



Annual and Sustainability Report



Contents

3	This is Synsam
5	The year 2022
8	Message from the CEO
11	Market
14	Strategy
18	Operations
26	Sustainability Report
45	Financial statements
47	Directors' Report
54	Corporate governance report
60	Board of Directors
62	Group management
65	Consolidated financial statements
68	Parent Company financial statements
71	Notes for the Parent Company and the Group
106	Signatures
107	Auditors' Report
111	Financial definitions and company-specific glossary and definitions
113	The share
115	Synsam's history

22

The Annual and Sustainability Report contains information on the conditions, development, growth rate, trends and competitive situation in the markets and regions in which Synsam operates. Unless otherwise stated, such information is based on Synsam's analysis of a number of sources, including external sources in the form of publicly available industry publications and industry reports as well as a market study prepared for Synsam by Centigo. Synsam certifies that information from external sources has been accurately reported, and to the best of Synsam's knowledge, no information published by such external sources has been omitted which could cause the reported information to be inaccurate or misleading. Where "Company information" is cited as a source, such information is derived from Synsam and is based on Synsam's own estimates based on information obtained from customers, suppliers, trade associations and other contacts in the markets in which Synsam operates.

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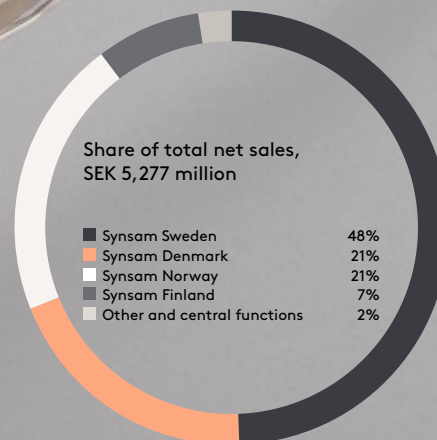
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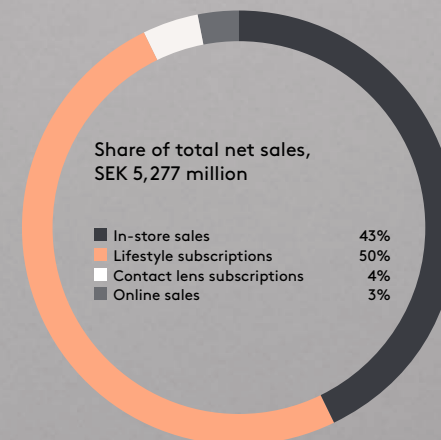
This is Synsam

Since its founding in 1968, Synsam has grown to become one of the Nordic region's leading players in optical retail, eye fashion and eye health, with more than 500 stores in Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands. Synsam's ambition is to continue to strengthen its industry-leading position through innovation and a clear sustainability perspective.

Net sales per segment 2022



Net sales per product category 2022



THIS IS SYNSAM

The leading lifestyle company in optical retail and eye health

Founded in 1968 by ten independent optician stores, Synsam is a leading and profitable lifestyle company in optical retail and eye health in the Nordic region. The Group operates through stores in Sweden, Denmark, Norway, Finland, Iceland and the Faroe Islands as well as online. The stores are operated both as directly owned stores and by franchisees. Operations are conducted under the Synsam brand in Sweden, Norway and Finland and under the Profil Optik brand in Denmark and Iceland.

Since its inception, Synsam has grown to include more than 500 stores, the vast majority of which are directly owned. The store network is complemented by a strong online and social media presence where customers can buy products, book eye examinations, manage their subscriptions, or try out new spectacles directly on their mobile phones.

Synsam has a unique range of spectacles, sunglasses, sports eyewear and contact lenses that include both Synsam's own and other well-known brands. The offering also includes spectacle and contact lens

subscriptions, hearing and eye examinations both physical and online, and personal style advice when trying on spectacles. Synsam also offers its customers sustainable options including the Synsam Recycling Outlet chain.

In 2016, Synsam was the first player in the market to launch a subscription service – Synsam Lifestyle – for a fixed monthly fee. This allows customers to combine products and services such as spectacles, sunglasses and contact lenses and to change a pair of spectacles every year and includes eye examinations, insurance against loss, theft and damage, and free replacement of lenses if their vision changes.

