

Press release 11 May 2022

Synsam Group's Q1 report 2022

Strong organic growth and earnings - "High rate of establishment continues"

1 January – 31 March 2022

- Net sales amounted to SEK 1,186 million (1,034), up 14.7 percent. Organic growth totalled 12.3 percent (17.3)
- The gross margin increased to 79.3 percent (76.2)
- EBITDA rose to SEK 293 million (239) and the EBITDA margin was 24.4 percent (22.8). No adjustments were made in the first quarter of 2022 and the adjusted EBITDA margin was 24.4 percent (23.7).
- EBITA increased to SEK 178 million (143) and the EBITA margin was 14.7 percent (13.6). Adjusted EBITA increased to SEK 178 million (152) and the adjusted EBITA margin was 14.7 percent (14.5)
- Cash flow from operating activities amounted to SEK -53 million (98)
- Net debt amounted to SEK 2,635 million (2,712) at the end of the period, compared with SEK 2,390 million at year-end 2021
- Profit after tax amounted to SEK 99 million (-12)
- Earnings per share before and after dilution totalled SEK 0.66 (-0.17)

President and CEO Håkan Lundstedt comments:

The beginning of 2022 was strong for Synsam. In the first quarter, we reported an increase of 15 percent in net sales, of which 12 percent was organic growth and 8 percent was like-for-like growth. This strengthens our conviction that we are continuing to succeed at creating an attractive customer offering that appeals to the consumer and that helps the Group advance its market position in the Nordics. The market for optical retail and eye health in the Nordics remains highly competitive and it is gratifying to be able to say that our concepts have performed well. The core of our business is the same: offering our customers a quality product at an attractive price, an advantageous eye health offering and a focus on sustainability at every step.

Synsam prioritises growing its operations organically. An important part of the growth strategy is to continuously develop existing store formats and to condense the store network in its existing geographic markets – in Sweden, Norway, Denmark and Finland. Physical stores close to the customer increase availability, which improves the customer experience. Synsam's integrated omni-concept weaves together Synsam's digital and physical sales and service channels to provide the best product and service offering and purchasing and service experience for customers throughout the entire customer journey. Synsam's digital channels on its own and third-party platforms coordinate

seamlessly with Synsam's network of stores. Customer focus is the core of our omnichannel strategy. The potential for increased store penetration is considered good and in the first quarter of 2022, nine new stores were opened in the Group, meaning that the increased rate of establishment that started in the fourth quarter of 2021 has been continued. Opportunities for expansion in the Finnish market were particularly advantageous, which contributed to the establishment of six new stores in the first quarter of 2022 from a base of 37 stores operating at the end of 2021. This is considered a strong store expansion for a single quarter. Synsam remains committed to its goal of opening 90 new directly owned stores within a three-year period, and the assessment is that nine to 12 stores will open during the second quarter of 2022.

QUICKLY GROWING SUBSCRIPTION SERVICE

Sales of Synsam's quickly growing spectacles subscription service, Synsam Lifestyle™, grew 18 percent in the first quarter compared with the year-earlier period, and at the end of the quarter there were approximately 419,000 active customers in Synsam Lifestyle™. The offering continues to be a powerful driving force behind the company's sales, growth and profitability, while the transactions enable an ongoing interaction with customers that increases customer value and add-on sales. I would go so far as to say that subscription transactions are an even more attractive option, and are better suited to their purpose, during times of greater economic uncertainty since the concept provides security for customers who would like to have control over their monthly expenses. Subscriptions for spectacles also meet a basic medical need. The subscription format is constantly being developed to attract new customers and take specific customer groups' preferences into account. The next generation, Lifestyle 5.0, will launch in summer 2022.

