.

#### BASIS FOR THE PREPARATION OF THE FINANCIAL REPORTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish kronor. Unless otherwise stated, all amounts are rounded off to SEK million to one decimal place.

#### Classification

Non-current assets essentially comprise amounts that are expected to be recovered or paid after more than 12 months from the balance sheet date, while current assets essentially comprise amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Non-current liabilities essentially comprise amounts which the Synsam Group, as of the end of the reporting period, has an unconditional right to choose to pay more than 12 months after the end of the reporting period. If the Synsam Group does not have such a right as of the end of the reporting period – or if the liabilities are held for trading or are expected to be settled within the normal operating cycle – these liabilities are recognised as current liabilities.

#### Measurement basis

Assets and liabilities are reported at their historical cost unless otherwise stated.

#### Judgements and estimates in the financial statements

When preparing the financial statements in compliance with IFRS, senior management is required to make assessments and estimates as well as assumptions that effect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these estimates and assessments. The estimates and

assessments are reviewed regularly. Changes to estimates are recognised in the period in which the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods. The assessments made by senior management in connection with the application of IFRS that have a significant impact on the financial statements and the estimates made that could result in material adjustments to the financial statements for the following year are described in more detail in Note 2.

#### CHANGED ACCOUNTING POLICIES

##### (as a result of new or amended IFRS and interpretations)

The changed accounting policies applied by the Group from 1 January 2020 are described below. Other amendments to IFRS applicable from 1 January 2020 did not have any significant effect on the consolidated financial statements. This includes the amendment concerning the Interest Rate Benchmark Reform (IBOR reform), which impacted IFRS 9, IAS 39 and IFRS 7, with Phase 1 taking effect on 1 January 2020.

Other than the application of the exemption rules under IFRS 16 Leases with respect to the COVID-19 pandemic, no new accounting standards or interpretations impacted the Synsam Group in 2020. For further information, refer to this Note below.

As a result of the COVID-19 pandemic, the Synsam Group began applying IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* as of 2020. For further information, refer to this Note below. Refer also to Note 9 *Recognition of government assistance and other temporary effects of COVID-19*.

#### NEW IFRS THAT HAVE NOT YET BEEN APPLIED

There are no new standards from IASB that have been approved for application from 2021 and onwards. While certain amendments to standards have been approved for application from 2021, none of these amendments have been deemed to impact the Synsam Group's financial statements. The same applies for the interpretations issued by IFRS Interpretations Committee.

#### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounts have been prepared in accordance with the acquisition method. The acquisition date is the date on which a controlling influence is achieved. Identifiable assets and liabilities are initially measured at fair value on the acquisition date. Goodwill consists of the difference between the acquired identifiable net assets on the acquisition date and the cost, including the value of non-controlling interests, and is initially measured at cost. The financial statements of subsidiaries are included in the consolidated financial statements from the acquisition date until the date when the controlling influence ceases. A controlling influence exists if Synsam AB (publ)/the Group has an influence over the investment, is exposed to or has the right to a variable return from its participation, and can exert influence over the investment to affect the return. In the assessment of whether there is controlling influence, potential vote-conferring shares are taken into consideration and also whether there is "de facto control".

#### Eliminated items

Intra-Group receivables and liabilities, revenue and expenses, and unrealised gains or losses between Group companies are eliminated in their entirety when the consolidated financial statements are prepared.

### Foreign currencies

Subsidiaries in other countries prepare their financial statements in foreign currency. The items in these companies' balance sheets are converted at the closing rate of exchange. Revenue and expenses in foreign operations are converted into Swedish kronor at an average exchange rate representing an approximation of the exchange rates in effect on the respective transaction date. The translation differences that arise are recognised in other comprehensive income and accumulate in equity in the translation reserve.

### BUSINESS COMBINATIONS AND GOODWILL

In business combinations, an acquisition analysis is conducted during which acquired assets and assumed liabilities are identified and measured at fair value on the acquisition date. The acquisition analysis also involves assessing whether there are assets of an intangible nature such as trademarks, patents, customer relations or similar assets that are not recognised in the acquired entity.

Business combinations are recognised using the acquisition method. Goodwill consists of the amount by which the cost of acquisition exceeds the fair value with the net assets acquired by the Group in connection with a business combination. Goodwill is allocated to cash-generating units on acquisition and is not amortised but rather is tested annually to identify any need for impairment. Goodwill is recognised at cost less accumulated impairment. Impairment of goodwill is not reversed. The profit reported from the divestment of Group companies includes the remaining carrying amount of the goodwill associated with the divested entity.

### NET SALES AND OTHER OPERATING INCOME

Revenue comprises the fair value received or which will be received for goods and services sold in the Group's ongoing business activities. Revenue is recognised excluding value-added tax, returns and discounts (such as temporary campaign offers), and after elimination of intra-Group sales.

In preparation for implementing IFRS 15, management reviewed the different revenue streams in the operations. Synsam Lifestyle™, the company's subscription service, was managed as financial lease transactions in compliance with IAS 17 until 31 December 2018 and IFRS 16 from 1 January 2019. Revenue from Synsam Lifestyle™ is recognised after the agreement is entered into in conjunction with the customer receiving all of the spectacles ordered. As of 2020, a contact lens subscription can also be included in Synsam Lifestyle™. This contact lens subscription continues to be recognised under Contact lens subscriptions, as specified below.

#### Net sales

##### Sale of goods

Revenue from the sale of goods is recognised when control of the goods has been transferred to the buyer, usually in connection with delivery.

##### Contact lens subscriptions

Revenue from contact lens subscriptions, which have different fixed commitment periods in different countries, is treated as a normal sale of goods. Synsam recognises this revenue upon delivery of the goods.

##### Sale of services

Revenue from eye examinations is recognised when the examination has been completed.

### Synsam Lifestyle™

For Synsam Lifestyle™, revenue calculated at present value for the entire contract period is recognised when the customer receives his or her spectacles, which takes place at a point in time. This recognition approach is based on a financial assumption that several pairs of spectacles were sold under a payment instalment plan when the agreement was entered into.

Although differences in agreement terms arise in the Group's various companies, the same accounting policies are used as for Synsam Lifestyle™, which also includes Profil Optik Lifestyle. The agreement with the customer is a lease agreement or instalment purchase for spectacles for 24 months or longer, which is recognised as a lease. The ownership remains with Synsam until such time as the customer chooses to terminate the agreement. Since mid-2017, Synsam has entered into agreements with external credit companies to sell the receivables from customers that arise as a result of the agreements. Agreements sold to external credit companies are not recognised in the company's own accounts after payment has been made. Until payment is made, the receivables are recognised in the company's own accounts as accounts receivable. Receivables not sold to external credit companies are recognised as accrued income, see also Note 17.

In Denmark there is also an older subscription model under which Profil Optik remains the owner of the spectacles and they are recognised as right-of-use assets as of 1 January 2019, and were previously included in tangible non-current assets. These assets are depreciated over 24 months and amounted to SEK 4.7 million (5.7; 13.5).

### Other operating income

#### Franchise fee revenue

Franchise fees pertain to revenue from franchisees, who pay Synsam for access to certain parts of the Synsam concept. This revenue is recognised on a straight-line basis over time.

#### Other revenue

Other revenue mainly includes services performed on behalf of suppliers, for example, facing fees, which are recognised in the period when the service is performed.

### OPERATING SEGMENT REPORTING

An operating segment is a part of the Group that conducts business operations from which it generates revenue and incurs expenses and for which independent financial information is available. Furthermore, the earnings of an operating segment are followed up by the chief operating decision maker in order to evaluate the results and allocate resources to the operating segment. Refer to Note 3 for further information about the classification and presentation of operating segments.

### OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES

#### Goods for resale

Goods for resale comprise expenses for the purchase of goods for the year plus the year's change in inventories of goods for resale after deduction for discounts and bonuses.

#### Other external expenses

Other external expenses comprise expenses for sales, marketing, administration, premises and bad debt losses. All premises are included until December 2018, but as a consequence of implementing IFRS 16 Leases as from January 2019, only variable costs for premises are included. The rent relief received in 2020, which was directly related to COVID-19, reduced the Group's rental costs for premises in accordance with the exemption rule adopted by the EU with respect to IFRS 16 Leases; see also

Note 9 *Recognition of government assistance and other temporary effects of COVID-19*.

#### Financial income and expenses

Interest income from Synsam Lifestyle™ and other interest income is recognised on the date on which the right to receive the remuneration arises. Interest expenses with respect to external credit liabilities are recognised according to the effective interest method in the periods to which they pertain.

Increases or decreases in the value of derivatives are recognised as revenue or expenses in operating profit or in net financial items based on the intended use of the derivative instrument and the extent to which its use is related to an operating item or a financial item. The interest coupon on interest swaps is recognised as interest and other changes in the value of the interest swaps are recognised as other financial income or other financial expense.

Exchange gains and exchange losses on cash and cash equivalents, accounts receivable and accounts payable are recognised in net financial items. Net financial items also includes expenses charged to Synsam for external credit companies' additional costs to cover risk for the Synsam Lifestyle™ subscription business.

#### INCOME TAX

Current tax is based on the tax rates and tax rules that apply on the balance sheet date in the countries where the Group operates and has taxable income.

Deferred tax is measured in accordance with the tax rates and tax rules decided upon prior to the balance sheet date. Deferred tax is measured in accordance with the balance-sheet method based on temporary differences between carrying and tax amounts of assets and liabilities. Temporary differences are not taken into account in Group goodwill or for the difference arising on initial recognition of assets and liabilities that are not business combinations which on the transaction date do not affect either the recognised or taxable profit. Deferred tax assets pertaining to temporary differences and loss carryforwards are only recognised insofar as it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

Receivables and liabilities are recognised net only when there is a legal right to set-off. Like changes in deferred tax, current tax is recognised in consolidated income statement or the statement of other comprehensive income unless the tax is attributable to an event or transaction recognised directly in equity. Tax effects of items recognised directly in equity are recognised in equity. Tax may also be recognised in other comprehensive income if applicable. Current tax liabilities or receivables are recognised in the consolidated statement of financial position as estimated tax on the year's taxable income adjusted for tax relating to previous years and preliminary tax paid.

The classification of disputed or potentially uncertain tax positions is recognised based on the assessment of the expected outcome and, following the introduction of IFRIC 23 *Uncertainty over Income Tax Treatments* (an interpretation of IAS 12 *Income Taxes*), as a current tax liability. Refer also to Note 2 and Note 24.

#### IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

As a direct result of the COVID-19 pandemic, the Synsam Group received government assistance that has been recognised in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Synsam Group applies the option provided in IAS 20 to recognise the grants received against corresponding costs. In cases where grants were

received for local amortisation of goodwill and where there is no corresponding cost in the Group, the grants have been recognised as "Other operating income." Refer to Note 9 *Recognition of government assistance and other temporary effects of COVID-19*.

Government assistance is recognised when there is reasonable assurance that the company will comply with the conditions attached to the grants and that the grants will be received.

The form of the government assistance received varies between the countries in which Synsam operates and, in certain cases, Synsam has had lower personnel costs as a result of furloughs. In cases where furlough compensation has been paid directly to the employee, this is not considered government assistance.

#### INTANGIBLE ASSETS

Initially, acquired intangible assets are recognised separately at cost. The cost of intangible assets acquired as part of a business combination are measured at fair value on the acquisition date. Subsequently, intangible assets are measured at cost less accumulated amortisation and impairment.

The useful life of intangible assets is assessed as either being definite or indefinite.

Customer relations as well as software and licenses have a definite useful life as well as certain trademarks, see below.

Intangible assets with a definite useful life are amortised over their useful life and tested for impairment when there are indications of an impairment requirement. The amortisation period and amortisation method for each kind of intangible asset with a definite useful life is reviewed at least once a year, at the end of the financial year. Changes in the estimated useful life or the expected consumption of the future economic benefits of an asset are recognised by changing the respective period of amortisation or amortisation method, and are treated as a change in estimates and assessments. Amortisation of intangible assets with a definite useful life is recognised in the consolidated income statement or the statement of other comprehensive income.

The following periods of amortisation are applied:

- Customer relations, 5–15 years
- Software and licences, 3–7 years
- Trademarks, 15 years or annual impairment testing

Intangible assets with an indefinite useful life are not amortised but rather are tested for impairment annually, either individually or at the level of the cash-generating unit to which they belong. An annual assessment is made to determine whether the asset's useful life remains indefinite.

The trademarks in the Group are assessed and handled in various ways. The Group has one trademark that is more known in a limited market – EyeQ – as well as more externally established trademarks – Synsam and Profil Optik. The trademark EyeQ is estimated to have a useful life of 15 years and is amortised on a straight-line basis. For the Group's other brands – Synsam and Profil Optik – whose useful life is deemed to be indefinite since they are well-established brands in their respective markets and industries, annual impairment testing is carried out. Gains and losses in connection with the derecognition of an intangible asset are measured as the difference between net income on sale and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

#### TANGIBLE ASSETS

Tangible assets are recognised at cost less depreciation and any impairment. The cost includes expenditure that can be directly associated with the acquisition of the asset. Additional expenditure is added to the cost of the asset if it is expected to provide



the company with any future economic benefits, insofar as the asset's performance increases in relation to the value of the asset on the acquisition date. Expenditure for repairs and maintenance is recognised as expenses. Capital gains or capital losses on the divestment of tangible assets are recognised as other operating income and other operating expenses, respectively.

Tangible assets are depreciated systematically over the assessed useful life of the asset.

The following periods of amortisation are applied:

- Equipment, tools, fixtures and fittings, 3–7 years
- Cost of leasehold improvements, 5–10 years

A tangible asset ceases to exist when divested or when no economic benefits are expected to be received by the Group in connection with use or divestment of the asset. The gain or loss arising on derecognition of the asset is recognised in the consolidated income statement.

### RIGHT-OF-USE ASSETS

IFRS 16 *Leases* is applied as of 1 January 2019 and has replaced IAS 17 *Leases*. For companies that are lessees, the former classification into operating and finance leases has been abolished and replaced by a model whereby assets and liabilities for all leases are recognised in the consolidated statement of financial position. On transition on 1 January 2019, the Synsam Group decided to apply the simplified exemption rule, whereby the right-of-use assets are recognised at the same value as the lease liability without impacting equity.

The implementation of IFRS 16 *Leases* resulted in a change to the consolidated statement of financial position and consolidated income statement. The Group's liabilities increased and included discounted future lease obligations, mainly leasing agreements linked to store premises. The Group's assets increased in a corresponding amount and are designated as "Right-of-use assets".

The impact on the consolidated income statement is that, as of 1 January 2019, the previously expensed lease payments are distributed across interest and amortisation as well as depreciation of right-of-use assets, and thus impact Operating profit and Net financial items. In financial information pertaining to the period before 1 January 2019, lease payments were charged in their entirety to EBITDA.

The consolidated statement of cash flows are impacted since cash payments attributable to lease payments as of 1 January 2019 are divided and classified as interest and amortisation and with the amortisation attributable to the financing activities, unlike previously when the entire lease payment impacted cash flow from the operating activities.

The Group recognises lease liabilities and right-of-use assets on separate rows in the balance sheet and thus has also reclassified lease assets classified as non-current assets under the former standard, IAS 17, as Right-of-use assets. Refer also to Note 13.

For lessors, the transition from IAS 17 to IFRS 16 entailed no material change. Refer also to the section on revenue for Synsam Lifestyle™.

Most of the Group's right-of-use assets comprise leasing agreements linked to store premises. Leases are normally signed for fixed periods of up to three to five years, but there may be an extension option, which is described below. The terms are negotiated separately for each lease, and contain a large number of differing conditions. The leases do not include any special conditions or restrictions that would mean that the leases would be terminated if these conditions were not met, but the leased assets may not be used as collateral for loans.

Leases are recognised as right-of-use assets and a

corresponding liability from the date at which the leased asset is available for use by the Group. Every lease payment is distributed between amortisation of the liability and financial expenses. Interest expenses are distributed over the lease term so that each reporting period is charged with an amount that corresponds to a fixed interest rate for the liability recognised in each period. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease.

Assets and liabilities arising from leases are initially recognised at present value.

The terms used for the rental contracts for premises correspond with the actual remaining contractual lease terms, which in certain cases may be less than 12 months. Leases that pertain to assets other than rental contracts for premises and are initially shorter than 12 months are not included. Nor are leases pertaining to assets that have a low value, meaning less than SEK 50,000 in new condition, included. Payments for short-term leases and leases of a low value are expensed straight-line in profit or loss.

Lease liabilities include the present value of the following lease payments:

- future fixed payments (including in-substance fixed payments, thus also including future lease payments linked to annual index adjustments).