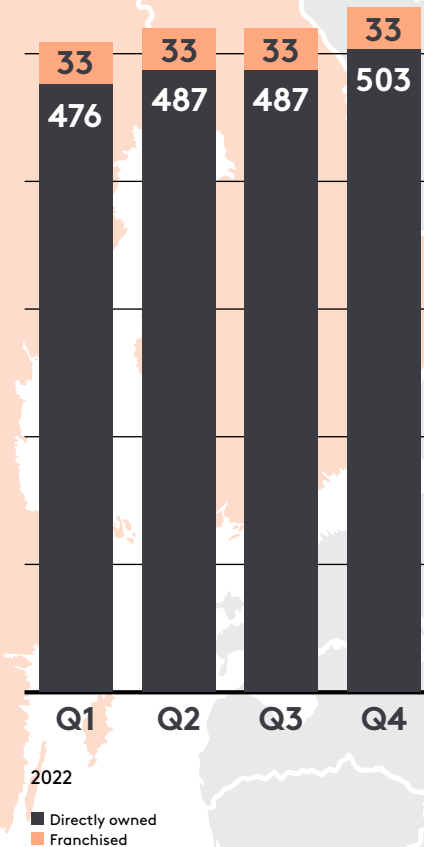
Synsam's production and innovation centre opened in 2022. Jämtö, the first collection of frames produced at the facility, was launched in autumn 2022 in all Nordic countries.

Synsam's ambition is to continue to strengthen its industry-leading position in eye health and eye fashion, with a clear and integrated sustainability perspective throughout the chain.

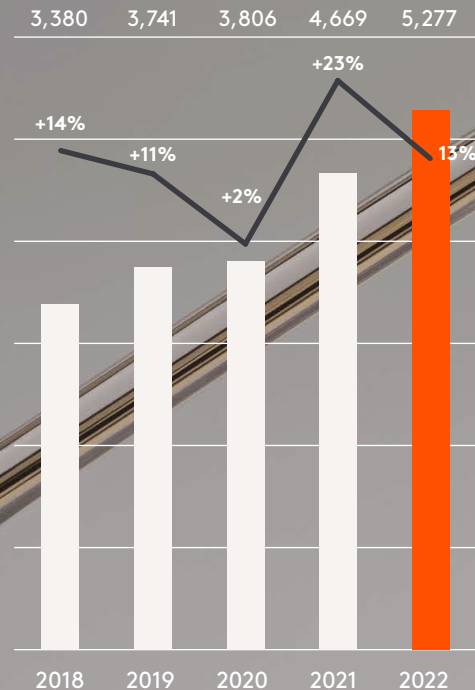
37

37 new directly owned stores opened during 2022

Number of stores per quarter



Net sales development,
SEK million



2022

■ Net sales
■ Net sales growth compared to the previous year

The year 2022

Sales of Synsam's Lifestyle subscription continued to grow in 2022. Approximately 511,000 customers had Lifestyle subscriptions at the end of the year. Synsam's production and innovation centre opened in Frösön just outside Östersund in August. The Group opened a total of 37 new stores during the year. 15 of these new stores were Synsam Recycling Outlet stores, bringing the total number of stores in the Synsam Recycling Outlet chain to 24 at the end of 2022.

THE YEAR 2022

2022 in focus

1 JANUARY–31 DECEMBER 2022

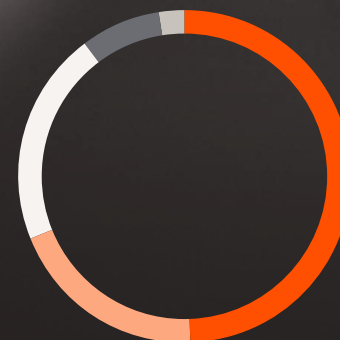
- Net sales amounted to SEK **5,277** million (4,669), up **13.0** percent
- Organic growth totalled **10.6** percent (23.2)
- The gross margin was **75.8** percent (76.7)
- EBITDA increased to SEK **1,217** million (1,189), the EBITDA margin was **22.8** percent (25.1) and the adjusted EBITDA margin was **22.8** percent (26.9)
- EBITA amounted to SEK **698** million (773), the EBITA margin was **13.1** percent (16.3) and the adjusted EBITA margin was **13.1** percent (18.1)
- Cash flow from operating activities totalled SEK **690** million (980)
- 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 **328** million (51)
- Earnings per share before and after dilution increased to SEK **2.19** (0.60)



