

Press release 22 February 2023

## **Synsam Group's Year-end report 2022**

**Strong growth and increased market share in a weaker market - "During the year, cost and efficiency programme were introduced to strengthen the EBITDA margin in line with Synsam's financial target"**

### **1 October - 31 December 2022**

- Net sales amounted to SEK 1,373 million (1,245), up 10.3 percent. Organic growth totalled 6.8 percent (13.8)
- The gross margin was 76.7 percent (79.2)
- EBITDA amounted to SEK 273 million (296), the EBITDA margin was 19.6 percent (23.5) and the adjusted EBITDA margin was 19.6 percent (26.5)
- EBITA amounted to SEK 127 million (186), the EBITA margin was 9.1 percent (14.8) and the adjusted EBITA margin was 9.1 percent (17.7)
- Cash flow from operating activities amounted to SEK 185 million (392)
- Net debt amounted to SEK 2,969 million at the end of the period, compared with SEK 2,390 million at year-end 2021
- Profit after tax increased to SEK 51 million (47)
- Earnings per share before and after dilution totalled SEK 0.34 (0.38)

### **1 January - 31 December 2022**

- Net sales amounted to SEK 5,277 million (4,669), up 13.0 percent. Organic growth totalled 10.6 percent (23.2)
- EBITDA increased to SEK 1,217 million (1,189), the EBITDA margin was 22.8 percent (25.1) and the adjusted EBITDA margin was 22.8 percent (26.9)
- Cash flow from operating activities amounted to SEK 690 million (980)
- Profit after tax increased to SEK 328 million (51)
- Earnings per share before and after dilution increased to SEK 2.19 (0.60)
- The Board of Directors proposes a dividend of SEK 1.70 (1.70) per share

**President and CEO Håkan Lundstedt comments:**

"2022 was a year largely characterised by uncertainty in our operating environment in the form of war and macroeconomic turbulence. A sharp increase in inflation meant that consumers were more frugal, which had a negative impact on market growth in the Nordics. In this market, Synsam succeeded in generating organic growth of 11 percent and like-for-like growth of 7 percent, which meant that we continued to capture market share. However, this growth resulted in higher costs and profitability declined in 2022, with an EBITDA margin of 23 percent, somewhat under our medium-term target. This was mainly due to the high store expansion rate (with 37 new stores established in 2022), increased personnel costs partly as a result of the optician shortage, the start-up of our production and innovation centre in Östersund, and higher costs as a result of increased inflation. To manage this cost pressure, Synsam initiated a cost and restructuring programme that is expected to reduce the cost base for operating expenses by SEK 102 million in 2023 and by SEK 129 million in 2024, compared with 2022. Earnings for the fourth quarter of 2022 were thus charged with costs of approximately SEK 34 million related to the programme and to extra costs incurred to directly or indirectly enable the programme to be implemented, which means that EBITDA for the quarter declined year-on-year. In addition to this cost programme, we are also reviewing whether additional measures should be taken. The aim is to enable the Group's strong growth to continue while also strengthen the EBITDA margin in line with Synsam's financial target. Despite the high inflationary pressure, we show that we can deliver a stable gross margin per country in our business, which shows the quality of the underlying business regarding the products and services included in our customer promise. At the same, the fact that we offer affordable solutions is particularly important in this market and our price guarantee allows customers to feel secure.

**SYNSAM DEVELOPING THE OPTICAL RETAIL SECTOR THROUGH NEW PROCESSES AND TECHNOLOGICAL SOLUTIONS**

As the leading player in the Nordic market, we want to be at the forefront of developing, changing and improving the customer experience in all areas of the optical retail sector. There has been a shortage of opticians in the optical retail sector for quite some time, primarily in parts of Sweden and Norway, which has somewhat limited our ability to grow and meet customer demand. Synsam is now establishing new innovative technology solutions for increased business value, Synsam EyeView. These comprises new software and hardware, for carrying out eye examinations, which in combination with changes to our processes and ways of working will increase our optician capacity, improve customer accessibility, and reduce the need for and costs associated with consultants. Through increased capacity, we will be able to better meet demand from our customers, which will lead to growth and better customer satisfaction. The roll-out of Synsam EyeView means that we can continue to expand into areas where the lack of opticians had previously been an obstacle to store establishments.

**SYNSAM HAS SIGNIFICANT GROWTH POTENTIAL****High rate of establishment**

In the last few years, Synsam has significantly expanded the number of stores in the Nordic market, refined its store concepts and strengthened the competitiveness of its customer offering. We saw an increase in in-store traffic in the fourth quarter of 2022 and the full year. Synsam had 536 stores on 31 December 2022, and the assessment is that the goal of establishing 90 new stores from 2021 to 2023 will be met. Synsam sees

great potential to continue increasing the number of stores in existing markets in the Nordics, and the goal for the years 2024 to 2026 is to establish an additional 90 new stores, while also taking into account the fact that the EBITDA margin for the Group is to be in line with Synsam's financial target.

#### Continued strong development of subscriptions

Synsam's subscription services for spectacles (Synsam Lifestyle) and contact lenses are continuing to grow faster than Synsam as a whole. This model becomes even more attractive and provides added value during times of greater economic uncertainty since it allows the customer to choose from several price levels and provides predictable monthly fees, enabling consumers to spread their costs out over time.

Synsam Lifestyle represents a unique CRM tool since it creates long-term customer relationships and frequent customer contact, since customers are notified annually for eye examinations and given the opportunity to exchange their frames. Synsam Lifestyle continued to grow significantly in the fourth quarter, up 21 percent in sales year-on-year, and the number of active customers increased by approximately 33,000 – a new record for a single quarter.

The churn rate in the fourth quarter of 2022 declined to 2.11 percent, down from 2.17 percent in the third quarter of 2022. Our low and stable churn rate is proof that customers appreciate our concept. Synsam's goal is for the total number of subscription customers (those who either have a Lifestyle subscription or who only subscribe for contact lenses) to amount to one million by the end of 2025, compared with today's total of approximately 604,000.

#### House Brands provides stronger customer offering

House Brands accounted for approximately 45 percent of the total sales volume in 2022. Synsam's strategy to develop its own House Brands helps differentiate and strengthen the customer offering, uses unique products to attract new customers, creates attractive prices at various price points for customers, and helps improve profitability and conversion to the Synsam Lifestyle subscription service. The new collection from our factory in Frösön, Jämtö, is Synsam's best launch ever and sells more than twice as much as other premium brands. Jämtö also reduces CO2e emissions by 30 percent compared to an equivalent frame produced in Asia.

By further developing our customer offering, Synsam will continue to deliver strong growth in the Nordic market and strengthen the EBITDA margin."

**Presentation of the report in Swedish at 09.00 CET 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/43979>

**Presentation of the report in English at 10.30 CET today**

- **Place:** Webcast with teleconference.
- Registration for participation in webcast with teleconference:  
<https://financialhearings.com/event/46157>

The presentation material will be available on the website at 08.00 CET today.  
[www.synsamgroup.com/en/investor-relations/](http://www.synsamgroup.com/en/investor-relations/)

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*This information is such that Synsam AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 a.m. CET on 22 February 2023.*

*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 4,000 employees, net sales of approximately SEK 5 billion (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](http://www.synsamgroup.com)*