The right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was originally measured
- lease payments paid on or before the commencement date, less any rewards received when the lease was signed
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease.

Certain rental contracts for premises include one part fixed payments and one part calculated on sales in store, known as variable payments. The lease liabilities and right-of-use assets calculated above do not include the sales-based part of the rent.

In calculating the initial lease liability related to the right-of-use assets at 1 January 2019, different interest rates in the range of 3.2 percent to 4.3 percent were used, with consideration given to the local interest rates in the various markets where the Group operates. The Group's incremental borrowing rate was used for this, which, in addition to the Group's credit risk, also reflected the underlying asset as intended collateral. For leases after this date, updated discount rates were used, with consideration given to the current interest rate situation in the various markets and other conditions that impact the interest rate situation in accordance with the above.

In 2020, the Group's various companies also received temporary COVID-19-related rent discounts from their landlords. In such cases, Synsam has chosen to account for these discounts in accordance with the exemption rule introduced in 2020, meaning that the company utilised the option to recognise this rent relief directly against profit or loss without restating the lease liability or right-of-use asset. Refer also to Note 9 *Recognition of government assistance and other temporary effects of COVID-19*.

### Leased assets (until 31 December 2018)

Leases under which the financial risks and rewards of ownership of an asset are essentially transferred from the lessor to the lessee are classified in the consolidated financial statements as finance leases. Finance leases entail that rights and obligations are recognised as an asset or liability in the consolidated statement of financial position. The asset and liability are measured

at the lowest of the fair value of the asset and the present value of the minimum lease payments. Expenditure that is directly attributable to the lease is added to the value of the asset. Lease payments are broken down into interest and amortisation. Variable fees are recognised as expenses in the period in which they arise. The leased asset is amortised on a straight-line basis over the term of the lease.

Leases where the financial risks and rewards and risks associated with the leased item essentially remain with the lessor are classified as operating leases until the end of 2018, see Note 5 and Note 13. Payments, including an initial higher rent payment, according to these leases are recognised as an expense on a straight-line basis over the term of the lease.

#### IMPAIRMENT OF TANGIBLE ASSETS AND INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

In the event of an indication that impairment is required, an estimate is made of the asset's recoverable amount. The recoverable amount is also estimated annually for goodwill and other intangible assets with an indefinite useful life. The recoverable amount is the higher of fair value less selling expense and value in use. In the calculation of value in use, future cash flows are discounted by a discount factor that takes into account risk-free interest and the risk associated with the specific asset. If the recoverable amount of the asset is lower than the carrying amount, the asset is impaired to its recoverable amount. In the assessment of impairment requirement, assets are grouped at the lowest levels where there are separable identifiable cash flows (cash-generating units).

#### Reversal of impairment

An impairment of assets included in the area of application of IAS 36 is reversed if there is an indication that there is no longer a requirement for impairment and that a change has taken place in the assumption on which the calculation of the recoverable amount was based. The recoverable amount is the higher of fair value less selling expense and value in use. In the calculation of value in use, future cash flows are discounted by a discount factor that takes into account risk-free interest and the risk associated with the specific asset. However, impairment of goodwill is never reversed. A reversal is only made to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, with a deduction for depreciation/amortisation, if no impairment had been made.

#### FINANCIAL INSTRUMENTS

A financial instrument is classified on initial recognition based on its nature (equity instrument, debt instrument, derivative instrument) and whether it comprises a debt instrument that repays principal and interest based on the Synsam Group's business model.

IFRS 9 encompasses three measurement categories, whereby measurement is either carried out at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The classification of financial assets is determined based on the company's business model for the holdings and the characteristics of the cash flows that the assets give rise to. This classification determines how the instrument is to be measured after initial recognition, as described below.

#### Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party in accordance with the instrument's contractual terms and

conditions. A receivable is recognised when the company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Accounts receivable are recognised in the statement of financial position when the invoice has been sent. Liabilities are recognised when the counterparty has performed and the company has a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognised when the invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the contract have been realised, mature or the company loses control of them. The same applies for part of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is performed or otherwise extinguished. The same applies for part of a financial liability.

A financial asset and financial liability are set off and recognised in a net amount in the statement of financial position only when there is a legal right to set off the amounts and there is an intention to settle the items in a net amount or to simultaneously realise the asset and settle the liability.

Acquisition and divestments of financial assets are recognised on the transaction date. The transaction date is the date when the company undertakes to acquire or divest the asset.

#### Receivables, cash and cash equivalents

The Group's financial assets primarily comprise accounts receivable, receivables for delivered but not yet invoiced goods, and cash and cash equivalents. These items have been classified as measured at amortised cost. Since receivables from customers have short maturity periods, these amounts are not calculated at present value.

#### Other liabilities

Borrowings and accounts payable are initially recognised at cost after deduction of transaction costs. Accounts payable are recognised at a nominal amount since their maturity period is short. Borrowings are measured at amortised cost applying the effective interest method.

#### Derivative instruments

The Group uses derivative instruments, such as interest swaps. Derivative instruments are measured on initial recognition at fair value on the date on which the contract is entered into and subsequently measured continuously at fair value through net financial items. The interest coupon is recognised as interest and other changes in value are recognised as other financial income or expenses. Derivative instruments are recognised as financial assets when their fair value is positive and as liabilities when their fair value is negative.

#### IMPAIRMENT OF FINANCIAL ASSETS

With respect to impairment of financial assets, IFRS 9 contains a basic approach based on monitoring the credit risk associated with the receivables. For accounts receivable without significant financing components, provisions are always made based on expected loss events during the lifetime of the receivable. However, as such receivables tend to be shorter than one year, there is no significant difference between their lifetime and 12 months. For accounts receivable within Synsam Lifestyle™, the company has a limited credit risk since the receivable is transferred to a factoring company. The expected remaining risk of bad debt losses for older Synsam Lifestyle™ agreements is assessed according to the same model as for accounts receivable without financing components.

A reserve is made for expected bad debt losses and is established on the basis of historic experiences of bad debt losses for

similar receivables. When accounts receivable are past due and Synsam assesses the probability of receiving payment to be low (receivable in default), the reserve is evaluated based on an age analysis and individual assessment. The reserve for the year is recognised as an expense in profit or loss.

Cash and cash equivalents are only deposited in banks with a high credit rating, which entails that expected credit losses are immaterial.

#### INVENTORIES

Inventories are recognised at the lowest of cost and net realisable value. Cost is established using the first-in, first-out (FIFO) method.

Net realisable value is the estimated sales price in the operating activities with a deduction for applicable variable selling expenses.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and immediately available bank deposits.

#### BORROWING EXPENSES

Borrowing costs are charged to profit or loss in the periods to which they are attributable in accordance with the effective interest method. No borrowing expenses are capitalised on assets.

#### TRANSACTIONS IN FOREIGN CURRENCY

Foreign currency transactions are translated into the functional currency at the exchange rate applicable on the transaction date. The functional currency is the currency in the primary financial environment in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate applicable on the balance sheet date. Exchange rate differences arising in these conversions are recognised in net financial items and included in profit/loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate applicable on the transaction date. Non-monetary assets and liabilities are measured at fair value translated into the functional currency at the exchange rate applicable at the time of measurement at fair value.

#### EMPLOYEE BENEFITS

##### Defined contribution pension plans

Defined contribution pension plans are classified as pension schemes where the company's obligation is limited to the contributions that the company has undertaken to pay. The company's obligations concerning contributions to defined contribution plans are recognised as an expense in profit/loss for the year at the rate they are earned by the employees performing services for the company during a period. Defined benefit pension obligations according to ITP 2 exist in Swedish Group companies and are insured by Alecta. Refer to Note 24.

##### Short-term benefits

Short-term benefits in the Group consist of wages, social security contributions, paid holidays, paid sick leave, medical care and bonuses. Short-term benefits are calculated without discounting and are recognised as an expense when the related services are received.

A provision is recognised for the expected cost of profit share and bonus payments when the Group has a current legal or informal obligation to make such payments due to services being received from employees and the obligation can be reliably calculated.

#### Benefits on termination of employment

An expense for payments in connection with termination of employment is recognised at the earliest date when the company can no longer withdraw the offer to employees or when the company recognises restructuring costs. Payments expected to be made after 12 months are recognised at their present value.

#### PROVISIONS

Provisions are recognised when the Group has a legal or informal obligation, the amount can be reliably calculated and it is probable that an outflow of resources will be required to settle the obligation.

Obligations that are expected to be settled after more than 12 months are calculated at present value. Any increase in the provision due to the passage of time is recognised as an interest expense.

#### Restructuring

A provision for restructuring is recognised if a detailed and formal restructuring plan has been established and the restructuring has either been initiated or publicly announced. No provision is made for future operating expenses.

#### CONTINGENCIES

Disclosures on contingencies are made if there is an undertaking that cannot be recognised as a liability or a provision since an outflow of resources will not likely be required or cannot be calculated with sufficient reliability.

#### STATEMENT OF CASH FLOWS

The indirect method is applied in the preparation of the statement of cash flows. The statement of cash flows shows the cash flow from operating activities, investing activities and financing activities during the year as well as the year's change in cash and cash equivalents. The cash flow effect of acquisitions and sales of operations is recognised separately in investing activities. The statement of cash flows includes acquired operations as from the acquisition date.

##### Cash flow from operating activities

Cash flow from operating activities is calculated in accordance with the indirect method as profit/loss before tax adjusted for non-cash items, changes in working capital, interest received and paid, dividends received, and taxes paid.

##### Cash flow from investing activities

Cash flow from investing activities consists of payments in connection with acquisition of companies and operations, purchases and sales of intangible assets, tangible assets, and other non-current assets, but excluding right-of-use assets.

##### Cash flow from financing activities

Cash flow from financing activities includes changes in the size or composition of share capital and associated expenses as well as raising loans, excluding the increase in lease liabilities related to IFRS 16, repayment of interest-bearing liabilities and cash flow related to amortisation of lease liabilities under IFRS 16 and dividends to shareholders.

## Note 2 ESTIMATES AND ASSESSMENTS

### IMPORTANT ESTIMATES AND ASSESSMENTS

The information in this note affects the areas where there is the greatest risk for future adjustments of carrying amounts and where the liquidity impact is greatest.

#### Tax matters

One of the subsidiaries in the Group has an ongoing tax dispute related to the deductibility of intra-Group interest for the 2014 and 2015 income-tax returns. The legal process is ongoing but a provision has been made since 2018 in an amount corresponding to the assessment notice of a total of SEK 70.0 million, plus penalty interest. The Swedish Tax Agency has also decided the tax matter is uncertain and has granted the company respite for the payment. The remaining risk pertains to a possible liquidity flow in the event that the subsidiary loses the tax dispute. A negative ruling was handed down by the Administrative Court in October 2019. The Administrative Court's decision has been appealed and continued respite for the payment has been granted. The ruling did not result in any remeasurement of recognised liabilities.

As a result of the introduction of IFRIC 23 *Uncertainty over Income Tax Treatments* in 2019, the classification of the disputed tax liability was impacted, from previously being recognised as a Provision to now being recognised as Current tax liability. Refer also to Note 24.

#### Business combinations

In connection with acquisitions of new businesses, acquired assets, liabilities and contingencies are identified applying the acquisition method. Material assets comprise trademarks and customer relations. There is no active market for most of the acquired assets and liabilities, in particular the acquired intangible assets. The senior management therefore has to estimate the fair value of the acquired intangible assets, liabilities and contingencies. Depending on the type of asset or liability involved, some uncertainty may be attached to the estimated amount. The non-allocated part of the purchase consideration is recognised in the balance sheet as goodwill.

#### Goodwill

Goodwill is measured at cost less any accumulated impairment.

#### Trademarks

The value of trademarks and their expected lifetime is estimated based on the trademarks' market position and status, expected development and profitability. The estimate is based on the relief from royalty method, according to which the value is estimated based on expected revenue associated with the trademark, the royalty rate, the growth rate and the tax effect, and is estimated with a suitable discount rate. The trademark EyeQ is estimated to have a useful life of 15 years and is amortised on a straight-line basis. An annual assessment of impairment is made for other trademarks.

#### Impairment testing of goodwill and trademarks

In calculating the recoverable amount of cash-generating units in order to assess whether an impairment requirement exists for goodwill or trademarks, several assumptions regarding future conditions and estimates of parameters have been made. These assumptions and estimates are presented in Note 11. As explained in the description in Note 11, changes to the conditions on which these assumptions and estimates are based could have a material impact on the value of goodwill or trademarks.

#### Customer relations

The value of customer relations and their expected lifetime is assessed based on the stability of the customer relation and the expected return. The estimate is based on the multi-period excess method, whereby the value is calculated on the basis of expected cash flows from customer relations and costs of invested capital. Profit or loss is calculated with an appropriate discount rate.

Customer relations are amortised on a straight-line basis over 5–15 years.

#### Right-of-use assets and lease liabilities

The Group has a significant number of lease and rental contracts for premises that are subject to IFRS 16 *Leases*, which means that, as of 2019, these contracts are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. The value of the asset and the liability depends on several assumptions, such as the rate used to discount the liability to present value and the assessment of extension options. Changes in assumptions and assessments of extension options and the discount rate may result in significant differences in the Group's value for right-of-use assets and lease liability. Additional information about leases can be found in Note 13.

## Note 3 BREAKDOWN OF NET SALES BY GEOGRAPHIC MARKETS, OPERATING ACTIVITIES AND SEGMENTS

### BREAKDOWN OF NET SALES BY OPERATING ACTIVITIES:

	Group		
	2020	2019	2018
Synsam Lifestyle™	1,555.1	1,329.5	825.3
Other sales of goods and services	2,251.4	2,411.1	2,554.7
<b>Total net sales</b>	<b>3,806.5</b>	<b>3,740.6</b>	<b>3,380.0</b>

### OTHER REVENUE BROKEN DOWN AS FOLLOWS:

	Group		
	2020	2019	2018
Franchise fee revenue	10.5	11.4	12.1
Other revenue	43.3	29.2	18.3
<b>Total other operating income</b>	<b>53.8</b>	<b>40.6</b>	<b>30.4</b>

The Group's chief operating decision-maker monitors the operations in the Group by monitoring, among other measures, the segments' external net sales and the earnings measures Gross profit and Gross margin, EBITDA and adjusted EBITDA (and the EBITDA margin), EBITA, and adjusted EBITA (and the EBITA margin). Segments include the sales derived from the various geographic markets and the costs directly attributable to these sales, such as the cost of goods sold and direct premises and personnel costs, etc. Certain marketing expenses and activities decided at the group level are not included in the segments Sweden, Denmark, Norway and Finland, and are instead recognised in "Other and central functions", which comprises certain Group-wide and head office functions, such as the treasury, finance and IT functions. Head office functions are also part of other legal units in each country to a certain extent but are not included in the segments. Expenses generated with respect to Group-wide and head office functions are distributed and invoiced to the various segments through a management fee.

**Note 3 Breakdown of net sales by geographic markets, operating activities and segments, cont.**

All revenue in the segments is recognised at a specific point in time when the goods have been delivered or the service has been performed, meaning when control is considered to have been transferred to the customer. However, franchise fee revenue is recognised on a straight-line basis over time.

Intra-Group sales between the segments do not comprise a material amount, as shown in the table on next page. The Group's inventory supply of spectacles frames, sunglasses and accessories (not spectacles glass) is largely managed by the central warehouse under Synsam Group One AB, which is not included in the segments.

The chief operating decision-maker does not continuously monitor the balance sheet for each segment. Most of the Group's external borrowings and credits are in the Group company

Synsam Group AB. The management of liquidity by segment also takes place within this company.

Net sales from external customers come from sales of goods (primarily sales of spectacles, sunglasses and contact lenses) as well as eye examinations (services) and revenue from Synsam Lifestyle™. The segments are divided based on where their external customers carry out their purchases. No individual customer accounts for a significant portion of the segment's or Group's net sales.

The external net sales in Other and central functions primarily comprise sales of the Ai range in our dedicated Ai stores, sales of goods from the central warehouse to Synsam's franchise stores and a central component of sales for Synsam Lifestyle™.

