

The board of directors' of Synsam AB (publ) remuneration report 2022

Introduction

This remuneration report describes how the guidelines for remuneration to the executive management (the so-called guidelines for remuneration) for Synsam AB (publ), reg. no. 556946-3358, which were adopted by the annual general meeting 2021, have been applied during 2022. The report also includes specific information regarding remuneration to the company's CEO. The report has been prepared in accordance with the Swedish Companies Act (2005:551) (*Sw. aktiebolagslagen (2005:551)*) as well as the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes (*Sw. Regler om ersättningar till ledande befattningshavare och om incitamentsprogram*) adopted by the Swedish Corporate Governance Board (*Sw. Kollegiet för svensk bolagsstyrning*).

Additional information regarding remuneration to senior executives can be found in note 5 on pages 83–85 in the annual report for 2022.

Information regarding the work of the remuneration committee during 2022 can be found in the corporate governance report on pages 54–59 in the annual report for 2022.

The report does not cover board fees. Such fees are resolved by the annual general meeting and presented in note 5 on pages 83–85 in the annual report for 2022.

Development during 2022

The CEO summarizes the overall results for the company and the group in his statement on pages 8–10 in the annual report for 2022.

The company's guidelines for remuneration

The scope and purpose of the guidelines for remuneration

The company's guidelines for remuneration cover the CEO, deputy CEOs (if any) and other members of the group management, as well as other remuneration than board fees to board members in the company.

For information regarding the company's business strategy, reference is made to the annual report for 2022 and the company's website. A prerequisite for the company to be able to successfully implement its business strategy and accommodate the company's long-term interests, including sustainability, is that the company can attract and retain competent and engaged employees. In order to achieve that, the overall annual remuneration must be market-based and competitive in the employment market in which the executive is situated and taking into account the individual's qualifications and experience and that exceptional performance shall be reflected in the total remuneration, which the company's guidelines for remuneration shall contribute to. The company's guidelines for remuneration shall stimulate an increased interest for the overall business and earnings trend as well as increase the motivation for the senior executives and increase the belonging within the company. The purpose of the guidelines is further to increase the community of interest between the senior executives and the company's shareholders. Furthermore, the guidelines shall contribute to good ethics and culture within the company.

According to the guidelines for remuneration, the total remuneration may consist of the components fixed salary, variable remuneration and other benefits. Fixed salary constitutes the basis of the total remuneration, and the fixed salary shall be based on the executive's competence, responsibility and performance and shall be competitive relative to prevailing market standards. Variable remuneration covered by the guidelines for remuneration shall aim to promote the company's business strategy and long-term interests, including sustainability, and shall mainly be based on the group's financial outcome for each year. Other benefits, e.g. pension and insurance, can be offered in accordance with customary rules and market standards in each country.

The complete guidelines for remuneration can be found on www.synsamgroup.com.

Deviations from the guidelines for remuneration

The board of directors has exercised its right to deviate from the guidelines for remuneration adopted by the 2021 annual general meeting regarding the exception stated below, with the assessment that the deviations from the guidelines for remuneration were necessary to serve the company's long-term interests and ensure its financial viability. In 2022, the company otherwise followed the guidelines for remuneration adopted by the 2021 annual general meeting without deviations.

In 2022, the company had one program for variable cash remuneration (bonuses) for the group management. According to the terms of the program, bonuses were to be determined based on the degree of fulfilment of individual, pre-defined targets. The targets varied for each individual: the targets for some individuals were primarily financial, while the targets for others were so-called activity targets. An assessment of the program revealed that the degree of fulfilment of financial targets was generally low, while the degree of fulfilment of activity targets was generally high, which resulted in a highly uneven distribution of bonuses among the members of the group management. According to the board of directors' assessment,

this was due to the fact that the prevailing market and business environment impacted the members' opportunities to meet the financial targets but not the activity targets. The board of directors therefore decided that each member of the group management (with the exception of individuals who resigned or whose employment was terminated in 2022), regardless of the degree of fulfilment of their individual, pre-defined targets, would receive a bonus corresponding to 50 percent of the maximum possible outcome for each individual. The payment of bonuses thus entails a deviation from the remuneration guidelines since the bonuses were not based on pre-defined targets.

