

Press release 24 August 2022

Synsam Group's Q2 report 2022

Very strong growth in a weak consumer market - "Continued high rate of establishment and operational investments"

1 April - 30 June 2022

- Net sales amounted to SEK 1,399 million (1,213), up 15.3 percent. Organic growth totalled 13.7 percent (44.3)
- The gross margin was 73.7 percent (75.4)
- EBITDA increased to SEK 347 million (340), the EBITDA margin was 24.5 percent (27.6) and the adjusted EBITDA margin was 24.5 percent (28.9)
- EBITA amounted to SEK 224 million (238), the EBITA margin was 15.8 percent (19.4) and the adjusted EBITA margin was 15.8 percent (20.6)
- Cash flow from operating activities amounted to SEK 345 million (236)
- Net debt amounted to SEK 2,931 million (2,580) at the end of the period, compared with SEK 2,390 million at year-end 2021
- Profit after tax amounted to SEK 97 million (14)
- Earnings per share before and after dilution totalled SEK 0.65 (0.19)

1 January - 30 June 2022

- Net sales amounted to SEK 2,585 million (2,248), up 15.0 percent. Organic growth totalled 13.1 percent (30.4)
- EBITDA increased to SEK 641 million (579), the EBITDA margin was 24.5 percent (25.4) and the adjusted EBITDA margin was 24.5 percent (26.5)
- Cash flow from operating activities amounted to SEK 291 million (335)
- Profit after tax amounted to SEK 196 million (2)
- Earnings per share before and after dilution totalled SEK 1.31 (0.02)

Events after the end of the period

- On 17 August, Synsam opened its own production unit and innovation centre in Östersund

President and CEO Håkan Lundstedt comments:

"Synsam's favourable growth that we noted in the first quarter was maintained. In the second quarter, we reported an increase of 15 percent in net sales, of which 14 percent was organic growth and 9 percent was like-for-like growth. These results were achieved in a competitive market largely driven by campaigns, where market players are facing major challenges when it comes to recruiting opticians, particularly in Sweden but also in Norway and Denmark.

An attractive comprehensive customer offering, an increase in the number of stores and investments in strengthening Synsam's position in the pensioner and student segments as part of the launch of Lifestyle 5.0 contributed to growth in the quarter. Synsam's omni-concept, which weaves together Synsam's digital and physical sales and service channels, also continued to be successful, with a strong increase in Synsam's net sales from online sales and contact lens subscriptions.

SHORT-TERM IMPACT ON PROFITABILITY DUE TO TARGETED INVESTMENTS IN GROWTH

During the first half of the year and the second quarter of 2022, Synsam reported high sales growth along with increased EBITDA. During the second quarter, earnings before depreciation and amortisation (EBITDA) increased 2 percent to SEK 347 million and during the first half of the year, EBITDA increased 11 percent.

Earnings were charged by higher operating expenses primarily related to the planned expansion of new stores, including a substantial expansion in Finland, and start-up costs for the new production facility, optician expenses and aggressive marketing investments. The gross margin was temporarily negatively impacted by a market investment with higher discounts when launching Lifestyle 5.0, as part of strengthening our position with pensioners and students.

Our focus on increasing optician capacity also involves new ways of working and the implementation of new technological solutions, which we expect will have an effect starting from the end of the third quarter and during the fourth quarter.

The adjusted EBITDA margin for the last 12 months was 25.9 percent, which is in line with our medium-term financial target.

SUBSCRIPTION BUSINESS PARTICULARLY EFFECTIVE IN UNCERTAIN TIMES

Synsam's Synsam Lifestyle™ subscriptions are particularly effective during times of greater economic uncertainty since the concept provides security for customers who want to have control over their monthly expenses.

The spectacles subscription business continued to grow significantly in the second quarter, up 27 percent year-on-year, and the number of active customers increased by approximately 30,000. This means that Synsam had approximately 449,000 active Synsam Lifestyle™ customers at the end of the quarter. Offering customers an attractive subscription continues to be a powerful driving force behind the company's sales, growth

and profitability, while also providing Synsam with a valuable way of interacting with customers that creates greater customer value, opportunities for add-on sales and, not least, important insights into how the offering can be further developed in the future. The next generation of subscriptions, Lifestyle 5.0, was launched during the quarter. This refined format means a strengthening and will make Synsam even more relevant and attractive to the customer groups of children, young people and pensioners. Customer response to the improved subscription has been very good.

CONTINUED INVESTMENT FOR GROWTH

Synsam is continuing to invest in and expand its operations organically, both by strengthening the growing Synsam Lifestyle™ subscription format and by consolidating and developing the store network. We are seeing improvements in the service experience, with better store availability, and footfall continues to increase. Synsam's goal of opening 90 new directly owned stores within a three-year period remains firm. In the third quarter, the focus will be on store refurbishment and relocation rather than opening new stores, and store establishment will resume in the fourth quarter of 2022. The rate of establishment, which intensified during the fourth quarter of 2021, remained high during the first half of 2022. During the second quarter, 11 new stores were opened, bringing the total number of stores in Sweden, Norway, Denmark and Finland to 520, of which 33 were franchise stores.

Synsam Recycling Outlet is growing significantly and, in terms of size, will soon become its own optical retail chain in the Synsam family. It is clear that Synsam Recycling Outlet fills an important function in more challenging times, both as a competitive concept that offers lower prices, which drives footfall, and as an offering that meets customers' desire to make sustainable choices that contribute to circular flows and reduced waste. The fact that Synsam's newly opened production and innovation centre is operated with a focus on sustainable production and product design and that Synsam Lifestyle™ is growing significantly will contribute to more spectacles being reused, thereby strengthening Synsam Recycling Outlet and enabling continued expansion. During the second quarter, five new stores were established in Sweden, four of which were new stores and one a converted store, and one store was established in Norway. This means we had a total of 20 Synsam Recycling Outlet stores at the end of the quarter.

Synsam's strong growth also strengthens the company's negotiating position with its suppliers, making it easier for us to balance cost increases with economies of scale. This is crucial if Synsam is to continue to be perceived as relevant and attractive to customers.

SYNSAM'S OWN SPECTACLE PRODUCTION PROVIDES COMPETITIVE ADVANTAGES

In hindsight, our decision to gradually relocate production of the company's own House Brands spectacles from Asia to our newly opened production and innovation centre in Frösön outside Östersund could not have come at a better time. Local production will help to strengthen the customer offering and shorten lead times, increase Synsam's control over the entire value chain and reduce its dependence on external suppliers. I am proud that Synsam will be the first company to launch a Swedish-produced spectacles

collection in the Nordic market. Jämtö, as the collection will be called, comprises six spectacles that stand out for their more sustainable choice of material, new production technology, adherence to the principle of proximity in all areas and reduced carbon footprint. The total investment in the facility is expected to amount to SEK 100 million over a five-year period. Strategic investments in the second quarter amounted to SEK 49 million, the majority of which pertained to the production unit.

Gradually moving production back to Sweden is reducing the risk of delivery disruptions and speeding up the time-to-market, which enables us to offer our customers a range adapted for the Nordic market and reduce tied-up capital.

I firmly believe that taking an aggressive approach and to further advance our positions in a market characterised by change and a certain degree of turbulence is the right strategy. I am proud that we made significant strategic investments in Synsam's growth and strengthening our long-term offering during the first half of 2022. Our ambitions in terms of our future growth and profitability remain high, and we must act when we see business opportunities that will enable us to develop 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/43977>

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/44392>

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 3,500 employees, net sales of approximately SEK 5 billion (rolling twelve months until March 2022) 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