**SEGMENT INFORMATION**

2020	Sweden	Denmark	Norway	Finland	Other and central functions	Eliminations	Total
Net sales, Synsam Lifestyle™	812.4	349.3	289.6	68.8	35.1	–	1,555.1
Net sales, other	1,007.2	581.6	511.5	130.8	20.2	–	2,251.4
<b>Net sales, external</b>	<b>1,819.6</b>	<b>930.9</b>	<b>801.1</b>	<b>199.6</b>	<b>55.3</b>	<b>–</b>	<b>3,806.5</b>
Net sales internal	–	–	–	–	699.5	–699.5	–
Other operating income	13.5	8.7	4.2	0.4	26.9		53.8
Gross profit <sup>1)</sup>	1,413.6	705.0	580.4	140.1	67.8		2,906.9
Gross margin <sup>1)</sup>	76.9%	74.8%	71.9%	70.0%	73.9%		75.0%
EBITDA <sup>1)</sup>	576.5	259.4	164.1	21.3	–87.1		934.1
(of which, from COVID-19 compensation <sup>2)</sup> )	9.4	29.9	4.9	2.3	1.0		47.5)
Depreciation of tangible non-current and right-of-use assets	–166.9	–86.9	–88.9	–29.0	–19.2		–390.8
EBITA <sup>1)</sup>	409.6	172.5	75.2	–7.7	–106.4		543.2
Amortisation of intangible non-current assets	–5.0	–0.7	–1.4	–0.4	–133.8		–141.3
<b>EBIT</b>	<b>404.6</b>	<b>171.8</b>	<b>73.8</b>	<b>–8.1</b>	<b>–240.2</b>		<b>401.9</b>
Net financial items							–537.5
<b>Loss before tax</b>							<b>–135.6</b>
Adjusted EBITDA <sup>1)</sup>	576.5	259.4	164.1	21.3	–73.3		947.9
Depreciation of tangible non-current and right-of-use assets	–166.9	–86.9	–88.9	–29.0	–19.2		–390.8
Adjusted EBITA <sup>1)</sup>	409.6	172.5	75.2	–7.7	–92.6		557.0
Items affecting comparability <sup>1)</sup>	–	–	–	–	13.8		13.8
EBITA <sup>1)</sup>	409.6	172.5	75.2	–7.7	–106.4		543.2
Amortisation of intangible non-current assets	–5.0	–0.7	–1.4	–0.4	–133.8		–141.3
<b>EBIT</b>	<b>404.6</b>	<b>171.8</b>	<b>73.8</b>	<b>–8.1</b>	<b>–240.2</b>		<b>401.9</b>
Net financial items							–537.5
<b>Loss before tax</b>							<b>–135.6</b>
EBITDA margin, % <sup>1)</sup>	31.4%	27.6%	20.4%	10.6%	n/a		24.2%
EBITA margin, % <sup>1)</sup>	22.3%	18.4%	9.3%	–3.8%	n/a		14.1%
Adjusted EBITDA- margin, % <sup>1)</sup>	31.4%	27.6%	20.4%	10.6%	n/a		24.6%
Adjusted EBITA margin, % <sup>1)</sup>	22.3%	18.4%	9.3%	–3.8%	n/a		14.4%
Items affecting comparability <sup>1)</sup>	–	–	–	–	13.8		13.8
Of which;							
IPO preparatory costs					7.4		7.4
IT attack					6.4		6.4

1) Refers to alternative performance measures. EBITDA is defined as operating profit before depreciation and amortisation of tangible and intangible as well as right-of-use assets. EBITDA margin is defined and calculated as EBITDA as a percentage of total revenue. Adjusted EBITDA is defined as EBITDA adjusted for items affecting comparability; for further definitions refer to page "Financial definitions" and refer to Note 29 and Note 32 for more information.

2) For a summary of the grants received in connection with COVID-19, refer to Note 9 Recognition of government assistance and other temporary effects of COVID-19.

## Note 3 Breakdown of net sales by geographic markets, operating activities and segments, cont.

## SEGMENT INFORMATION

2019	Sweden	Denmark	Norway	Finland	Other and central functions	Eliminations	Total
Net sales, Synsam Lifestyle™	623.1	395.9	241.1	47.8	21.6	–	1,329.5
Net sales, other	1,017.1	631.8	605.9	141.5	14.7	–	2,411.1
<b>Net sales, external</b>	<b>1,640.3</b>	<b>1,027.7</b>	<b>847.0</b>	<b>189.3</b>	<b>36.4</b>	<b>–</b>	<b>3,740.6</b>
Net sales internal	–	–	–	–	384.4	–384.4	–
Other operating income	13.0	1.5	2.1	0.2	23.8		40.6
Gross profit <sup>1)</sup>	1,289.6	759.5	639.3	134.7	34.9		2,858.0
Gross margin, % <sup>1)</sup>	77.8%	73.8%	75.2%	71.0%	30.5%		75.3%
EBITDA <sup>1) 2)</sup>	546.7	283.2	202.6	27.3	–134.8		925.0
(Impact of IFRS 16 Leases <sup>2)</sup> )	(108.4)	(59.1)	(64.0)	(22.2)	(6.8)		(260.6)
Depreciation of tangible non-current and right-of-use assets	–150.3	–99.5	–92.6	–25.8	–22.0		–390.3
(Impact of IFRS 16 Leases <sup>2)</sup> )	–	–	–	–	–		(246.9)
EBITA <sup>1)</sup>	396.5	183.6	109.9	1.5	–156.8		534.7
Amortisation of intangible non-current assets	–4.1	–0.7	–0.9	–0.6	–131.3		–137.5
<b>EBIT</b>	<b>392.4</b>	<b>183.0</b>	<b>109.0</b>	<b>0.9</b>	<b>–288.1</b>		<b>397.2</b>
Net financial items	–	–	–	–	–		–526.5
<b>Loss before tax</b>							<b>–129.3</b>
Adjusted EBITDA <sup>1) 2)</sup>	546.7	283.2	202.6	27.3	–76.1		983.6
Depreciation of tangible non-current and right-of-use assets	–150.3	–99.5	–92.6	–25.8	–22.0		–390.3
Adjusted EBITA <sup>1)</sup>	396.5	183.6	109.9	1.5	–98.2		593.3
Items affecting comparability <sup>1)</sup>	–	–	–	–	58.6		58.6
EBITA <sup>1)</sup>	396.5	183.6	109.9	1.5	–156.8		534.7
Amortisation of intangible non-current assets	–4.1	–0.7	–0.9	–0.6	–131.3		–137.5
<b>EBIT</b>	<b>392.4</b>	<b>183.0</b>	<b>109.0</b>	<b>0.9</b>	<b>–288.1</b>		<b>397.2</b>
Net financial items	–	–	–	–	–		–526.5
<b>Loss before tax</b>							<b>–129.3</b>
EBITDA margin, % <sup>1) 2)</sup>	33.1%	27.5%	23.9%	14.4%	n/a		24.5%
(Impact of IFRS 16 Leases <sup>1) 2)</sup> )	–	–	–	–	–		(6.9%)
EBITA margin, % <sup>1) 2)</sup>	24.0%	17.8%	12.9%	0.8%	n/a		14.1%
Adjusted EBITDA margin, % <sup>1) 2)</sup>	33.1%	27.5%	23.9%	14.4%	n/a		26.0%
(Impact of IFRS 16 Leases <sup>1) 2)</sup> )	–	–	–	–	–		(6.9%)
Adjusted EBITA margin, % <sup>1) 2)</sup>	24.0%	17.8%	12.9%	0.8%	n/a		15.7%
Items affecting comparability <sup>1)</sup>	–	–	–	–	58.6		58.6
Of which;							
IPO preparatory costs					58.6		58.6

1) See above under 2020.

2) As an effect of the introduction of IFRS 16 Leases, EBITDA and depreciation/amortisation were impacted by the amounts stated in brackets in 2019. This also had an impact on adjusted EBITDA and margin measures.



**Note 3 Breakdown of net sales by geographic markets, operating activities and segments, cont.**

**SEGMENT INFORMATION**

2018	Sweden	Denmark	Norway	Finland	Other and central functions	Eliminations	Total
Net sales, Synsam Lifestyle™	382.4	220.5	185.5	27.1	9.8	–	825.3
Net sales, other	1,063.2	715.5	620.5	142.3	13.2	–	2,554.7
<b>Net sales, external</b>	<b>1,445.6</b>	<b>935.9</b>	<b>806.0</b>	<b>169.5</b>	<b>23.0</b>	<b>–</b>	<b>3,380.0</b>
Net sales, internal	0.0	1.9	–	–	256.2	–258.1	–
Other operating income	10.3	1.4	1.0	0.2	17.5		30.4
Gross profit <sup>1)</sup>	1,114.8	684.1	608.4	115.4	63.9		2,586.6
Gross margin, % <sup>1)</sup>	76.4%	72.9%	75.4%	67.9%	201.7%		75.6%
EBITDA <sup>1)</sup>	336.5	156.3	143.7	–7.4	–75.2		554.0
Depreciation of tangible non-current assets	–41.5	–56.1	–31.9	–5.6	–23.0		–158.0
EBITA <sup>1)</sup>	295.1	100.2	111.9	–13.0	–98.1		396.0
Amortisation of intangible non-current assets	–1.4	–0.4	–0.7	–0.6	–131.0		–134.1
<b>EBIT</b>	<b>293.7</b>	<b>99.7</b>	<b>111.2</b>	<b>–13.6</b>	<b>–229.2</b>		<b>261.9</b>
Net financial items							–522.4
<b>Loss before tax</b>							<b>–260.6</b>
Adjusted EBITDA <sup>1)</sup>	338.8	169.4	144.1	–2.0	–7.1		643.2
Depreciation of tangible non-current assets	–41.5	–56.1	–31.9	–5.6	–23.0		–158.0
Adjusted EBITA <sup>1)</sup>	297.4	113.3	112.2	–7.6	–30.1		485.1
Items affecting comparability <sup>1)</sup>	2.3	13.1	0.3	5.4	68.0		89.2
EBITA <sup>1)</sup>	295.1	100.2	111.9	–13.0	–98.1		396.0
Amortisation of intangible non-current assets	–1.4	–0.4	–0.7	–0.6	–131.0		–134.1
<b>EBIT</b>	<b>293.7</b>	<b>99.7</b>	<b>111.2</b>	<b>–13.6</b>	<b>–229.2</b>		<b>261.9</b>
Net financial items							–522.4
<b>Loss before tax</b>							<b>–260.6</b>
EBITDA margin, % <sup>1)</sup>	23.1%	16.7%	17.8%	–4.4%	n/a		16.2%
EBITA margin, % <sup>1)</sup>	20.3%	10.7%	13.9%	–7.7%	n/a		11.6%
Adjusted EBITDA margin <sup>1)</sup>	23.3%	18.1%	17.9%	–1.2%	n/a		18.9%
Adjusted EBITA margin <sup>1)</sup>	20.4%	12.1%	13.9%	–4.5%	n/a		14.2%
Items affecting comparability <sup>1)</sup>	2.3	13.1	0.3	5.4	68.0		89.2
<i>Of which;</i>							
<i>Transformation project</i>	2.3	13.1	0.3	5.4	52.6		73.8
<i>Shareholder-related costs</i>	–	–	–	–	15.4		15.4

1) See above under 2020

**NET SALES ARE BROKEN DOWN BY GEOGRAPHIC MARKETS AS FOLLOWS:**

	Group		
	2020	2019	2018
Sweden	1,862.0	1,664.6	1,468.6
Denmark	936.6	1,036.8	935.9
Norway	806.5	849.4	806.0
Finland	201.4	189.8	169.5
<b>Total net sales</b>	<b>3,806.5</b>	<b>3,740.6</b>	<b>3,380.0</b>

**BREAKDOWN OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS BY GEOGRAPHIC MARKETS AS FOLLOWS:**

	Group		
	2020	2019 <sup>1)</sup>	2018
Sweden	2,666.7	2,706.5	2,484.1
Denmark	1,621.1	1,732.0	1,724.6
Norway	1,155.6	1,322.2	1,113.4
Finland	127.3	134.3	80.6
<b>Total</b>	<b>5,570.8</b>	<b>5,895.0</b>	<b>5,403.0</b>

1) As of 2019, non-current assets have been increased by right-of-use assets that were added as a result of the introduction of IFRS 16 Leases.



## Note 4 AUDIT FEES

KPMG	Group		
	2020	2019	2018
Audit assignments	5.3	4.8	4.7
Tax advice	3.1	2.5	0.1
Other assignments	1.6	8.9	0.4
<b>Total audit fees</b>	<b>10.0</b>	<b>16.2</b>	<b>5.2</b>

Audit assignment refers to the audit of the Annual Report and accounting records and the administration by the Board of Directors and the CEO, other tasks performed by the company's auditor as well as advice or other assistance occasioned by observations during such audits or the implementation of other such tasks. Everything else falls under other assignments.

## Note 5 OPERATING LEASES

Leases in which the Synsam Group is the lessee

Group	2018
<b>Future minimum lease payments, which are to be paid for non-cancellable leases:</b>	
Falls due for payment within a year	211.9
Falls due for payment later than one year but within five years	350.4
Falls due for payment later than five years	16.0
<b>Total future minimum lease payments</b>	<b>578.3</b>
Expensed rents/lease payments during the period	<b>261.6</b>

Until the end of 2018, operating leases in the consolidated financial statements essentially comprised rented store premises in the markets where the Group operates. Most of the leases contain index clauses and some are also revenue-based, meaning that they are variable and the variable component of the rents is not included in the above figures.

From 1 January 2019, these leases are instead recognised for the Group in accordance with IFRS 16 Leases. For further information, refer to Note 1 Accounting policies and valuation principles and Note 13 Right-of-use assets.

## Note 6 EMPLOYEES, AVERAGE NUMBER OF EMPLOYEES, WAGES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

Average number of employees	Group		
	2020	2019	2018
Sweden total	1,144	1,013	941
Of whom, women	956	845	769
Denmark total	506	504	487
Of whom, women	396	385	370
Norway total	505	462	434
Of whom, women	398	360	340
Finland total	126	116	113
Of whom, women	106	101	97
<b>Total</b>	<b>2,281</b>	<b>2,095</b>	<b>1,975</b>
<b>Of whom, women</b>	<b>1,855</b>	<b>1,691</b>	<b>1,575</b>

Wages, remuneration, social security contributions and pension expenses	Group		
	2020	2019	2018
Wages and remuneration to Board and CEO	15.3	13.7	8.0
Wages and remuneration to other employees	1,094.6	1,051.7	942.6
Statutory and contractual social security contributions	201.5	192.9	168.7
Pension expenses, contribution-based plans for Board and CEO	2.2	2.2	2.3
Pension expenses, contribution-based plans for other employees	82.8	77.4	70.7
<b>Total</b>	<b>1,396.5</b>	<b>1,337.9</b>	<b>1,192.2</b>

### Board members and senior executives

Fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. Owner and employee representatives do not receive Board fees. Remuneration of the CEO (Håkan Lundstedt) and other senior executives comprises basic salary, variable remuneration, other benefits and pension. Other senior executives refers to the 18 (18; 17) people who, together with the CEO, make up Group management. Group management was unchanged in 2020 and thus comprised 19 people at year-end and an average of 19 during the year. In 2020, variable remuneration pertaining to 2019 was paid in an amount of SEK 5.1 million to the CEO and SEK 8.7 million to other senior executives. No variable remuneration pertaining to 2020 was paid to the CEO or senior executives during the year. The amounts presented below refer to reserved amounts. In 2019, no variable remuneration was paid to the CEO or other senior executives. Variable remuneration according to the table for 2019 refers to reserved amounts. In 2018, no reserves were made for bonuses to the CEO or other senior executives. The amount paid in 2018 pertained to a provision from 2017.

### Bonuses

The bonus for the CEO amounts to SEK 6.6 million (5.2; -) and is determined by the Board.

### Pension

The CEO has a premium-based pension plan under which the company pays a premium corresponding to 34 percent of the pensionable wages.

At year-end, pension obligations in the Group, including a provision for special employer's contribution on pension, totalled SEK 13.1 million (13.3; 11.5); refer also to Note 24.

### Severance pay

In the event that notice of termination is given by the company to the CEO, a period of notice of 12 months applies. In the event that notice is given by the CEO, a period of notice of six months applies.

**Note 6 Employees, average number of employees, wages, other remuneration and social security contributions, cont.**

2020	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Peter Törnquist, Chairman of the Board	0.8				0.8
Lave Beck-Friis, Board member (until 26 March 2020)	–				–
Kenneth Bengtsson, Board member	0.3				0.3
Ann Hellenius, Board member	0.3				0.3
Helena Johnson, Board member	0.3				0.3
Terje List, Board member	0.3				0.3
Gustaf Martin-Löf, Board member	–				–
Philip Røpcke, Board member (from 26 March 2020)	–				–
Christoffer Sjøqvist, Board member	–				–
Håkan Lundstedt, CEO and Board member	6.6	6.6	0.1	2.2	15.6
Other senior executives (average 18)	30.7	15.9	0.8	7.1	54.5
<b>Total</b>	<b>39.3</b>	<b>22.5</b>	<b>1.0</b>	<b>9.3</b>	<b>72.1</b>

Additional holiday pay is expensed continuously according to local agreements and regulations, which differ between countries. The expensed additional holiday pay is not included in the amounts in the tables for remuneration of senior executives

With respect to the group “senior executives” above, their remuneration above is included as of the month in which they were first included in the group until the time at which they leave the group. The group “senior executives” amounted to 19 (18;13) at the beginning of the year and 19 (18;13) at the end of the year; refer to the Directors’ Report for more information.