10.6%

Organic growth

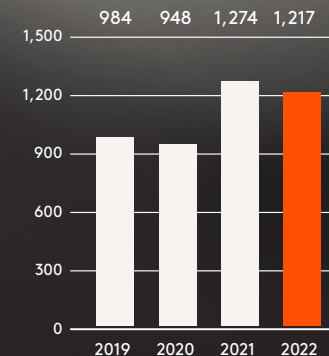
Net sales per segment, MSEK



2022

Synsam Sweden	2,534
Synsam Denmark	1,093
Synsam Norway	1,128
Synsam Finland	393
Other and central functions	129

Adjusted EBITDA, MSEK



Key events in 2022

Q1

- Nine new stores were opened in the Group during the first quarter of 2022, meaning that the increased rate of establishment that started in the fourth quarter of 2021 was maintained.
- Sales of Synsam's 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.
- Synsam was named Sweden's most sustainable brand in optical retail for the fourth year in a row according to the Sustainable Brand Index 2022, which interviewed 24,300 people aged 16–75.

Q2

- Synsam and speed skater Nils van der Poel began a partnership developing sports eyewear.
- Preparations ahead of the production start at Synsam's production and innovation centre ramped up further during the second quarter of 2022.
- At the end of the quarter, there were approximately 449,000 active customers in Synsam Lifestyle.

Q3

- Synsam's production and innovation centre in Östersund opened, and Jämtö, the first collection of frames produced at the facility, was presented at the opening. The frames are composed of 68 percent bio-based cellulose from wood pulp and vegetable oils. The design of the six unique unisex frames is inspired by nature in Sweden's Jämtland region.

Q4

- In October, Synsam placed first in the category "Optical Retail & Accessories" at the Swedish Market Awards, in addition to winning the "Retailer of the Year" prize in the same competition.
- After being launched in stores in Sweden in early September, the Jämtö frames were introduced in other Nordic countries in November and December 2022 and eventually became Synsam's best-selling House Brand. Production of the Jämtö frames on Frösön reduces CO₂e emissions by 30 percent compared with an equivalent pair of frames manufactured in Asia.
- There are a total of 24 Recycling Outlets in the Group.

FINANCIAL PERFORMANCE MEASURES SEK million	2022	2021
Net sales	5,277	4,669
Organic growth, %	10.6	23.2
Gross margin, %	75.8	76.7
EBITDA	1,217	1,189
Adjusted EBITDA	1,217	1,274
EBITDA margin, %	22.8	25.1
Adjusted EBITDA margin, %	22.8	26.9
EBITA	698	773
Adjusted EBITA	698	858
EBITA margin, %	13.1	16.3
Adjusted EBITA margin, %	13.1	18.1
EBIT	552	633
Profit after tax	328	51
Earnings per share, before and after dilution, SEK	2.19	0.60
Cash flow from operating activities	690	980
Cash flow from operating activities/Adjusted EBITDA, %	56.7	76.9
Net debt/Adjusted EBITDA	2.44	1.88

37

new stores

We welcomed our customers to 37 newly opened stores during the year, 15 of which are Recycling Outlets.



MESSAGE FROM THE CEO

Synsam continuing its journey of growth

– a customer-centric approach with a focus on innovation and sustainability

As a leading Nordic lifestyle company in optical retail and eye health, Synsam is continuing to develop, change and improve its offering. As I look back over the year, I am proud of the progress we made in these efforts, always with a focus on the customer. We opened our production and innovation centre in Östersund, launched Jämtö, our first locally produced collection, opened new stores and welcomed numerous new customers as well as continued to develop Synsam's omni-concept which ties Synsam's digital and physical sales and service channels together. We are continuing to capture market share, and our journey of growth has only just begun.

Synsam delivered 11 percent organic growth for the year, and we continue to capture market share. We operate in a market that is undergoing structural growth and that is more resilient to economic fluctuations than other retail segments. At the same time, our market was also impacted significantly by the uncertain global backdrop that characterised the year. War, macroeconomic turbulence and a sharp increase in inflation meant that consumers were more frugal, which had a negative impact on market growth in the Nordics. The fact that we succeeded growing despite a challenging market situation is a testament to the strength of our strategy and our offering, and to the outstanding efforts of our employees. We also had the pleasure of welcoming our customers to 37 newly opened stores during the year, 15 of which are Recycling Outlets.

Synsam's profitability in 2022 declined slightly compared with 2021 and was somewhat under our medium-term target. This was mainly due to major investments in the store expansion, our digital platforms and the start-up of our production and innovation centre in Östersund. General inflation and higher personnel costs, partly as a result of the current shortage of opticians, also had a negative impact on our margin. To manage this cost pressure, Synsam initiated a cost and restructuring programme that is expected to create the conditions for continued strong growth while also improving the EBITDA margin in line with Synsam's financial target. However, Synsam's gross margin per country remained stable during the

year, demonstrating the quality of our underlying operations when it comes to 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 creates security for our customers.