FOCUS ON INNOVATION AND A SUSTAINABLE BUSINESS

On 17 August, Synsam will open its own production unit and innovation centre in Östersund. Work to complete the factory to start test production in the spring and employee recruitment ramped up during the quarter, which had an impact of SEK 2 million on earnings for the quarter. The total investment in the facility is expected to amount to SEK 100 million over a five-year period. Strategic investments in the quarter amounted to SEK 12 million, the majority of which comprise investments in this facility. Bringing production of the company's own House Brand spectacles to Sweden will shorten production lead times and increase our ability to influence and change the product offering. Establishing own production will also increase Synsam's control over the entire value chain and reduce its dependence on external suppliers. In addition to creating a better range and a more appealing offering for customers, local production is an important part of Synsam's sustainability strategy. The facility will be operated with a focus on sustainable production and product design and with a closed-loop approach which, in combination with an increased number of customers in Synsam Lifestyle™, will result in even more spectacles and frames being reused, thereby strengthening Synsam's Recycling Outlets and enabling continued expansion.

It is fantastic to see how Synsam's Recycling Outlets have both broadened Synsam's target group and strengthened the offering, primarily within in lower price points, as well as how well the new stores have performed. The concept was launched in Denmark

during the quarter while two additional stores were established in Sweden and two in Finland. This means that we had a total of 14 Synsam Recycling Outlets at the end of the quarter.

FOCUS ON GROWTH WITH RETAINED PROFITABILITY

Synsam reported a high level of sales growth and an improved profitability trend in the first quarter of 2022. Earnings before depreciation and amortisation (EBITDA) increased by 23 percent to SEK 293 million during the quarter and earnings after depreciation of tangible non-current assets (EBITA) increased by approximately 24 percent. Reporting a high level of organic growth in combination with a significant improvement in earnings in a quarter where the market was characterised by cost inflation as well as transportation and purchasing challenges is something I'm proud of. Developments in Ukraine and the geopolitical uncertainty created by the war affect all of us every day, but Synsam's operations have not yet been affected by the conflict, either directly or indirectly. To ensure an acceptable level of service for our customers and to be prepared for any interruptions to deliveries, we have increased our buffer inventory. Synsam's own production unit and innovation centre in Östersund will also reduce the risk of any future delivery interruptions. The rising inflation around the world has not yet had a material impact on Synsam, but we are prepared to respond to ensure profitability if that should change. Operating costs for the quarter, however, increased compared with the year-earlier period, due in part to investments in increased optician capacity, increased energy costs with an impact of SEK 5 million, and the establishment of new stores as well as our production unit and innovation centre in Östersund.

Synsam has high ambitions for future growth and profitability. The goal over the medium term is to post organic growth of 8 to 12 percent, with an adjusted EBITDA margin of 25 percent or higher. Our focus is on growth and taking advantage of the opportunities for expansion we see in the market while retaining good profitability. By investing and prioritising growth, we contribute to developing the leading lifestyle company within optical retail and eye health in the Nordic region."

Presentation of the report in Swedish at 09.00 CEST today

- **Place:** Webcast with teleconference.
- **Speakers:** President and CEO Håkan Lundstedt and CFO Per Hedblom.
- Registration for participation in webcast with teleconference:
<https://financialhearings.com/event/43976>

Presentation of the report in English at 10.30 CEST today

- **Place:** Webcast with teleconference.
- Registration for participation in webcast with teleconference:
<https://financialhearings.com/event/44270>

The presentation material will be available on the website at 08.00 CEST today.
www.synsamgroup.com/en/investor-relations/



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Synsam Group is a leading optician group in the Nordic region, with a differentiated and sustainable Lifestyle offering. Synsam Group offers a wide range of products and services for eye health and eye fashion, catering to the customer's different lifestyles and needs. The group has approximately 3,000 employees, net sales of approximately SEK 4.7 billion (2021) and has approximately 500 stores in the Nordics, operating under the brands Synsam, Ai Eyewear and Profil Optik in Denmark. Through digitalization, subscription services and other innovative concepts, Synsam Group is at the forefront of innovation in the Nordic optical retail market across multiple dimensions including customer journey, product offering and ESG. Synsam Group's share is traded on Nasdaq Stockholm (SYNSAM). www.synsamgroup.com.