2019	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Peter Törnquist, Chairman of the Board	0.8				0.8
Lave Beck-Friis, Board member	–				–
Kenneth Bengtsson, Board member	0.3				0.3
Ann Hellenius, Board member	0.3				0.3
Helena Johnson, Board member	0.3				0.3
Terje List, Board member	0.3				0.3
Gustaf Martin-Löf, Board member	–				–
Christoffer Sjøqvist, Board member	–				–
Håkan Lundstedt, CEO and Board member	6.6	5.2	0.1	2.2	14.1
Other senior executives (average 18)	29.6	10.3	0.9	5.1	45.9
<b>Total</b>	<b>38.1</b>	<b>15.5</b>	<b>1.0</b>	<b>7.4</b>	<b>62.0</b>

Additional holiday pay is expensed continuously according to local agreements and regulations, which differ between countries. The expensed additional holiday pay is not included in the amounts in the tables for remuneration of senior executives

With respect to the group “senior executives” above, their remuneration above is included as of the month in which they were first included in the group until the time at which they leave the group. The group senior executives amounted to 18 (13;11) at the beginning of the year and 19 (18;13) at the end of the year; refer to the Directors’ Report for more information.

2018	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Peter Törnquist, Chairman of the Board	0.8				0.8
Kenneth Bengtsson, Board member	0.3				0.3
Terje List, Board member	0.3				0.3
Gustaf Martin-Löf, Board member	–				–
Christoffer Sjøqvist, Board member	–				–
Håkan Lundstedt, CEO	6.6	–	0.1	2.3	9.0
Other senior executives (average 14)	24.3	–	0.8	3.9	29.0
<b>Total</b>	<b>32.3</b>	<b>–</b>	<b>0.9</b>	<b>6.2</b>	<b>39.4</b>

In this note, remuneration of the Board for 2018 and 2017 refers to the Board of the subsidiary Synsam Group AB. The Board of Synsam AB (publ) received no remuneration from the company or from the Synsam Group for Board work carried out in this company for 2017–2018.

**Note 6 Employees, average number of employees, wages, other remuneration and social security contributions, cont.**

Gender distribution in senior executives on the balance sheet date	Group		
	2020	2019	2018
Men	13	13	13
Women	6	6	5
<b>Total</b>	<b>19</b>	<b>19</b>	<b>18</b>

No. of Board members on the balance sheet date	Group		
	2020	2019	2018
Men	7	7	4
Women	2	2	-
<b>Total</b>	<b>9</b>	<b>9</b>	<b>4</b>

**Note 7 FINANCIAL INCOME AND EXPENSES**

Financial income attributable to assets recognised at amortised cost	Group		
	2020	2019	2018
Exchange gains <sup>1)</sup>	20.1	-	-
Interest income, leases/Synsam Lifestyle™	75.2	73.7	46.1
Interest income, financial institutions	-	-	-
Interest income, other external	1.3	1.6	-
<b>Sub-total financial income</b>	<b>96.6</b>	<b>75.3</b>	<b>46.1</b>

**Financial income and expenses attributable to financial liabilities measured at fair value through profit or loss**

Fair value changes, derivative instruments	2.3	14.0	17.6
<b>Sub-total financial income</b>	<b>2.3</b>	<b>14.0</b>	<b>17.6</b>
<b>Total financial income</b>	<b>98.9</b>	<b>89.3</b>	<b>63.7</b>

Fair value changes, derivative instruments	-	-	-
<b>Sub-total financial expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial expenses from financial liabilities measured at amortised cost**

Exchange losses <sup>1)</sup>	-	-1.8	-24.2
Interest expenses, financial institutions	-139.0	-155.9	-195.5
Interest expenses, shareholder loans	-338.0	-313.6	-284.2
Other interest expenses, intra-Group	-	-	-
Interest expenses, IFRS 16 Leases	-30.9	-24.8	-
Other financial expenses <sup>2)</sup>	-128.5	-119.7	-82.2
<b>Sub-total financial expenses</b>	<b>-636.4</b>	<b>-615.8</b>	<b>-586.1</b>
<b>Total financial expenses</b>	<b>-636.4</b>	<b>-615.8</b>	<b>-586.1</b>
<b>Total net financial items</b>	<b>-537.5</b>	<b>-526.5</b>	<b>-522.4</b>

1) The Group's exchange differences pertaining to accounts receivable and accounts payable are recognised in net financial items and amounted to SEK 1.5 million in 2020 (2.0; -4.7).

2) The items includes the Group's credit costs related to Synsam Lifestyle™ of SEK 111.8 million (96.8; 57.0).

## Note 8 INCOME TAX

Group	2020	%	2019	%	2018	%
Current tax	-63.7		-68.9		-61.1	
Deferred tax	4.1		20.3		22.1	
<b>Tax on profit for the year</b>	<b>-59.6</b>		<b>-48.7</b>		<b>-39.0</b>	
<b>Loss before tax</b>	<b>-135.6</b>		<b>-129.3</b>		<b>-260.6</b>	
<b>Tax recognised in net profit/loss for the year</b>						
Tax according to current tax rate in Sweden	29.0	21.4%	27.7	21.4%	57.3	22.0%
Effect of other tax rates in foreign subsidiaries	-0.3	-0.2%	-0.5	-0.4%	-0.4	0.0%
Tax effect of non-deductible expenses and non-taxable income	-55.7	-41.0%	-67.3	-52.1%	-62.2	-23.8%
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-25.5	-18.8%	-6.4	-5.0%	-5.9	-2.3%
Utilisation of loss carryforwards, not previously capitalised	-0.7	-0.5%	0.0	0.0%	0.8	0.3%
Revaluation of deferred tax; - changed tax rate in Sweden and Norway	-0.1	-0.1%	-	-	18.0	6.9%
Tax effect attributable to previous year's taxation <sup>1)</sup>	-0.7	-0.5%	-2.1	-1.6%	-49.2	-18.9%
Other	-5.7	-4.2%	0.0	0.0%	2.7	1.0%
<b>Total tax recognised in net profit/loss for the year</b>	<b>-59.6</b>	<b>-43.9%</b>	<b>-48.7</b>	<b>-37.7%</b>	<b>-39.0</b>	<b>-15.0%</b>

1) Of the tax effect attributable to previous year's taxation, SEK 50.2 million pertains to the 2018 provision for an ongoing tax dispute; refer also to Note 2 and Note 24.

In the calculation, current tax in Sweden amounts to 21.4 percent (21.4; 22.0). In connection with the reduction in the corporate tax rate in Sweden from 1 January 2019, tax deduction restrictions were also introduced for interest expenses related to "Tax EBITDA." At the same time, the 2018 decision to lower the tax rate in two stages meant that the tax rate in Sweden was lowered to 20.6 percent from 1 January 2021.

## Note 9 RECOGNITION OF GOVERNMENT ASSISTANCE AND OTHER TEMPORARY EFFECTS OF COVID-19

Under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the Synsam Group has the option to recognise government grants against corresponding costs. The government assistance received varies between the countries in which Synsam operates. In Norway, for example, furlough compensation is paid directly to the employee and not to Synsam, and these amounts are therefore not included in the table below.

With respect to IFRS 16 *Leases*, the EU adopted exemption rules in autumn 2020 that entail that COVID-19-related rent reductions received directly from the landlord can be recognised in profit or loss in the period to which the rent reduction pertains. Accordingly, right-of-use assets and lease liabilities are not affected.

Temporary rent relief, which is not considered government assistance, and government assistance received are recognised in consolidated profit or loss as a cost reduction. In certain cases, government assistance also includes grants for depreciation and amortisation, including local amortisation of goodwill in Denmark. Since there are no corresponding costs for amortisation of goodwill in the Group, this government assistance is recognised under "Other operating income."

Group	Earnings effect taking into account temporary rent relief 2020	Effect of government assistance, IAS 20, on the income statement for 2020
Net sales	-	-
Other operating income	-	4.6
<b>Total revenue</b>	<b>-</b>	<b>4.6</b>
Goods for resale	-	-
Other external expenses	12.4	13.3
Personnel costs	-	29.6
<b>EBITDA<sup>1)</sup></b>	<b>12.4</b>	<b>47.5</b>
Depreciation and amortisation of tangible and intangible non-current assets	-	2.2
<b>EBIT</b>	<b>12.4</b>	<b>49.7</b>
Financial income	-	4.0
Financial expenses	-	-2.3
<b>Profit before tax</b>	<b>12.4</b>	<b>51.4</b>

1) EBITDA is an alternative performance measure (APM). Refer to Note 32 for a definition. For information on the distribution of government grants at the EBITDA level by segment, refer to Note 3.

The option to postpone payments for taxes, social security contributions and value-added tax was utilised to varying degrees in the countries in which Synsam operates. The remaining liabilities for these postponed payments are presented in the table below

Group	Amount	Falls due for payment
Value-added tax, withholding tax and social security contributions	119.1	First quarter of 2021
Value-added tax, withholding tax and social security contributions	77.0	Second quarter of 2021
<b>Total</b>	<b>196.1</b>	

## Note 10 INTANGIBLE NON-CURRENT ASSETS

### Group

2020	Development expenses	Goodwill	Trademarks	Customer relations	Software and licences	Total
<b>Cost</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>2,546.5</b>	<b>1,569.4</b>	<b>1,315.3</b>	<b>200.5</b>	<b>5,631.7</b>
Investments	–	–	–	–	23.5	23.5
Business combinations	–	3.4	–	–	–	3.4
Disposals and retirement	–	–	–	–	–0.9	–0.9
Reclassification	–	–1.0	–	–	2.0	1.0
Translation differences	–	–72.4	–57.7	–42.5	–0.6	–173.2
<b>At year-end</b>	<b>0.0</b>	<b>2,476.5</b>	<b>1,511.7</b>	<b>1,272.8</b>	<b>224.5</b>	<b>5,485.5</b>
<b>Amortisation</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>0.0</b>	<b>–30.9</b>	<b>–576.4</b>	<b>–92.3</b>	<b>–699.7</b>
Amortisation for the year	–	–	–5.5	–104.3	–31.5	–141.3
Disposals and retirement	–	–	–	–	0.9	0.9
Reclassification	–	–	–	–	–1.0	–1.0
Translation differences	–	–	0.9	20.6	0.3	21.8
<b>At year-end</b>	<b>0.0</b>	<b>0.0</b>	<b>–35.5</b>	<b>–660.1</b>	<b>–123.7</b>	<b>–819.3</b>
<b>Carrying amount as at 31 Dec 2020</b>	<b>0.0</b>	<b>2,476.5</b>	<b>1,476.2</b>	<b>612.7</b>	<b>100.8</b>	<b>4,666.2</b>

2019	Development expenses	Goodwill	Trademarks	Customer relations	Software and licences	Total
<b>Cost</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>2,512.6</b>	<b>1,548.8</b>	<b>1,294.3</b>	<b>176.8</b>	<b>5,532.6</b>
Investments	–	–	–	–	23.6	23.6
Business combinations	–	7.0	–	5.4	–	12.5
Disposals and retirement	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
Translation differences	–	26.9	20.5	15.6	0.1	63.1
<b>At year-end</b>	<b>0.0</b>	<b>2,546.5</b>	<b>1,569.4</b>	<b>1,315.3</b>	<b>200.5</b>	<b>5,631.7</b>
<b>Amortisation</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>0.0</b>	<b>–25.1</b>	<b>–465.8</b>	<b>–66.3</b>	<b>–557.3</b>
Amortisation for the year	–	–	–5.6	–106.0	–25.9	–137.5
Disposals and retirement	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
Translation differences	–	–	–0.2	–4.6	0.0	–4.9
<b>At year-end</b>	<b>0.0</b>	<b>0.0</b>	<b>–30.9</b>	<b>–576.4</b>	<b>–92.3</b>	<b>–699.7</b>
<b>Carrying amount as at 31 Dec 2019</b>	<b>0.0</b>	<b>2,546.5</b>	<b>1,538.4</b>	<b>738.9</b>	<b>108.2</b>	<b>4,932.1</b>

2018	Development expenses	Goodwill	Trademarks	Customer relations	Software and licences	Total
<b>Cost</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>2,467.2</b>	<b>1,521.0</b>	<b>1,270.3</b>	<b>151.7</b>	<b>5,410.2</b>
Investments	–	–	–	–	24.8	24.8
Business combinations	–	1.6	–	–	–	1.6
Disposals and retirement	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
Translation differences	–	43.9	27.9	24.0	0.2	96.1
<b>At year-end</b>	<b>0.0</b>	<b>2,512.6</b>	<b>1,548.8</b>	<b>1,294.3</b>	<b>176.8</b>	<b>5,532.6</b>
<b>Amortisation</b>						
<b>At beginning of year</b>	<b>0.0</b>	<b>0.0</b>	<b>–19.3</b>	<b>–355.9</b>	<b>–43.3</b>	<b>–418.5</b>
Amortisation for the year	–	–	–5.5	–104.1	–24.3	–134.1
Disposals and retirement	–	–	–	–	–	–
Reclassification	–	–	–	–	1.4	1.4
Translation differences	–	–	–0.3	–5.8	–0.1	–6.2
<b>At year-end</b>	<b>0.0</b>	<b>0.0</b>	<b>–25.1</b>	<b>–465.8</b>	<b>–66.3</b>	<b>–557.3</b>
<b>Carrying amount as at 31 Dec 2018</b>	<b>0.0</b>	<b>2,512.6</b>	<b>1,523.7</b>	<b>828.6</b>	<b>110.4</b>	<b>4,975.3</b>

“Software and licences” includes internally accrued own work, which at year-end had a carrying amount of SEK 4.2 million (1.7; 0.8). The remaining amortisation period for customer relations that arose when originally acquired amounts to 6.5 years. The remaining amortisation period for the D365 accounting system is three years, and for the trademark EyeQ is 8.5 years.

## Note 11 ASSESSMENT OF IMPAIRMENT OF INTANGIBLE NON-CURRENT ASSETS

The Group conducts annual impairment testing for goodwill and trademarks with indefinite lifetimes. The recoverable amounts for cash-generating units have been determined by estimating the value in use.

All intangible assets except goodwill and trademarks with an indefinite period of use are amortised continuously. Goodwill and trademarks with an indefinite period of use are tested for impairment annually or as soon as there are indications of a decrease in value. This assessment has in 2020, as in previous years, been based on a five-year present value computed cash flow statement per cash-generating unit. For calculating the value in use, lease payments are treated as cash flows in operating activities.

An assessment of impairment was carried out for four cash-generating units, one for each country: Sweden, Denmark, Norway and Finland. The cash flows for the first year were based on a budget approved by Group management, with anticipated growth of 16 percent. For the years 2022–2025, the calculation is based on a business plan and growth of approximately 7 percent, with a variation between the years. In order to extrapolate earnings performance beyond the planning horizon, a growth rate of 2.5 percent has been used for 2026 and onwards. The growth rate of 2.5 percent is based on historical growth rate, management's overall assessment and external assessors' market assessments regarding anticipated growth, taking anticipated GDP growth into consideration.

The sales trend is projected on the basis of the Synsam Group Management's assessment of capacity to generate growth based on assessed market development, competitive situation and Synsam Group's own growth-driving initiatives. An assessment of the future gross margin is made based on the product mix and the assessed competitive situation. Costs in other respects are assessed to mainly follow the sales trend, but some operational leverage is taken into account. Acquisition of tangible and intangible non-current assets is assessed on the basis of what Synsam Group needs to invest in order to maintain its competitive position.

In the discounted statements of cash flows for the four cash-generating units, a weighted average cost of capital (WACC) for the Group after tax of 7.08 percent (7.16; 7.73) for Sweden, 6.64 percent (7.13; 7.46) for Denmark, 7.98 percent (8.52; 9.03) for Norway and 6.52 percent (7.14; 7.51) for Finland has been used, depending on the interest level and other conditions in the various countries, corresponding to a WACC range of approximately 7.4 percent to 9.6 percent before tax (8.3 to 10.2; 9.4 to 11.7).

The 2020 test has shown that there is no impairment requirement, and no reasonable changes in assumptions would result in an impairment requirement.