No deviations have been made from the decision-making process which, in accordance with the guidelines, is to be applied when determining remuneration, and the board of directors has not reduced or clawed back any remuneration paid during 2022.

The auditor's statement regarding the company's compliance with the guidelines for remuneration can be found on www.synsamgroup.com.

Total remuneration to the CEO during 2022

Name and position of the executive	Fixed salary (SEKm)		Variable remuneration (SEKm)		Pension (SEKm)	Total remuneration (SEKm)	Proportion of fixed salary out of total remuneration (%) ⁴⁾	Proportion of variable remuneration out of total remuneration (%) ⁴⁾
	Base salary	Other benefits ¹⁾	One year or shorter ²⁾	Multi-year ³⁾				
Håkan Lundstedt, CEO ⁵⁾	8.00	0.21	4.00 ⁶⁾	0.00	2.72	14.92	73	27

1) Other benefits refer to car benefit, health care benefit, broadband, accident and travel insurance as well as cellphone subscription.

2) Variable cash remuneration based on performance/performance targets in respect of 2022, but which are paid during 2023.

3) Multi-year variable remuneration for the CEO is applied only in the form of share-related incentive programs, and is reported only to the extent that allotment of performance shares has taken place in 2022 (within the meaning of the column "Information for 2022" – "During the year" – "Allotted performance shares" in the table "Share-related incentive programs: the CEO" below).

4) Pension, which is premium based with a premium corresponding to 34 per cent of the base salary (excluding vacation pay and other benefits), has been reported as fixed salary.

5) Håkan Lundstedt is also a member of the board of directors of the company.

6) Approximately SEK 3.20 million relates to variable cash remuneration that has been paid based on fulfilment of pre-defined targets (for more information, please refer to the table "The CEO's performance during 2022: variable cash remuneration" below) and approximately SEK 0.80 million relates to variable cash remuneration that has been paid due to the resolution of the board of directors to grant each member of the company's group management variable cash remuneration corresponding to 50 percent of the maximum possible outcome for each individual (for more information, please refer to the section "The company's guidelines for remuneration" – "Deviations from the guidelines for remuneration" above).

Share-related incentive programs

During 2022, Synsam had one outstanding long-term share-related incentive program: LTIP 2022. No share-related incentive programs expired during the year.

The 2022 annual general meeting resolved to implement LTIP 2022, a share-related incentive program directed to senior executives and other selected key individuals in the Synsam group. LTIP 2022 comprises approximately 80 participants divided between three categories: one category consisting of members of the company's group management, one category consisting of selected key individuals with extensive responsibilities within important areas/functions or who otherwise have a significant impact on the growth and profitability of the Synsam group, and one category consisting of other selected key individuals who have impact on the success of the Synsam group. The background for the division between different categories is that the participants' rights to allotment of performance shares within the framework of LTIP 2022 has been differentiated with reference to, *inter alia*, position, responsibility and performance. The overall purpose of LTIP 2022 is to, by giving the participants the opportunity to build up a shareholding in Synsam, establish conditions to recruit and maintain competent staff in the group, increase motivation among the staff as well as to increase the community of interest between the employees and the shareholders.

A precondition for participating in LTIP 2022 was that those who were offered participation made own investments in shares in Synsam and/or that they already held shares in Synsam since before (so-called "investment shares"), and that the investment shares were allocated to LTIP 2022. Each participant has been granted a so-called performance share award free of charge, which in turn gives the participant an opportunity to be allotted a number of shares in Synsam free of charge (so-called performance shares) during the second quarter of 2024, provided that certain conditions are met. Whether and to what extent a participant's performance share award entitle to the grant of performance shares is determined on the basis of the degree of fulfilment of predetermined performance conditions. Further-

more, the allotment of performance shares to the participant is conditional upon that the participant has retained the investment shares that have been allocated to LTIP 2022 and, with certain specific exceptions, that the participant has been permanently employed (*Sw. fast anställd*) within the Synsam group until the expiry of the second quarter of 2024.