Customer-focused growth strategy with significant potential

Synsam is focusing on growing organically in its existing markets – Sweden, Norway, Denmark and Finland. The base of Synsam's operations is our more than 500 stores, where we offer everything from style advice to eye examinations. At the heart of our growth strategy is a focus on the customer, together with affordable offerings and innovative store concepts to meet customer needs.

High rate of store expansion and growing customer base

Synsam had a high establishment rate during the year, with 37 new store openings. We continuously refine our various concepts and customer offerings, both in stores and online, and it was gratifying to see the number of customers grow during the year.

We had 536 stores at the end of 2022, and we expect to meet our goal of establishing 90 new stores during 2021 to 2023. Synsam sees great potential to continue increasing the number of stores in existing markets in the Nordics. The goal for the years 2024 to 2026 is to establish an additional 90 new stores, with an EBITDA margin in line with Synsam's financial target.

Synsam Lifestyle – in constant evolution

Synsam's subscription offering for spectacles and contact lenses is continuing to grow faster than Synsam as a whole. Today, Synsam's subscription offerings have approximately 604,000 active customers. We have seen that our subscription model is attractive to our customers in times of greater economic uncertainty. It allows them to choose from several price levels and ensures predictable fees.

Synsam Lifestyle, our spectacles subscription service, is continuing to grow, with the offering attracting approximately 511,000 subscription customers by year-end, up 30 percent compared with 2021. Synsam Lifestyle is also a unique tool for Synsam in its efforts to establish long-term customer relations as customers are contacted regularly for eye examinations and to change their frames. During the year, we launched a new version of Synsam Lifestyle's digital platform, which allows us to reach young people, families with children and pensioners more effectively.

Synsam's contact lens subscription service is also continuing to grow, with some 129,000 customers at year-end, up 30 percent compared with 2021. As of 2023, Synsam's contact lens subscription service will also be launched in Denmark, which is expected to boost sales of contact lenses but also sales of Synsam Lifestyle.

We are far from finished. The subscription business still has considerable untapped potential, given

that only a quarter of our customers have chosen these services so far. Synsam's goal is for the total number of subscription customers (those who either have a Synsam Lifestyle subscription or who only subscribe for contact lenses) to reach one million by the end of 2025.

House Brands strengthen the customer offering – successful launch of the Jämtö collection

Synsam's House Brands are attracting new customers, enabling attractive pricing with various price points, and contributing to improved profitability and a growing number of Synsam Lifestyle customers. In 2022, Synsam's eleven unique House Brands accounted for 45 percent of the total volume sold. The fact that House Brands account for a significant share of Synsam's sales is also important for Synsam's efforts in the area of circularity and for our Recycling Outlet concept. During the year, we launched our new Jämtö collection – the first collection from the production facility in Frösön – in all Nordic counties. The launch of Jämtö became Synsam's best launch to date, and sales of the collection are more than double those of our other premium brands.

An industry leader in sustainability

Synsam aims to be the industry leader in eye health and eye fashion, with a clear and integrated sustainability perspective throughout the value chain. We accelerated our sustainability efforts during the year and feel that this has made us more attractive as an employer, as a counterparty for suppliers and to our customers.

Regular eye examinations are the basis for good eye health and eyesight. Increased screen use and

a growing and ageing population are making eye health an increasingly important public health issue.

This is where Synsam wants to be at the cutting edge, contributing to the development of technology and equipment that improve access to high clinical quality eye examinations. The opening of our first clinic specialising in eye health for children and young people at Hötorget during the year marked an important step in this work.

In August, we opened our production and innovation centre in Frösön in Östersund. The facility will be home to the first large-scale, modern eyewear manufacturing industry in the Nordic region and involve moving production of our own House Brands from Asia to Sweden. Having the facility in Östersund will strengthen our business, shorten lead times and give us greater flexibility. We will also be able to offer a more exciting and wider range of locally produced and sustainable frames. The successful launch of our new Jämtö collection during the year, which is produced in Frösön, demonstrates that this is something customers are interested in.

The Synsam Recycling Outlet store concept is an important part of our sustainability efforts. It contributes to more circular flows and reduced waste, which also broadening Synsam's target group, appealing to a younger customer group for whom sustainability and the environment are important factors. We opened

15 new Recycling Outlets during the year and had a total of 24 Recycling Outlets at the end of the year.