### Trademarks

The trademarks "Synsam" and "Profil Optik" are considered to have an indefinite period of use and are tested for impairment annually.

The trademark "Profil Optik" is only used in Denmark and it is therefore tested for impairment only in Denmark, while "Synsam" is tested for impairment in Denmark, Sweden and Norway. No portion of the trademark is attributable to Finland.

The carrying amount of the trademarks with indefinite lifetimes broken down by cash-generating unit. Changes in value for the year have been impacted by exchange rate changes.

	Group		
	2020	2019	2018
Sweden	620.0	620.0	620.0
Denmark	442.8	458.4	451.6
Norway	368.0	407.9	395.0
Finland	–	–	–
<b>Total</b>	<b>1,430.9</b>	<b>1,486.3</b>	<b>1,466.6</b>

### Goodwill

The Group's goodwill has been created in connection with business combinations and acquisition of stores. Most of this goodwill has arisen in connection with the acquisition of the Synsam Nordic A/S Group.

Goodwill is attributable to cash-generating units or to the smallest group of cash-generating units in the Group for which goodwill is monitored by management and which is not larger than the Group's segments. Goodwill is allocated to four independent groups of cash-generating units: Sweden, Denmark, Norway and Finland. Total goodwill amounts to SEK 2,476.5 million (2,546.5; 2,512.6). Changes for the year have been impacted by exchange differences and minor acquisitions.

	Group		
	2020	2019	2018
Sweden	1,220.8	1,217.4	1,210.3
Denmark	820.9	850.8	838.2
Norway	382.7	424.1	410.7
Finland	52.2	54.2	53.4
<b>Total</b>	<b>2,476.5</b>	<b>2,546.5</b>	<b>2,512.6</b>

## Note 12 TANGIBLE NON-CURRENT ASSETS

### Group

2020	Cost of leasehold improvement	Equipment	Total
<b>Cost</b>			
<b>At beginning of year</b>	<b>481.0</b>	<b>863.1</b>	<b>1,344.2</b>
Investments	46.4	91.0	137.3
Business combinations	0.6	–	0.6
Disposals and retirement	–11.8	–2.7	–14.5
Translation differences	–19.1	–32.7	–51.8
<b>At year-end</b>	<b>497.1</b>	<b>918.6</b>	<b>1,415.7</b>
<b>Depreciation</b>			
<b>At beginning of year</b>	<b>–278.6</b>	<b>–665.5</b>	<b>–944.1</b>
Depreciation for the year	–53.3	–73.0	–126.3
Disposals and retirement	11.8	2.7	14.5
Translation differences	10.0	24.2	34.2
<b>At year-end</b>	<b>–310.1</b>	<b>–711.7</b>	<b>–1,021.8</b>
<b>Carrying amount as at 31 Dec 2020</b>	<b>187.0</b>	<b>206.9</b>	<b>394.0</b>

2019	Cost of leasehold improvement	Equipment	Total
<b>Cost</b>			
<b>At beginning of year</b>	<b>424.8</b>	<b>856.6</b>	<b>1,281.4</b>
Investments	51.1	77.1	128.2
Business combinations	–	0.7	0.7
Disposals and retirement	–1.0	–0.2	–1.3
Reclassification, opening balance IFRS 16	–	–81.0	–81.0
Translation differences	6.2	9.9	16.1
<b>At year-end</b>	<b>481.0</b>	<b>863.1</b>	<b>1,344.2</b>
<b>Depreciation</b>			
<b>At beginning of year</b>	<b>–228.0</b>	<b>–625.7</b>	<b>–853.7</b>
Depreciation for the year	–49.0	–79.0	–128.0
Disposals and retirement	1.0	0.2	1.3
Reclassification, opening balance IFRS 16	–	46.1	46.1
Translation differences	–2.6	–7.2	–9.9
<b>At year-end</b>	<b>–278.6</b>	<b>–665.5</b>	<b>–944.1</b>
<b>Carrying amount as at 31 Dec 2019</b>	<b>202.4</b>	<b>197.6</b>	<b>400.0</b>

2018	Cost of leasehold improvement	Equipment	Total
<b>Cost</b>			
<b>At beginning of year</b>	<b>388.8</b>	<b>805.2</b>	<b>1,194.0</b>
Investments	29.4	57.1	86.6
Business combinations	–	–	–
Disposals and retirement	–3.1	–24.4	–27.5
Translation differences	9.7	18.6	28.3
<b>At year-end</b>	<b>424.8</b>	<b>856.6</b>	<b>1,281.4</b>
<b>Depreciation</b>			
<b>At beginning of year</b>	<b>–181.2</b>	<b>–528.0</b>	<b>–709.2</b>
Depreciation for the year	–45.9	–112.1	–158.0
Disposals and retirement	3.1	26.3	29.4
Translation differences	–3.9	–12.0	–15.9
<b>At year-end</b>	<b>–228.0</b>	<b>–625.7</b>	<b>–853.7</b>
<b>Carrying amount as at 31 Dec 2018</b>	<b>196.8</b>	<b>230.9</b>	<b>427.7</b>

Until 31 December 2018, equipment also included lease assets that were rented under finance leases (IAS 17). The net value of lease assets amounted to SEK 34.9 million (19.7) on 31 December 2018, and mainly comprised vehicles and optical equipment. The reclassification of these leased assets took place in connection with the transition to IFRS 16 *Leases* and since 1 January 2019 are found under the heading Right-of-use assets, see Note 13 and additional information in Note 1.



## Note 13 RIGHT-OF-USE ASSETS

### Group

	Leases for premises	Tangible non-current assets, leases	Total right-of-use assets
<b>2020</b>			
<b>Carrying amount</b>			
<b>At beginning of year</b>	<b>527.6</b>	<b>35.3</b>	<b>562.9</b>
Additional right-of-use assets	232.1	3.2	235.3
Depreciation for the year	-251.6	-12.9	-264.5
Translation differences	-22.0	-1.0	-23.1
<b>Carrying amount as at 31 Dec 2020</b>	<b>486.1</b>	<b>24.6</b>	<b>510.6</b>
<b>2019</b>			
<b>Carrying amount</b>			
<b>At beginning of year</b>	<b>–</b>	<b>–</b>	<b>–</b>
Operating leases reclassification under IFRS 16 1 Jan 2019	536.1	–	536.1
Reclassifications, net (former IAS 17)	–	34.9	34.9
<b>Opening balance, 1 Jan 2019</b>	<b>536.1</b>	<b>34.9</b>	<b>571.0</b>
Additional right-of-use assets	232.3	15.6	247.9
Depreciation for the year	-246.9	-15.4	-262.3
Translation differences	6.1	0.2	6.3
<b>Carrying amount as at 31 Dec 2019</b>	<b>527.6</b>	<b>35.3</b>	<b>562.9</b>

In connection with the transition to IFRS 16 *Leases* on 1 January 2019, a new class of asset, Right-of-use assets, was added. Most of the Group's right-of-use assets comprise leasing agreements linked to store premises. Tangible non-current assets refer to lease assets rented under finance leases according to the former IAS 17 and mainly comprised vehicles and optical equipment.

In addition, the transition to IFRS 16 *Leases* entailed that the right-of-use assets increased by SEK 536.1 million on 1 January 2019. See also this Note for adjustments recognised on the transition to IFRS 16 *Leases* on 1 January. For further information on the transition and new accounting policies, refer to Note 1 Accounting policies and valuation principles under the section Right-of-use assets.

Lease liabilities are recognised separately in the balance sheet. Up until 31 December 2018, only lease liabilities attributable to finance leases were recognised in accordance with IAS 17. For information on the maturity structure for lease liabilities, see Note 20 *Financial risks*.

<b>Amounts recognised in the consolidated income statement</b>	<b>2020</b>	<b>2019</b>
Depreciation of right-of-use assets	-264.5	-262.3
Interest expenses for lease liability	-30.9	-24.8
Expenses attributable to short-term leases	–	–
Expenses attributable to low-value leases	-1.5	-2.0
Expenses attributable to variable lease expenses that are not included in the valuation of the lease liability	-25.5	-25.0
<b>Total</b>	<b>-322.4</b>	<b>-314.1</b>

The table below presents a summary of the transition effect of IFRS 16 *Leases* on the Group's assets, liabilities and equity on 1 January 2019 compared with the accounting policies applied in prior years. The comparative figures for 2018 have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

<b>Group</b>	<b>Opening balance 1 Jan 2019</b>	<b>Effect of IFRS 16</b>	<b>New opening balance 1 Jan 2019</b>
Tangible non-current assets	427.7	-34.9	392.7
Right-of-use assets	–	571.0	571.0
<b>Change in total assets</b>		<b>536.1</b>	
<b>Equity</b>	<b>-1,196.7</b>	<b>–</b>	<b>1,196.7</b>
Non-current lease liabilities	22.5	322.0	344.5
Current lease liabilities	12.4	214.0	226.4
<b>Change in total liabilities</b>		<b>536.1</b>	

**Note 13 Right-of-use assets, cont.**

The table below shows the effects of the introduction of IFRS 16 Leases on the consolidated statement of income for the 2019 financial year. The comparative figures for 2018 have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

Group	Effect of IFRS 16, 2019
Net sales	–
Other operating income	–
<b>Total revenue</b>	<b>–</b>
Goods for resale	–
Other external expenses	260.6
Personnel costs	–
<b>EBITDA<sup>1)</sup></b>	<b>260.6</b>
Depreciation of right-of-use assets	–246.9
<b>EBIT</b>	<b>13.7</b>
Financial income	–
Financial expenses	–22.3
<b>Loss before tax</b>	<b>–8.7</b>
Income tax (expense/benefit)	1.8
<b>Loss for the year</b>	<b>–6.8</b>

1) EBITDA is an alternative performance measure (APM). Refer to Note 32 for a definition.

Until the end of 2018, operating leases in the consolidated financial statements essentially comprised rented store premises in the markets where the Group operates.

A review of the Group's leases showed that they do not deviate from industry practice or that the Group is exposed to other material risks through its leases. Certain leases for premises include restoration costs and there are also leases that include residual value guarantees, mainly related to leases of material assets, for example, cars. These residual value guarantee and restoration costs do not total significant amounts for the Group.

A reconciliation of operating commitments under IAS 17 as of 31 December 2018 compared with the recognised lease liability under IFRS 16 Leases as of 1 January 2019 is presented below, see also Note 5.

Group	SEK million
Operating lease commitments, 31 December 2018	578.3
Finance lease liabilities, 31 December 2018	34.9
Short-term leases (less expensed)	–
Low-value leases (less expensed)	–2.3
Effect of reclassification	–20.5
Discount effect	–19.4
<b>Recognised lease liability, opening balance sheet, 1 January 2019</b>	<b>571.0</b>

On 31 December 2019, the Group's commitments for short-term leases, excluded from the calculation of right-of-use assets, totalled insignificant amounts.

The total cash outflow for leases in 2020 amounted to approximately SEK 300 million (approx. 300).

Some of the Group's leases for premises include turnover rent. The Group believes that the distribution between turnover rent and fixed rent will not change significantly in the next few years. An increase in sales may thus increase the Group's variable costs by the corresponding percentage. The variable lease payments are linked to sales for some stores and may have a major impact on an individual store's rental costs, but are not deemed to have a material impact on the Group's costs as a whole.

## Note 14 DEFERRED TAX

### Group

	Opening balance	Business combinations	Reported in net profit/loss for the year	Other/ Exchange rate changes	Closing balance
<b>2020</b>					
<b>Deferred tax assets</b>					
Non-current assets	35.5	–	–7.1	–1.4	26.9
Loss carryforwards	3.0	–	–3.0	–	–
Derivative instruments	0.8	–	–0.5	–	0.3
Other	19.3	–	5.2	0.1	24.6
<b>Total deferred tax assets</b>	<b>58.5</b>	<b>–</b>	<b>–5.4</b>	<b>–1.4</b>	<b>51.8</b>
<b>Deferred tax liabilities</b>					
Non-current assets	–516.8	–	9.5	16.5	–490.9
Derivative instruments	–	–	–	–	–
Other	–	–	–	–	–
<b>Total deferred tax liabilities</b>	<b>–516.8</b>	<b>–</b>	<b>9.5</b>	<b>16.5</b>	<b>–490.9</b>
<b>2019</b>					
<b>Deferred tax assets</b>					
Non-current assets	32.3	–	2.5	1.0	35.5
Loss carryforwards	10.0	–	–7.2	0.2	3.0
Derivative instruments	3.7	–	–2.9	–	0.8
Other	14.9	–	4.1	0.3	19.3
<b>Total deferred tax assets</b>	<b>60.9</b>	<b>–</b>	<b>–3.8</b>	<b>1.5</b>	<b>58.5</b>
<b>Deferred tax liabilities</b>					
Non-current assets	–536.1	–	24.1	–4.8	–516.8
Derivative instruments	–	–	–	–	–
Other	–	–	–	–	–
<b>Total deferred tax liabilities</b>	<b>–536.1</b>	<b>–</b>	<b>24.1</b>	<b>–4.8</b>	<b>–516.8</b>
<b>2018</b>					
<b>Deferred tax assets</b>					
Non-current assets	28.0	–	3.6	0.7	32.3
Loss carryforwards	54.9	–	–45.5	0.6	10.0
Derivative instruments	5.5	–	–1.8	–	3.7
Other	3.8	–	11.1	–	14.9
<b>Total deferred tax assets</b>	<b>92.2</b>	<b>–</b>	<b>–32.6</b>	<b>1.3</b>	<b>60.9</b>
<b>Deferred tax liabilities</b>					
Non-current assets	–582.9	–0.1	54.7	–7.9	–536.1
Derivative instruments	0.2	–	–	–0.2	–
Other	0.7	–	–	–0.7	–
<b>Total deferred tax liabilities</b>	<b>–582.0</b>	<b>–0.1</b>	<b>54.7</b>	<b>–8.8</b>	<b>–536.1</b>

The recognised deferred tax assets on loss carryforwards in the Group do not have a maturity date and are attributable as follows: Sweden SEK–million (3.0; 2.9), Denmark SEK–million (–; 7.1), Norway SEK–million (–; –).

No deferred tax assets have been recognised for companies where the loss carryforwards are not expected to be utilised in the foreseeable future. Non-capitalised deferred tax assets in Finland totalled SEK 49.5 million (43.1). Of this amount, SEK–million (–) falls due within one year, SEK 14.3 million (8.8) within one to five years and SEK 35.2 million (34.3) within six to ten years.

## Note 15 INVENTORIES

### Group

	2020	2019	2018
Inventories before impairment	395.4	345.2	306.3
Impaired inventories	-12.0	-7.3	-8.9
<b>Value of inventories</b>	<b>383.4</b>	<b>337.9</b>	<b>297.4</b>

## Note 16 ACCOUNTS RECEIVABLE

### Group

	2020	2019	2018
Accounts receivable before impairment	329.6	246.9	266.2
Reserved accounts receivable	-16.6	-23.2	-26.1
<b>Total accounts receivable</b>	<b>312.9</b>	<b>223.8</b>	<b>240.1</b>

The carrying amount for accounts receivable corresponds to their fair value since the discount effect is insignificant.