The performance conditions of LTIP 2022 are related to pre-defined targets for (1) organic growth, (2) adjusted EBITDA and (3) relative TSR development, respectively. Of the total number of performance shares that may be granted, 40 percent is dependent on the fulfilment of the target connected to performance condition (1), 40 percent is dependent on fulfilment of the target connected to performance condition (2) and 20 percent is dependent on the fulfilment of the target connected to performance condition (3). Between the minimum and maximum levels, allotment of performance shares dependent on a given performance condition shall be proportioned linearly. As regards performance conditions (1) and (2), target levels have been determined for the financial years 2022 and 2023, respectively, and fulfilment of a given target level for a financial year entitles to allotment of performance shares for that financial year, even if the minimum level for allotment is not reached for the other financial year. If the outcome measured as an average over the two financial years that constitute the measurement period gives a better outcome than annual measurement, allotment of performance shares shall be based on the average outcome.

As regards performance condition (3), calculation of target fulfilment is instead based on the relative TSR development for Synsam, compared to certain pre-defined comparable companies, during the entire vesting period (based on a comparison between the volume-weighted average share prices during the period 01-03-2022–31-03-2022 and volume-weighted average share prices during the period 01-03-2024–31-03-2024; however, adjusted for dividends, if any, during the measurement period).

Further information about outstanding long-term incentive programs may be found in note 5 in Synsam's annual report for 2022.

Share-related incentive programs: the CEO

		Information for 2022									
		Main terms and conditions for incentive programs				Opening balance at the beginning of the year		During the year		Closing balance at the end of the year	
Name and position of the executive	Program	Performance period	Date of allotment of performance share award ¹⁾	Time of allotment of performance shares ²⁾	Maximum number of performance shares ³⁾	Vested (but not allotted) performance shares ⁴⁾	Allotted performance shares ⁵⁾	Vested (but not allotted) performance shares ⁴⁾	Allotted performance shares ⁵⁾	Vested (but not allotted) performance shares ⁴⁾	Allotted performance shares ⁵⁾
Håkan Lundstedt, VD ⁶⁾	LTIP 2022	01-01-2022–31-03-2024 ⁷⁾	10-05-2022	Q2 2024 ⁸⁾	64,059 ⁹⁾	0	0	8,327 ¹⁰⁾	0	8,327 ¹⁰⁾	0

1) Refers to the date on which the board of directors of Synsam decided to offer the executive an opportunity to be allotted a performance share award (provided that the terms and conditions for participation in the incentive program are met).

2) Refers to the point in time when vested performance shares are allotted (transferred) to participants in incentive programs.

3) Refers to the maximum possible number of performance shares that may be allocated to the executive within the framework of the incentive program (subject to re-calculation).

4) "Vested (but not allotted) performance shares" refers to performance shares that have vested based on the fulfilment of performance conditions, but which have not yet been allotted (transferred) to executives. In addition to the fulfilment of performance conditions, a precondition for the allotment (transfer) of performance shares is that the CEO, until the end of the vesting period, (i) retains the investment shares allocated to LTIP 2022 and (ii) with certain specific exceptions, continues to be the CEO of Synsam.

5) "Allotted performance shares" refers to performance shares that have been allotted (transferred) to executives.

6) Håkan Lundstedt is also a member of the board of directors of the company.

7) The performance conditions within the framework of LTIP 2022 are related to pre-defined targets for (1) organic growth, (2) adjusted EBITDA and (3) relative TSR development, respectively. As regards performance conditions (1) and (2), target levels have been determined for the financial years 2022 and 2023, respectively. As regards performance condition (3), relative TSR development is calculated based on a comparison between the volume-weighted average share prices during the period 01-03-2022–31-03-2022 and volume-weighted average share prices during the period 01-03-2024–31-03-2024 (adjusted for dividends, if any, during the measurement period).

8) Allotment of vested performance shares will take place after the end of the vesting period, which expires on the day during the second quarter of 2024 when Synsam publishes its interim report for the first quarter of 2024.