### Group

#### 2020

Age analysis	Gross	Reserve	Net	Reserve, %
Accounts receivable not fallen due for payment	263.6	-	263.6	0.0%
Accounts receivable fallen due 1-30 days	40.3	-	40.3	0.0%
Accounts receivable fallen due >= 31-90 days	2.3	-	2.3	0.0%
Accounts receivable fallen due >= 91-180 days	4.4	-0.2	4.2	4.7%
Accounts receivable fallen due >= 181-360 days	3.1	-2.1	1.0	68.5%
Accounts receivable fallen due >= 361 days	15.9	-14.3	1.6	90.0%
<b>Total</b>	<b>329.6</b>	<b>-16.6</b>	<b>312.9</b>	<b>5.0%</b>

#### 2019

Age analysis	Gross	Reserve	Net	Reserve, %
Accounts receivable not fallen due for payment	218.9	0.0	218.9	0.0%
Accounts receivable fallen due 1-30 days	1.7	0.0	1.7	0.0%
Accounts receivable fallen due >= 31-90 days	6.6	-3.5	3.1	52.4%
Accounts receivable fallen due >= 91-180 days	0.8	-0.8	0.0	100%
Accounts receivable fallen due >= 181-360 days	2.5	-2.5	0.0	100%
Accounts receivable fallen due >= 361 days	16.4	-16.4	0.0	100%
<b>Total</b>	<b>246.9</b>	<b>-23.2</b>	<b>223.8</b>	<b>9.4%</b>

### 2018

Age analysis	Gross	Reserve	Net	Reserve, %
Accounts receivable not fallen due for payment	236.6	-	236.6	-
Accounts receivable fallen due 1-30 days	3.9	-0.3	3.5	7.7%
Accounts receivable fallen due >= 31-90 days	1.2	-1.2	-	100%
Accounts receivable fallen due >= 91-180 days	0.8	-0.8	-	100%
Accounts receivable fallen due >= 181-360 days	5.5	-5.5	-	100%
Accounts receivable fallen due >= 361 days	18.3	-18.3	-	100%
<b>Total</b>	<b>266.2</b>	<b>-26.1</b>	<b>240.1</b>	<b>9.8%</b>

Reserve for doubtful accounts receivable	Group		
	2020	2019	2018
Opening balance, 1 January	-23.2	-26.1	-14.8
Provision for anticipated losses	-2.4	-1.8	-13.6
Actual losses	8.6	4.5	2.2
Reversed provisions, payments	0.3	0.2	0.1
<b>Closing balance, 31 December</b>	<b>-16.6</b>	<b>-23.2</b>	<b>-26.1</b>
The year's reported bad debt losses in "Other external expenses" amounted to			
	-1.2	-1.8	-13.6

Accounts receivable, broken down by currency	Group		
	2020	2019	2018
SEK	206.4	149.8	112.9
DKK	36.4	40.9	90.1
NOK	27.7	23.2	35.3
EUR	42.4	9.9	1.7
Other currencies	0.0	0.0	-
<b>Total</b>	<b>312.9</b>	<b>223.8</b>	<b>240.1</b>

### CREDIT RISK

Accounts receivable are broken down into currencies corresponding to the Group's operations in the Nordic markets. Accounts receivable are broken down by corporate customer and, to a certain extent, by instalment payment customers. The most important indicator of future, not yet realised bad debt losses is information from the maturity structure of accounts receivable. Accordingly, an allowance is also made taking into consideration the age distribution and other significant external indicators as and when Synsam becomes aware of them.

## Note 17 PREPAID EXPENSES AND ACCRUED INCOME

	Group		
	2020	2019	2018
Prepaid rents	48.6	50.0	46.3
Prepaid IT expenses	10.3	10.7	3.8
Accrued income	21.5	36.2	41.9
Other items	16.5	26.0	8.9
<b>Total prepaid expenses and accrued income</b>	<b>97.0</b>	<b>122.9</b>	<b>100.9</b>

During 2016, Synsam launched a spectacles subscription with related services under the name Synsam Lifestyle™. On 1 July 2017, an agreement was entered into with an external credit company, under which the entire receivable for the agreement was subsequently transferred to the external credit company. The value of accrued income for goods delivered but not invoiced for Synsam Lifestyle™ subscriptions amounted to SEK 13.6 million (15.5; 25.7). The Synsam Lifestyle™ subscription service is recognised as a finance lease under which Synsam is the lessor.

## Note 18 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities include cash and cash equivalents, financial receivables, accounts receivable, accounts payable, lease obligations, derivative instruments and borrowings.

The derivative instruments held by subsidiaries in the Group are measured at fair value through profit or loss and hedge accounting is not applied.

Receivables measured at amortised cost	Group		
	2020	2019	2018
Other financial assets	15.9	16.1	15.0
Accounts receivable	312.9	223.8	240.1
Receivables for goods delivered but not invoiced	17.3	27.5	41.9
Receivables from Group companies	–	–	–
Cash and cash equivalents	808.6	222.9	289.6
<b>Receivables measured at amortised cost</b>	<b>1,154.7</b>	<b>490.3</b>	<b>586.6</b>
<b>Financial receivables, total</b>	<b>1,154.7</b>	<b>490.3</b>	<b>586.6</b>

Financial liabilities measured at fair value through profit or loss	Group		
	2020	2019	2018
Derivative instruments	1.6	3.9	17.9
Contingent consideration	–	0.7	2.4
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>1.6</b>	<b>4.5</b>	<b>20.3</b>

Liabilities measured at amortised cost	Group		
	2020	2019	2018
Accrued interest	0.0	0.9	1.6
Accounts payable	457.9	445.8	346.2
Interest-bearing liabilities	6,697.3	6,226.5	6,278.5
Lease liabilities <sup>1)</sup>	526.3	571.5	34.9
Liabilities to Group companies	–	–	–
<b>Liabilities measured at amortised cost</b>	<b>7,681.5</b>	<b>7,244.7</b>	<b>6,661.2</b>
<b>Financial liabilities total</b>	<b>7,683.1</b>	<b>7,249.2</b>	<b>6,681.5</b>

1) Recognised in accordance with IFRS 16 Leases and not in accordance with IFRS 9 Financial Instruments. Recognised as financial liability.

Assets measured at amortised cost consist of a reasonable approximation of fair value as these assets have short maturities. The carrying amount and fair value of the interest-bearing liabilities do not differ materially since they carry variable interest, which does not differ noticeably from the market interest rate of the liabilities as of the balance sheet date. The Group's shareholder loans that run with a fixed interest rate can be redeemed early with payment of nominal amount and capitalised interest without additional fees. Thus, the book value corresponds to fair value. Without termination, the loans will expire in 2024.

Determination of fair value takes place according to a valuation hierarchy consisting of three levels. The levels reflect the extent to which fair value is based on observable market data or own assumptions.

Level 1) fair value is established on the basis of observable (unadjusted) listed prices on an active market for identical assets and liabilities.

Level 2) fair value is established on the basis of valuation models based on other observable data for the asset or liability than listed prices including in level 1.

Level 3) fair value is established on the basis of valuation models in which significant input data is based on non-observable data.

The valuation of financial derivatives is based on level 2 in the valuation hierarchy. Interest derivatives are used to hedge the Group's interest expenses on long-term loans and convert the variable interest rate under the loan agreements to a fixed interest rate. The derivatives have different currencies (SEK, NOK and EUR) and matured in May 2020. The variable interest rate that Synsam Group AB has received was based on three-month STIBOR, NIBOR and Euribor. Most of the Group's loans in NOK were converted to a loan in SEK in 2020. New agreements for interest derivatives were signed in 2020 and pertain to interest swaps in SEK as well as one derivative related to an interest rate floor. Fair values are based on broker listings. Similar contracts are traded in an active market and their prices reflect actual transactions in comparable instruments.

The valuation of additional contingent considerations for business combinations that are financial liabilities is based on level 3 in the valuation hierarchy for IFRS 13.

The material factors that impact the valuation are the formulation of the agreements, including a set cap for additional considerations.

### Change, Level 3

Contingent consideration	Group		
	2020	2019	2018
Opening balance	0.7	2.4	5.8
Settled liabilities	–0.7	–1.8	–3.5
Exchange rate difference	–	–	–
<b>Closing balance</b>	<b>–</b>	<b>0.7</b>	<b>2.4</b>

## Note 19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:	Group		
	2020	2019	2018
Cash, cash equivalents and bank deposits	808.6	222.9	289.6
<b>Total according to the statement of cash flows</b>	<b>808.6</b>	<b>222.9</b>	<b>289.6</b>

## Note 20 FINANCIAL RISKS

Due to its business activities, investments and financing, the Group is exposed to various financial risks, mainly relating to changes in interest rate levels and exchange rates. The Group's financial control is focused on management and reduction of the financial risks that are a direct consequence of the Group's business activities, investments and financing.

### Capital management

Capital management refers to the management of equity and is to be considered along with the Group's financing. When the Synsam Group was formed in 2014, it was financed through shareholder loans instead of equity contributions. The shareholder loans are denominated in SEK and NOK. Interest on the shareholder loans is not paid in cash, but rather is capitalised and thus increases the loan liability. Financing is also secured through external bank loans. Interest and amortisation of the bank loans are settled according to the agreement in question.

The external borrowings are linked to covenants, including performance measures related to debt, interest coverage and cash flow. The Synsam Group is obligated to fulfil these covenants on a quarterly basis. The introduction of IFRS 16 *Leases* in 2019 did not impact the Group's ability to meet these covenants.

In order to ensure the Group's liquidity during the uncertainty caused by the outbreak of COVID-19, precautions were taken during the first half of 2020 in the form of an agreement entered into with external financial institutions to defer certain amortisation payments until the end date of the loans. In conjunction with this, a covenant waiver was signed.

Debt and dividend targets were established for 2019. These targets remained unchanged in 2020. The Synsam Group has not paid any dividends to its owners.

### Financial risks

Responsibility for the Group's financial transactions and risks is regulated centrally through a financial policy established by the Group, which is updated at least once a year. The Group's CFO and, in certain cases, the Board of Directors ensure compliance with the policy. The treasury department, which is part of the Group, is responsible for compiling decision-making documentation and implemented decisions once they have been made. The Group minimises the borrowing requirement by using surplus liquidity within the Group in cash pools managed by the treasury department. The Group's financial risks can be divided into refinancing risk, credit risk, liquidity risk, interest rate risk and exchange rate risk.

### Refinancing risk

Financing risk refers to the risk of not being able to meet future financing requirements. The Group's financing sources mainly comprise equity, shareholder loans, external loans and cash flows. The assessment is that the Group currently has access to the necessary credit. Amortisation takes place on an ongoing basis and existing financing falls due starting in June 2022. Shareholder loans fall due in 2024.

### Credit risk

The Group's credit risk relates to receivables from the sale of goods and services and cash and cash equivalents.

Creditworthiness and risk are assessed in the individual stores in accordance with set guidelines, which are controlled by Group management. Historically, the Group has not had any significant credit losses on its receivables from the sale of goods and services.

Receivables normally fall due with commercial terms of payment, i.e. 30–60 days. Refer also to Note 16.

The Group's outstanding credits are spread over a large number of customers and no individual customer represents a material proportion.

Cash and cash equivalents are deposited in financial institutions with a minimum rating of A, as defined by Standard and Poor's, in accordance with the Group's financial policy.

### Interest rate risk

The Group manages the risk of additional costs as a result of interest rate fluctuations (interest rate risk) by controlling the interest rate structure of the interest-bearing liabilities and through the use of financial instruments. The interest rate risk is primarily associated with the Group's liability to financial institutions. The senior facilities run with variable interest, although the Group has hedged the equivalent of approximately 48.2 percent of this amount until June 2022 using fixed interest rate swaps, which means that a change in the market rate would not have a material impact on the Group's interest expense.

The nominal amount of the interest swaps is SEK 1,400.0 million (1,162.9; 1,476.9).

No hedge accounting is applied.

### Sensitivity analysis – interest rate risk

The impact on profit before tax for the net of interest income and interest expenses during the coming 12-month period of an interest rate increase/decrease of 1 percentage point on the balance sheet date amounts to SEK –23.3 million and SEK +0.0 million, respectively (preceding year: SEK –23.8 million and SEK +9.0 million, respectively; 2018: SEK –28.7 million and SEK +5.5 million, respectively), with consideration given to the existing floor and given the interest-bearing assets and liabilities existing on the balance sheet date. The impact on profit/loss for the year after tax and on equity has been deemed to be unchanged with respect to the tax deduction restrictions that affect the Group's companies, SEK –23.3 million and SEK +0.0 million, respectively (preceding year: SEK –23.8 million and SEK 9.0 million, respectively; 2018: SEK –22.6 million and SEK +4.3 million, respectively). The shareholder loan carries fixed interest and has not been taken into consideration.

### Liquidity risk

The Group continuously monitors the liquidity reserve by assessing maturity dates for current assets and liabilities respectively as well as the effect of expected cash flows from the Group's business activities. The purpose of the liquidity management is to retain an optimal liquidity reserve for financing of the Group's business activities at any given time, to minimise interest and banking expenses, and to avoid financial difficulties. The Group's liquidity reserve is primarily monitored by the CFO, who is responsible for managing the Group's liquidity situation.

The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities. The assessment is that the Group's liquidity preparedness is sufficient.

The Group is not exposed to any material liquidity risk due to the lease liabilities that have arisen on the implementation of IFRS 16 *Leases*.

The external financial agreements entered into by the Group include a revolver facility and an acquisition facility. The facilities are connected with financial undertakings, covenants, which the Group is obliged to achieve on a quarterly basis. In connection with the outbreak of COVID-19 in spring 2020, the Group was granted a waiver for an amortisation payment and covenants from creditors.

**Note 20 Financial risks, cont.****Credit facilities**

<b>Group, 31 Dec 2020</b>	<b>Nominal</b>	<b>Utilised</b>	<b>Available</b>
Revolver facility	216.7	-210.0	6.7
Acquisition facility	430.7	-430.7	0.0
<b>Total</b>	<b>647.4</b>	<b>-640.7</b>	<b>6.7</b>
Bank overdraft facility	43.5	-	43.5
Available cash and cash equivalents	808.6	-	808.6
<b>Liquidity reserve</b>	<b>1,499.5</b>	<b>-640.7</b>	<b>858.7</b>

<b>Group, 31 Dec 2019</b>	<b>Nominal</b>	<b>Utilised</b>	<b>Available</b>
Revolver facility	212.7	-	212.7
Acquisition facility	549.6	-430.9	118.7
<b>Total</b>	<b>762.2</b>	<b>-430.9</b>	<b>331.3</b>
Bank overdraft facility	44.0	-	44.0
Available cash and cash equivalents	222.9	-	222.9
<b>Liquidity reserve</b>	<b>1,029.1</b>	<b>-430.9</b>	<b>598.2</b>

<b>Group, 31 Dec 2018</b>	<b>Nominal</b>	<b>Utilised</b>	<b>Available</b>
Revolver facility	207.3	-207.0	0.3
Acquisition facility	572.1	-453.4	118.7
<b>Total</b>	<b>779.4</b>	<b>-660.4</b>	<b>119.0</b>
Bank overdraft facility	58.0	-	58.0
Available cash and cash equivalents	289.6	-	289.6
<b>Liquidity reserve</b>	<b>1,127.0</b>	<b>-660.4</b>	<b>466.6</b>

**Maturity structure for financial liabilities – undiscounted cash flows**

<b>Group, 31 Dec 2020</b>	<b>Interest rate</b>	<b>Less than 1 year</b>	<b>1–5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Derivative instruments (interest)	0.12%	1.6	2.4	-	4.0
Loans from financial institutions	4.00–4.50%	538.9	2,636.7	-	3,175.6
Shareholder loans	10.21%	-	5,046.9	-	5,046.9
Accounts payable	-	457.9	-	-	457.9
Lease obligations	3.2–4.5%	236.6	317.1	0.8	554.5
<b>Total</b>		<b>1,235.0</b>	<b>8,003.1</b>	<b>0.8</b>	<b>9,238.9</b>

The shareholder loan has a fixed interest rate that is not settled in cash, but rather is capitalised and added to the loan liability. Upon maturity in 2024, the loan will be repaid including capitalised interest.

Leases in which the Synsam Group is the lessee and the non-current assets linked to the leases mainly pertain to leasing agreements linked to store premises as well as optical equipment and vehicles. Refer also to Note 1 and Note 13.

<b>Group, 31 Dec 2019</b>	<b>Interest rate</b>	<b>Less than 1 year</b>	<b>1–5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Derivative instruments (interest)	0.45–1.13%	8.0	-	-	8.0
Loans from financial institutions	3.35–5.86%	258.5	2,997.1	-	3,255.6
Shareholder loans	10.21%	-	5,169.8	-	5,169.8
Accounts payable	-	445.8	-	-	445.8
Lease obligations	3.2–4.3%	239.2	354.1	10.9	604.2
<b>Total</b>		<b>951.4</b>	<b>8,521.0</b>	<b>10.9</b>	<b>9,483.3</b>

<b>Group, 31 Dec 2018</b>	<b>Interest rate</b>	<b>Less than 1 year</b>	<b>1–5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Derivative instruments (interest)	0.79–1.62%	16.9	23.4	-	40.3
Loans from financial institutions	4.0–5.61%	445.6	3,456.4	-	3,902.0
Shareholder loans	10.21%	-	-	5,130.0	5,130.0
Accounts payable	-	346.2	-	-	346.2
Lease obligations		12.4	22.5	-	34.9
<b>Total</b>		<b>821.2</b>	<b>3,502.3</b>	<b>5,130.0</b>	<b>9,453.5</b>



**Note 20 Financial risks, cont.****Exchange rate risk**

The Group has a number of holdings in foreign operations, the net assets of which are subject to translation exposure. The Group's presentation currency is Swedish kronor (SEK). The Group has business activities in Sweden, Denmark, Norway and Finland from which the majority of the Group's revenue and expenses derive. Foreign exchange fluctuations have an effect on translated earnings for business activities in Denmark, Norway and Finland as well as translation of assets and liabilities in the Danish, Norwegian and Finnish subsidiaries. Since the Group also has external liabilities in primarily EUR, a certain economic hedge is in place, but the Group does not otherwise apply currency hedging through financial instruments. The absolute majority of the Group's loans in NOK were converted to loans in SEK in 2020.

**Sensitivity analysis – exchange rate risk**

A 10-percent change in the exchange rate of the Swedish krona against each currency as of the closing date would entail a change in equity of +/- SEK 84.1 million (+/- 152.3; +/- 162.0).

The sensitivity analysis is based on all other factors (for example, the interest rate) being unchanged. The net of foreign currency is each Group company's accounts receivable and accounts payable does not amount to a material amount and has a short term, and is thus not taken into consideration in the above sensitivity analysis.

**Loans from financial institutions, broken down by currency**

Group	2020	2019	2018
SEK	2,065.5	1,355.0	1,665.7
NOK	5.8	621.6	654.5
EUR	835.6	901.0	965.1
<b>Loans from financial institutions</b>	<b>2,907.0</b>	<b>2,877.7</b>	<b>3,285.4</b>

**External net debt**

	2020	2019	2018
Loans from financial institutions	2,907.0	2,877.7	3,285.4
+ Leases	526.3	571.5	34.9
+ Bank guarantees	22.3	25.0	25.3
– Capitalised borrowing costs, recognised as a liability	–11.1	–23.9	–43.7
– Cash and cash equivalents	–808.6	–222.9	–289.6
<b>Total external net debt</b>	<b>2,635.9</b>	<b>3,227.3</b>	<b>3,012.3</b>

**Other non-current liabilities**

The Danish Holiday Act was amended in 2020 and, as a result, any holidays accrued during the transition period from 1 September 2019 to 31 August 2020 have been frozen and cannot be used or paid out until the employee leaves the labour market. A fund, known as the Holiday Allowance Fund, will administer the employees' claims to holidays accrued during the transition period. The employer's liability with the fund will carry annual interest corresponding to an average salary increase and be determined retroactively and for the first time on 31 May 2021. Preliminary interest has been received in an amount of 2.0 percent. Employers that have not settled their liabilities with fund by the end of the transition period are to treat this debt as a non-current liability. A minor share of Synsam's liability, SEK 0.6 million, is considered current and pertains to the frozen holiday pay liability to employees in Synsam Denmark who will leave the labour market in 2021. The liabilities with the fund will be settled annually in an amount corresponding to the amount paid out by the fund, starting in summer in 2021.

As part of the measures to mitigate the negative financial consequences of COVID-19 for private individuals, the rules were changed in autumn 2020 to allow those individuals who are entitled to holiday pay to apply for advance payment of part of the holiday pay earned in 2020 and the remainder in spring 2021. However, these COVID-19-related payments did not change Synsam's liabilities with the fund.

## Note 21 TRANSACTIONS WITH RELATED PARTIES

Synsam AB (publ), corporate identity number 556946-3358, is a Swedish registered limited company with its registered office in Stockholm. The address of the head office is Sankt Eriksgatan 60 in Stockholm.

The consolidated financial statements comprise the Parent Company and its subsidiaries, referred to jointly as the Group.

Synsam AB (publ) is 100-percent owned by Theia Holdings S.à r.l. in Luxembourg. Theia Holdings S.à r.l. is 67.74-percent owned by Theia Luxembourg S.à r.l. and 32.26-percent owned by Theia Management S.A., which in turn is 42.53-percent owned by Theia Luxembourg S.à r.l. and 57.47-percent owned by employees of the Synsam Group. Theia Luxembourg S.à r.l. is owned by certain limited partnerships advised and managed by CVC European Equity Fund V, which is a collective name for a number of subsidiaries of CVC Capital Partners SICAV FIS-S.A.

Synsam AB (publ) and its subsidiaries are related parties; see Note 27 for a specification of subsidiaries. Synsam AB (publ) and its owner are also related parties.

### Group purchases of goods and services from related parties

	Group		
	2020	2019	2018
CVC Capital Partners, Management Fee, services	–	–	15.4

### Group liabilities to related parties

Loan from Theia Holdings S.à r.l.	2020	2019	2018
<b>At beginning of year</b>	<b>3,372.7</b>	<b>3,036.8</b>	<b>2,740.6</b>
Capitalised interest	338.0	313.6	284.2
Currency translation difference	–82.1	22.3	12.0
<b>At year-end</b>	<b>3,628.7</b>	<b>3,372.7</b>	<b>3,036.8</b>

The Group's shareholder loans are denominated in SEK and NOK and fall due for payment in 2024. The loans carry fixed annual interest of 10.21 percent. In the event that the loans are cancelled prematurely, they can be settled in a nominal amount plus capitalised interest until the cancellation date and no additional costs will arise. Refer also to Note 18 and Note 20.

### Other

Separate notes contain Group disclosures on

- wages etc. to the Board and CEO, Note 6,
- assets pledged for Group companies, Note 30, and
- contingencies for Group companies, Note 30.

## Note 22 EARNINGS PER SHARE

	2020	2019	2018
Earnings per share before and after dilution	–5.25	–4.79	–8.06

A share split took place in 2019. Afterwards, the number of shares amounted to 37,181,942 (37,181,942; 50,000). There are no outstanding securities or similar that have a dilutive effect on earnings per share. The above calculation is made based on profit/loss for the year attributable to Parent Company shareholders. To facilitate comparability between the years, earnings per share has been restated for the historical periods in these consolidated financial statements.

## Note 23 EQUITY

### Share capital

Share capital refers to the Parent Company's share capital. Each share confers one vote and every person entitled to vote may vote at the Annual General Meeting for the full number of shares owned and represented without limitation in voting rights. All shares confer equal rights to shares in the company's assets and profit and to any surplus in the event of liquidation.

A share split and bonus issue were implemented in 2019 and the Parent Company's share capital amounts to SEK 500,000 (500,000; 50,000) distributed between 37,181,942 shares (37,181,942; 50,000) with a quotient value of SEK 0.013447 per share (0.013447; 1).

### Additional paid-in capital in the Group

Additional paid-in capital includes a shareholder's contribution of SEK 310.0 million.

### Translation reserve in the Group

The translation reserve includes all exchange differences arising on recalculation of financial statements from foreign operations, which have prepared their financial statements in another currency than that used in the Group's financial statements. The Parent Company and the Group present their financial statements in Swedish kronor.

### Retained earnings, including profit/loss for the year in the Group

Retained earnings, including profit/loss for the year, consist of profit in the Parent Company and its subsidiaries.

## Note 24 OTHER PROVISIONS AND PENSION OBLIGATIONS

### Group

	Opening balance	Reclassification	Recognised in profit/ loss for the year	Provisions paid	Closing balance
Pension obligations	13.3	-8.9	0.0	-	4.4
Other provisions	0.9	-	-	-0.9	-
<b>Total provisions 31 Dec 2020</b>	<b>14.2</b>	<b>-8.9</b>	<b>0.0</b>	<b>0.9</b>	<b>4.4</b>
Pension obligations	11.5	-	1.8	-	13.3
Other provisions, including tax dispute	74.9	-72.5	-1.5	-	0.9
<b>Total provisions 31 Dec 2019</b>	<b>86.4</b>	<b>-72.5</b>	<b>0.3</b>	<b>-</b>	<b>14.2</b>
Pension obligations	7.6	2.0	1.9	-	11.5
Other provisions, including tax dispute	4.2	19.7	51.0	-	74.9
<b>Total provisions 31 Dec 2018</b>	<b>11.8</b>	<b>21.7</b>	<b>52.9</b>	<b>-</b>	<b>86.4</b>

### Provision for tax dispute

One of the subsidiaries in the Group has an ongoing tax dispute related to the deductibility of intra-Group interest for the 2014 and 2015 income-tax returns. The legal process is ongoing but a provision has been made since 2018 in an amount corresponding to the assessment notice of a total of SEK 70.0 million, plus penalty interest. The Swedish Tax Agency has also decided the tax matter is uncertain and has granted the company respite for the payment. As a result of the introduction of IFRIC 23, the amount is recognised from the end of 2019 as a current tax liability pending the resolution of the dispute.

### Pension obligations

Recognised pension obligations have largely been hedged through endowment insurance and are recognised including a provision for special employer's contribution. As of 2020, the fair value of pension obligations, including special employer's contributions for pensions, and the fair value of the company-owned endowment insurance are recognised in a net amount. No reclassification took place for previous years.

The fair value of the Group's endowment insurance at year-end amounts to SEK 8.7 million (8.9) and the fair value of the pension obligations, including special employer's contributions for pensions, and pension obligations in Norway, which are not covered by endowment insurance, amounts to SEK 13.1 million (13.3), corresponding to a net amount of SEK 4.4 million.

For salaried employees in Sweden, defined benefit pension commitments for retirement and family pensions under the ITP 2 plan are covered through insurance with Alecta. According to statement UFR 10 Classification of ITP 2 plan financed by insurance in Alecta, issued by the Swedish Financial Reporting Board,

this is a multi-employer defined benefit pension plan. For the 2020 financial year, the company did not have access to sufficient information to enable it to recognise its proportional share of the plan commitments, plan assets and expenses, which meant that the plan could not be recognised as a defined benefit plan. Accordingly, the ITP 2 pension plan, which is secured through insurance with Alecta, was recognised as a defined contribution pension plan. The premium for the defined benefit retirement and family pension plan is calculated on an individual basis, taking into consideration such factors as wages, previously accrued pension and expected remaining period of service. The expected fees for the next reporting period for ITP 2 plans covered by Alecta amount to SEK 12.3 million (14.7; 15.0). The Group's share of the total fees for the plan was approximately 0.03 percent in 2020 (0.06; 0.06).

The collective consolidation level is defined as the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which do not correspond with IAS 19. The collective consolidation level is normally permitted to vary between 125 and 175 percent. Should Alecta's collective consolidation level be below 125 percent or above 155 percent, measures are to be taken to create the necessary conditions to ensure the consolidation level returns to the normal interval. In the event of a low consolidation level, one such measure may be to raise the contracted price for taking out new insurance or extending existing benefits. In the event of a high consolidation level, it may be necessary to implement premium reductions. At the end 2020, Alecta's surplus in the form of the collective consolidation level was 148 percent (148; 142).

## Note 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		
	2020	2019	2018
Accrued interest expenses	0.0	0.9	1.6
Accrued wages	59.9	40.9	14.4
Accrued holiday pay	144.6	150.3	117.2
Accrued social security contributions	18.4	16.7	35.4
Advance payments from customers	21.6	16.1	19.9
Other items	58.3	38.1	50.8
Deferred income	4.3	3.6	8.3
<b>Total accrued expenses and deferred income</b>	<b>307.1</b>	<b>266.7</b>	<b>247.8</b>

## Note 26 ADJUSTMENTS FOR NON-CASH ITEMS AND OTHER ADDITIONAL INFORMATION

	Group		
	2020	2019	2018
Depreciation and amortisation	532.2	527.8	292.1
Revaluation, derivatives	-2.3	-14.0	-17.6
Capitalised interest expenses	338.0	313.6	284.2
Unrealised exchange rate changes	-20.9	-0.6	22.0
Other items	20.9	22.8	22.9
<b>Total non-cash items</b>	<b>867.9</b>	<b>849.6</b>	<b>603.7</b>

### ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

	Group		
	2020	2019	2018
Interest received	76.4	75.3	46.1
Interest paid	-138.8	-155.8	-175.6
Interest paid attributable to IFRS 16 Leases	-30.9	-24.8	-

### RECONCILIATION OF LIABILITIES IN FINANCING ACTIVITIES

Group

	Cash flow		Non-cash items			
	Borrowings/ amortisation	Amortisation, Leases <sup>2)</sup>	Recognised lease liabilities <sup>2)</sup>	Currency revaluation	Capitalised interest	
<b>31 Dec 2019</b>						<b>31 Dec 2020</b>
Loans from						
Financial institutions	2,877.7	125.3		-96.0		2,907.0
Shareholder loans	3,372.7			-82.1	338.0	3,628.7
Lease liability	571.5	-256.9	235.3	-23.6		526.3
	<b>6,821.9</b>	<b>125.3</b>	<b>235.3</b>	<b>-201.7</b>	<b>338.0</b>	<b>7,061.9</b>

	Cash flow		Non-cash items			
	Borrowings/ amortisation	Amortisation, Leases <sup>2)</sup>	Recognised lease liabilities <sup>2)</sup>	Currency revaluation	Capitalised interest	
<b>31 Dec 2018/1 Jan 2019</b>						<b>31 Dec 2019</b>
Loans from						
Financial institutions	3,285.4	-445.5		37.8		2,877.7
Shareholder loans	3,036.8			22.3	313.6	3,372.7
Lease liability <sup>1)</sup>	571.0	-253.5	247.9	6.3		571.5
	<b>6,893.2<sup>1)</sup></b>	<b>-445.5</b>	<b>247.9</b>	<b>66.4</b>	<b>313.6</b>	<b>6,821.9</b>

1) The implementation of IFRS 16 in the Group from 1 January 2019 meant that lease liabilities increased without resulting in a cash flow. In the table above, Synsam included the transition effect of IFRS 16 directly in the outgoing balance for 2018 above, in the amount of SEK 536.1 million, see also Note 13.

2) Ongoing amortisation of the lease liability (the portion of the lease payment that is not allocated to interest paid) is classified as cash flow in financing activities. The increase in lease liabilities due to new leases is not classified as cash flow, which is why it is divided into two columns from 2019. The comparative figures below have not been restated since the Group has applied the modified retrospective approach when implementing IFRS 16.

The item loans from financial institutions in the balance sheet includes initial borrowing costs (capitalised fees), which are not included in the table and amounted to SEK -11.1 million at the end of 2020 (31 Dec 2019: -23.9; 31 Dec 2018: -43.7; 31 Dec 2017: -55.4).

**Note 26 Adjustments for non-cash items and other additional information, cont.**

	Cash flow			Non-cash items		
		Borrowings/ amortisation	Leases	Currency revaluation	Capitalised interest	
31 Dec 2017						31 Dec 2018
<i>Loans from</i>						
Financial institutions	3,320.0	-91.9	-	57.3	-	3,285.4
Shareholder loans	2,740.6	-	-	12.0	284.2	3,036.8
Lease liability	19.7	-	12.8	2.4	-	34.9
	<b>6,080.3</b>	<b>-91.9</b>	<b>12.8</b>	<b>71.7</b>	<b>284.2</b>	<b>6,357.1</b>

**Note 27 COMPANIES WITHIN THE GROUP**

## PARTICIPATIONS IN GROUP COMPANIES

Company	Corporate identity number	Registered office	Share of equity
Norske S Holding AS	913 460 642	Oslo	100%
Svenska S Holding 2 AB	556964-0948	Stockholm	100%
Synsam Group AB	556964-0930	Stockholm	100%
Synsam Nordic A/S	31 05 84 81	Hedehusene	100%
Synsam Group Denmark A/S	31 05 87 24	Hedehusene	100%
Profil Optik A/S	43 48 91 19	Hedehusene	100%
Optical Fashion Group A/S	30 06 59 21	Hedehusene	100%
Synsam Norge Holding AS	992 584 904	Oslo	100%
Synsam Group Norway AS	994 496 093	Oslo	100%
Synsam Group One AB	556762-7244	Stockholm	100%
Synsam Group Sweden AB	556768-7248	Stockholm	100%
Optikerna i Amhult AB	556715-9222	Stockholm	100%
Leg. Optiker Ingvar Ohlsson AB	556142-0893	Stockholm	100%
Käger 1 AB	556543-0179	Stockholm	100%
Synsam Personal AB	556762-7251	Stockholm	100%
Synsam Group Finland Oy	2446347-2	Helsinki	100%
Wickströms Optik AB	2212514-6	Mariehamn	100%
Synsam Group Innovationscenter AB	559272-3018	Stockholm	100%

## Note 28 BUSINESS COMBINATIONS

### 2020

In 2020, the Group carried out two separate acquisitions of assets and liabilities of franchise stores, both in Sweden, one of which in Arvika and the other in Saltsjöbaden.

The total purchase consideration for Arvika and Saltsjöbaden amounted to SEK 4.3 million.

Acquired goodwill is considered to be tax deductible. The impact of the acquisitions on the Group's net sales and earnings was marginal.

Transaction costs to advisors amounted to SEK 0.0 million.

A newly formed Swedish company, Synsam Lagerbolag 1 AB, was acquired in September 2020. Total equity amounted to SEK 25,000, of which share capital accounted for SEK 25,000.

For information concerning all assets and liabilities acquired in 2020, refer to the table below.