9) The maximum number of performance shares that may be allocated to the CEO has been re-calculated due to the cash dividend resolved at the 2022 annual general meeting. The maximum number of performance shares prior to the re-calculation amounted to 62,451, and increased by 1,608 shares – to 64,059 shares – due to the re-calculation.

10) After re-calculation due to the cash dividend resolved at the 2022 annual general meeting.

The CEO's performance during 2022: share-related remuneration

Name of the program	Description of performance conditions in respect of 2022	Relative weighting of performance conditions (%)	Measured performance (%)	Actual remuneration outcome (SEKm)
LTIP 2022	Organic growth, % (for the group, annual) Organic growth in directly owned stores: Growth in net sales adjusted for the net effect of acquisitions, currency, franchise stores and items affecting comparability that have affected net sales.	40	65	0.33 ¹⁾
	Adjusted EBITDA (for the group, annual) EBITDA adjusted for items affecting comparability.	40	0	0.00
	Relative TSR development Relative development in total shareholder return ("TSR") for Synsam's shareholders compared to the corresponding TSR development for shareholders in pre-defined comparable companies ²⁾ , where the TSR development is calculated based on a comparison between the volume-weighted average share prices during the period 01-03-2022–31-03-2022 and volume-weighted average share prices during the period 01-03-2024–01-03-2024 (adjusted for dividends, if any, during the measurement period).	20	Determined during the second quarter of 2024	Determined during the second quarter of 2024

1) Based on the share's market price on the balance sheet date of 31 December 2022 (closing price on 30 December 2022, i.e. SEK 39.52) multiplied by the number of vested (but not allotted) performance shares at the balance sheet date (8,327 shares, after recalculation due to the cash dividend decided at the 2022 annual general meeting). Allotment of vested performance shares will take place during the second quarter of 2024, after the end of the vesting period (provided that other conditions for allotment are met). The value as of the balance sheet date of 31 December 2022 shall not be equated with the cost for Synsam for the year presented in the annual report for 2022.

2) The pre-defined comparable companies: EssilorLuxottica, Fielmann, Mister Spex, National Vision, Warby Parker, Clas Ohlson, Mekonomen, Axfood, Bygghem and Hoya.

Variable cash remuneration to the CEO during 2022

The performance criteria for the CEO's variable remuneration have been selected based on the company's business strategy and long-term business plan, with the purpose of accommodating the company's long-term

interests, including its sustainability. The performance criteria comprise a combination of financial targets and activity targets, where activity targets are targets related to projects that are of importance for the group.

The CEO's performance during 2022: variable cash remuneration

Description of the performance criteria in respect of 2022	Relative weighting of the performance criteria (%)	Measured performance (%)	Actual remuneration outcome (SEKm)
Organic growth, % (for the group, annual) Organic growth in directly owned stores: Growth in net sales adjusted for the net effect of acquisitions, currency, franchise stores and items affecting comparability that have affected net sales.	20	0	0.00
EBITDA (for the group, annual)	40	0	0.00
Operational targets related to important projects (annual)	40	100	3.20

Remuneration to the CEO compared to the company's results and remuneration to other employees during 2022¹⁾

	2021 (SEKm)	2022 (SEKm)
Total remuneration Håkan Lundstedt, CEO ²⁾	19.11	14.92 ³⁾
Adjusted EBITDA (for the group)	1,274	1,217
Average remuneration for other employees ⁴⁾	0.43	0.42

1) The table will be extended over time to eventually include a five-year comparison.

2) Håkan Lundstedt is also a member of the board of directors of the company.

3) Total remuneration as specified in the column "Total remuneration (SEKm)" in the table "Total remuneration to the CEO during 2022" above.

4) Refers to employees (full time equivalents) in segment Synsam Sweden (which does not include the CEO). The average remuneration includes the total remuneration, *inter alia* including variable cash remuneration (one year or less). The amount of the variable cash remuneration which has been included in the table was finally approved and paid during the first quarter of 2023.

Stockholm in March 2023

Synsam AB (publ)

The board of directors