### 2019

In 2019, the Group carried out three acquisitions of assets and liabilities, of which two acquisitions were takeovers of franchise stores, one store on Norrlandsgatan in Stockholm (the entire acquisition was for customer relations and the store was closed when acquired), and one store in Haninge. One acquisition of assets and liabilities referred to two external stores in Arboga and Köping. All acquisitions refer to Sweden and took place during the year.

The total purchase consideration for these acquisitions of assets and liabilities in 2019 amounted to SEK 13.7 million.

Acquired goodwill is considered to be tax deductible. The impact of the acquisitions on the Group's net sales and earnings was marginal.

There were no transaction costs to advisors

For information concerning the acquired assets and liabilities in 2019, refer to the table below.

### 2018

In 2018, the Group carried out two acquisitions, one of which pertained to a company in Norway, Brilleoptikk AS, and the other to the takeover of a franchise store in Kista, Sweden.

Norge	Brilleoptikk AS	Corporate identity number	974 531 275
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The Group acquired 100 percent of Brilleoptikk AS on 1 January 2018. The company engages in activities in the optical retail sector, offering eye examinations and sales of spectacles and contact lenses. The acquisition was part of the Group's plan to expand its activities in the Nordic market. The number of employees at the acquisition date was eight. In total, the acquisition represents an increase of one store in Norway. The date of acquisition was in January 2018, and annual sales for 2017 were SEK 6.0 million.

Transaction costs to advisors amounted to SEK 0.2 million. These costs are included in other external expenses in consolidated profit or loss or the consolidated statement of other comprehensive income.

The purchase consideration was NOK 300,000.

On 31 December 2018, Brilleoptikk AS was merged with the acquired company through a retroactive merger, which is why no earnings effect has been recognised. Acquired goodwill is considered non-tax deductible.

The Group also acquired assets and liabilities related to a franchise store in Kista, Sweden. The purchase consideration was SEK 1 and transaction costs amounted to SEK 0. Acquired goodwill is considered to be tax deductible.

The two acquisitions had a marginal impact on the Group's net sales and earnings.

For information concerning the acquired assets and liabilities, refer to the table below.

Goodwill includes know-how, future growth expectations and synergy effects. Recognised goodwill is primarily not expected to be tax deductible.

The assets and liabilities of the acquired entities were as follows at the time of acquisition:

	Acquisitions by year		
	2020	2019	2018
Intangible non-current assets	–	–	0.0
Tangible non-current assets	0.6	0.7	0.1
Financial assets	–	–	0.0
Inventories	0.5	1.3	0.3
Other current assets	0.0	0.0	0.2
Cash, cash equivalents and current receivables	0.0	0.0	0.1
<b>Total assets</b>	<b>1.1</b>	<b>2.0</b>	<b>0.6</b>
Equity	0.0	–	1.2
Non-current liabilities	–	–0.0	–0.2
Current liabilities	0.2	–0.8	–1.6
<b>Total equity and liabilities</b>	<b>0.2</b>	<b>–0.8</b>	<b>–0.6</b>
Carrying amount of net assets	0.8	1.2	–1.2
Customer relations	0.6	5.4	0.3
Goodwill	2.9	7.0	1.2
Deferred tax	–	–	–0.1
<b>Purchase consideration</b>	<b>4.3</b>	<b>13.7</b>	<b>0.3</b>
<b>Liquidity effect in the Group</b>			
Cash transfers			
Acquisition price	–4.3	–13.7	–0.3
Transaction costs	–	–	0.0
Cash and cash equivalents, net, taken over with subsidiaries	0.0	0.0	0.1
Contingent consideration price on acquisition	–	–	–
<b>Liquidity effect on takeover</b>	<b>–4.3</b>	<b>–13.7</b>	<b>–0.2</b>

## Note 29 ITEMS AFFECTING COMPARABILITY

In order to improve comparability and clarify the development of the underlying operations between years, the alternative performance measures EBITDA, EBITA and its margins, are also presented excluding items affecting comparability, as adjusted performance measures (adjusted EBITDA, adjusted EBITA and its margins).

Items affecting comparability refer to major items that impact comparability insofar as they do not recur with the same regularity as other items. These items include restructuring costs due to a major change in the operations, transaction costs and related costs in conjunction with acquisitions, divestments or changes in ownership, and impairment of non-current assets. In addition, owner-related expenses that would not exist in a new ownership structure have been recognised as items affecting comparability since 2014.

Costs related to restructuring or changes to the operations may pertain to a period of several years, provided they are included in a clearly defined project with a start and end date.

Preparations for an IPO were carried out in 2019 and part of 2020, and the costs related to this were treated as items affecting comparability in 2019 and 2020 with respect to the non-recurring nature of most of these costs.

In autumn 2020, Synsam was exposed to an IT attack and extra resources were invested to minimise its effects.

During 2016 to 2018, the Synsam Group underwent a major transformation in all areas of the company and its operations. After a strategic review in 2015, the transformation was initiated in 2016, thereby implementing a new strategic direction for the Synsam Group. The guiding framework for the strategy and its implementation, the transformation, has been the so-called strategy house encompassing Assortment pruning and one-off launches; Supply Chain; Customer offering, customer relations and customer journey; Retail and Digital concepts; Brand repositioning; Talent development and rightsizing as well as IT platform and administrative processes.

The transformation project, which was the result of the Nya Synsam initiative, was concluded according to plan in 2018.

Items affecting comparability	Group		
	2020	2019	2018
Brand repositioning	–	–	64.4
IT platform and administrative processes	–	–	9.4
<b>Sub-total; Transformation project, Nya Synsam</b>	<b>–</b>	<b>–</b>	<b>73.8</b>
Owner-related expenses	–	–	15.4
IPO preparatory costs	7.4	58.6	–
IT attack	6.4	–	–
<b>Total</b>	<b>13.8</b>	<b>58.6</b>	<b>89.2</b>
<i>of which, Goods for resale</i>	–	–	–0.2
<i>of which, Personnel costs</i>	–	–	5.8
<i>of which, Other external expenses</i>	13.8	58.6	83.5

### Nya Synsam (New Synsam) transformation project Brand repositioning

The new Synsam brand positioning in the market required extra investments in brand building. The Group also invested into the launch of each new house brand.

### IT platform and administrative processes

In order for the Group to handle the new requirements resulting from Nya Synsam, the Group implemented a new central IT platform and a redesign of its major administrative processes.

## Note 30 CONTINGENCIES AND ASSETS PLEDGED

### Contingencies

The subsidiary Profil Optik A/S may have to pay a transition tax of SEK 15.0 million (15.7; 15.3) in the event of the company distributing a surplus transferred at the time of previous corporate restructuring. The obligation is not recognised in Profil Optik A/S or the Group as there are no plans to carry out such a transfer. The changed amount is attributable to the exchange rate.

A subsidiary has an agreement with an external warehouse to buy back goods sold (spectacles). The value amounted to SEK 2.6 million (0.4). The commitment has not been recognised in the subsidiary or the Group since a buy-back is not deemed to be probable.

Assets pledged to financial institutions	Group		
	2020	2019	2018
Trademarks	1,476.2	1,538.4	1,523.7
Floating charges	194.5	196.7	195.8
Accounts receivable	225.3	154.5	141.8
Intra-Group items	1,471.1	1,522.2	1,503.5
Other receivables	88.1	98.1	90.4
<b>Total</b>	<b>3,455.1</b>	<b>3,510.0</b>	<b>3,455.3</b>

Synsam Group AB's shares in subsidiaries are collateral for the external borrowing and there are restrictions on divestment of the shareholdings.

The Group companies' derivatives have been pledged as collateral for the external borrowing. At year-end, the value of the derivatives was negative.

All assets pledged are pledged as collateral for external borrowing.

Bank guarantees for contracts entered into	Group		
	2020	2019	2018
Within 1 year	3.8	3.2	2.9
Between 1 and 5 years	12.0	14.3	10.9
After more than 5 years	6.5	7.8	11.5
<b>Total</b>	<b>22.3</b>	<b>25.3</b>	<b>25.3</b>

In addition to the above, the Group has provided a bank guarantee to the Norwegian tax authorities. The total amount of the undertaking is SEK 13.4 million (12.7; 12.3).



## Note 31 EVENTS AFTER BALANCE SHEET DATE

On 24 February 2021, the Group announced that it planned to build a new plant and innovation centre in Östersund, Sweden. A letter of intent has been signed and a final decision is scheduled for the second quarter of 2021. The plan is to transform a former air force wing into Synsam's new plant and innovation centre, which will also include an eye health training centre and is expected to be ready for production to begin in early 2022.

On 1 March 2021, the Group acquired 100 percent of Audionomkliniken Sverige AB. The company offers audiologist services, including hearing aids, as well as related consulting

services. The company's operations will be recognised in "Other and central functions" as of the acquisition date. The acquisition had only a marginal impact on the Group's sales and earnings.

After the end of the year, the second wave of the COVID-19 pandemic resulted in further restrictions, primarily in Denmark and Norway, with all retail operations being placed in lockdown except those offering critical health services, such as Synsam's stores.

## Note 32 CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Synsam applies the ESMA Alternative Performance Measures Guidelines. An alternative performance measure is a financial measure of a company's past or future earnings performance, financial position or cash flow that is not defined in accordance with IFRS. These alternative performance measures are used by management to monitor the Group's operations. Synsam is of the opinion that these performance measures provide valuable supplementary information to enable management, investors and other stakeholders to assess the company's performance. EBIT provides information about the company's operating profitability. EBITDA and EBITA also provides information about the operating profitability but before non-cash items depreciation and amortisation of tangible and intangible non-current assets and right-of-use assets from 1 January 2019 for EBITDA and before non-cash items amortisation of intangible non-current assets when it comes to EBITA. Adjusted EBITDA and adjusted EBITA provides additional information about the Group's capacity to generate earnings than EBITDA and EBITA since the adjusted measure does not include items affecting comparability. As a complement, corresponding margin measures, calculated as a percentage, are used to enable an analysis of value creation. In addition, Gross profit and Gross margin are also followed to provide further information about the Group's operations.

EBITDA/Adjusted EBITDA and margin, %	2020	%	2019	%	2018	%
EBIT/EBIT margin, %	401.9	10.4%	397.2	10.5%	261.9	7.7%
Amortisation of intangible non-current assets	141.3	3.7%	137.5	3.6%	134.1	3.9%
Depreciation of tangible non-current assets	390.8	10.1%	390.3	10.3%	158.0	4.6%
(Of which, Amortisation of right-of-use assets <sup>1)</sup> )	264.5	6.9%	262.3	6.9%	-	-
<b>EBITDA and margin, %</b>	<b>934.1</b>	<b>24.2%</b>	<b>925.0</b>	<b>24.5%</b>	<b>554.0</b>	<b>16.2%</b>
Items affecting comparability <sup>2)</sup>	13.8	0.4%	58.6	1.6%	89.2	2.6%
<b>Adjusted EBITDA and margin, %</b>	<b>947.9</b>	<b>24.6%</b>	<b>983.6</b>	<b>26.0%</b>	<b>643.2</b>	<b>18.9%</b>

1) For further information refer to right-of-use assets, refer to Notes 1 and 13.

2) For a specification of items affecting comparability, refer to Note 29.

EBITA/Adjusted EBITA, and margin, %	2020	%	2019	%	2018	%
EBIT/EBIT - margin, %	401.9	10.4%	397.2	10.5%	261.9	7.7%
Amortisation of intangible non-current assets	141.3	3.7%	137.5	3.6%	134.1	3.9%
<b>EBITA and margin, %</b>	<b>543.2</b>	<b>14.1%</b>	<b>534.7</b>	<b>14.1%</b>	<b>396.0</b>	<b>11.6%</b>
Items affecting comparability <sup>2)</sup>	13.8	0.4%	58.6	1.6%	89.2	2.6%
<b>Adjusted EBITA and margin, %</b>	<b>557.0</b>	<b>14.4%</b>	<b>593.3</b>	<b>15.7%</b>	<b>485.1</b>	<b>14.2%</b>

Gross profit	2020	2019	2018
Net sales	3,806.5	3,740.6	3,380.0
Other operating income	53.8	40.6	30.4
<b>Total revenue</b>	<b>3,860.3</b>	<b>3,781.2</b>	<b>3,410.4</b>
Goods for resale	-953.4	-923.2	-823.8
<b>Gross profit</b>	<b>2,906.9</b>	<b>2,858.0</b>	<b>2,586.6</b>

Gross margin	2020	2019	2018
Net sales	3,806.5	3,740.6	3,380.0
Goods for resale	-953.4	-923.2	-823.8
<b>Total</b>	<b>2,853.1</b>	<b>2,817.4</b>	<b>2,556.2</b>
<b>Gross margin, %</b>	<b>75.0%</b>	<b>75.3%</b>	<b>75.6%</b>

# AUDIT REPORT



## Independent auditor's report

To the Board of Directors of Synsam AB (publ), corporate identity number 556946-3358

## Report on the consolidated accounts

### Opinions

We have audited the consolidated accounts of Synsam AB (publ) for the period of three years ended 31 December 2020. The consolidated accounts of the company are included on pages F-17 – F-53 in this document.

In our opinion, the consolidated accounts have been prepared and present fairly, in all material respects, the financial position of the group as of 31 December 2018, 31 December 2019 and 31 December 2020 and their financial performance and cash flow for each of the three financial years ending the 31 December of 2020 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the consolidated accounts and that they give a fair presentation in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intends to liquidate the group, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control.
- Obtain an understanding of the group's internal control relevant to our 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 internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Stockholm 20 October 2021

KPMG AB

Joakim Thilstedt  
Authorized Public Accountant

# DEFINITIONS

**B2B** refers to business-to-business.

**B2C** refers to business-to-consumers.

**Code** refers to the Swedish Corporate Governance Code.

**Cornerstone Investors** refers to Fjärde AP-Fonden, Handelsbanken Fonder Aktiefbolag and C WorldWide Asset Management Fondsmäglerselskab A/S Danmark Filial i Sverige.

**Customer Survey** refers to the customer survey that was carried out as part of the Market Study.

**DOS** refers to directly owned stores.

**ESG** refers to Environmental, Social, and Governance.

**EUR** refers to euro.

**Euroclear** refers to Euroclear Sweden AB (Box 7822, SE-103 97 Stockholm, Sweden).

**IFRS** refers to International Financial Reporting Standards, as adopted by the European Union.

**Joint Bookrunners** refers to Danske Bank A/S, Danmark, Sverige Filial ("Danske Bank") and Swedbank AB (publ) ("Swedbank").

**Joint Global Coordinators** refers to Carnegie Investment Bank AB (publ) ("Carnegie Investment Bank"), Goldman Sachs Bank Europe SE, Citigroup Global Markets Europe AG ("Citi") and Nordea Bank Abp, filial i Sverige ("Nordea").

**Lock-up Period** refers to the time period after the trading on Nasdaq Stockholm has been initiated under which the Company, the Principal Shareholder and shareholding board members and certain shareholding employees, including the Company's executive management, have undertaken not to sell their shares in the Company.

**Managers** refers to the Joint Global Coordinators and the Joint Bookrunners.

**Market Study** refers to a market study (dated 9 July 2021) that Synsam commissioned from the consultancy firm the Boston Consulting Group.

**Nasdaq Stockholm** refers to the regulated market operated by Nasdaq Stockholm Aktiefbolag.

**NOK** refers to Norwegian krone.

**NOKm** refers to million Norwegian krone.

**Offer** refers to the offer of shares described in the Offering Circular.

**Offering Circular** refers to this Offering Circular which has been drawn up on the account of the Offer and the admission to trading of the Company's shares on Nasdaq Stockholm.

**Omni-channel** refers to a multi-channel sales approach, with focus on providing a fully integrated consumer experience and harmonized pricing across all channels.

**Over-Allotment Option** refers to the allotment option described in the section "*Invitation to acquire shares in Synsam*".

**POS system** refers to point of sales system.

**Principal Shareholder** refers to Theia Holdings S.à r.l. (LEI: 549300UT3Z54BWZ4OE89), Theia Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 20 Avenue Monterey, L-2163 Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 185288, a company indirectly majority owned by CVC European Equity Fund V.

**SEK** refers to Swedish krona.

**SEKm** refers to million Swedish krona.

**SKU** refers to Stock Keeping Unit which is a product code that you can use to search and identify stock on hand from lists, invoices, or order forms.

**Synsam, Company or Group** refers to, depending on the context, Synsam AB (publ), corporate registration number 556946-3358, the group in which Synsam is parent company or a subsidiary in the group.

**Upsize Option** refers to the upsize option described in the section "*Invitation to acquire shares in Synsam*".

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