Synsam EyeView enables expansion in areas which have previously had a shortage of opticians

During the year, Synsam also distributed free activity spectacles to children as part of the "Everyone should see!" initiative. The initiative is aimed at children between the ages of 5 and 12 years, and the activity spectacles are specially designed to cope with sports activities, outdoor games, jumping and mischief. Since the initiative started, a total of 44,000 pairs of spectacles have been distributed in the Nordic region.

Synsam developing the optical retail sector through new processes and technological solutions

There has been a shortage of opticians in the optical retail sector for quite some time, primarily in parts of Sweden and Norway. To a certain extent, this has limited Synsam's ability to continue grow and meet customer demand. We therefore decided to develop new, innovative technological solutions through Synsam EyeView, including software and hardware for performing eye examinations. In combination with changes to our processes and ways of working, this will increase our optician capacity, raise the level of quality and improve customer accessibility. Synsam EyeView will also enable us to continue expanding in areas where

the lack of opticians previously prevented us from establishing stores.

Synsam continuing its journey of growth

Synsam's journey has only just begun. We must continue to make a difference – for the vision and eye health of our customers, and for the sustainability challenges of society at large. The situation in our markets is more difficult to assess than it has been in a long time, and we are respectfully aware that our operations will also be impacted, but we have our sights firmly set on our journey of growth and on capturing market share in 2023.

Our employees made outstanding contributions during the year, and I am proud of our constant renewal and development efforts. Our annual employee survey clearly showed that we have an attractive and values-driven workplace. To me, this demonstrates that our work on our recruitment processes and leadership development during the year have paid off. I look forward to working with all of our employees to continue developing the leading lifestyle company in optical retail and eye health in the Nordic region.

Håkan Lundstedt
President and CEO



Synsam and the market

The Nordic optical retail and eye health market is growing. There are several reasons for this. We are living longer, which creates a greater need for vision correction. We are spending more and more time in front of computer, tablet and mobile phone screens, causing an increase in near-sightedness, especially among younger people. And finally, spectacles are now considered a fashion item and are being replaced more and more frequently just like other fashion items.

MARKET

Continued growth in the optical retail market in the Nordic region

According to a market study that was prepared for Synsam, the size of the Nordic optical retail sector as of 2022 was estimated to be close to SEK 19 billion. The optical retail market, through its link to eye health, is more resilient to economic fluctuations compared with other retail segments and is thus less exposed to a shift from physical stores to online sales.

1. Spectacles, contact lenses and sunglasses

The industry's most important product category is spectacles, with frames and lenses together accounting for approximately 80 percent of the market. Contact lenses make up nearly 15 percent of the market, and most contact lens wearers wear spectacles or sunglasses to complement them. With the exception of Denmark, Nordic subscription services for contact lenses are still relatively undeveloped. Sunglasses, the third product category, account for about 8 percent of the market.

2. Trends

There are three key trends behind the continued growth in the optical retail sector that are contributing to continued stability and volume growth in the Nordic market.

Higher life expectancy

As life expectancy in the Nordic countries increases, so too does the need for vision correction, which in turn is driving increased sales of spectacles and other products.

More time spent in front of screens

Today, we are spending more and more time in front of screens on mobile phones, tablets and computers. Increased screen time, combined with more time spent indoors and less time outdoors in natural light, is making near-sightedness more common in all age groups, especially among younger people. By 2050, it is estimated that 50 percent of the Nordic population will be near-sighted, compared with around 34 percent today. Over time, these developments will increase the need for computer glasses, progressive spectacles and contact lenses.

Shorter lifespan

Spectacles are no longer only a medical necessity – they are also a fashion statement, which, according to the

study, means that the number of pairs of spectacles each person owns will increase, and the time between changing spectacles will become shorter. In 2015, the average time from purchase to replacement was three years; customer surveys show that this average time has now dropped to 2.3 years.

3. Channels

The vast majority of spectacles and sunglasses are purchased from traditional optical retailers, partly as a natural consequence of the need for eye examinations. Only 4 percent of all spectacles in the Nordic countries were purchased online in 2020. Contact lenses, on the other hand, are the product category that accounts for the highest share of online shopping.

4. Geographical markets

Sweden: Synsam is Sweden's largest optical retail chain

Denmark: Synsam is the second-largest optical retail chain in Denmark

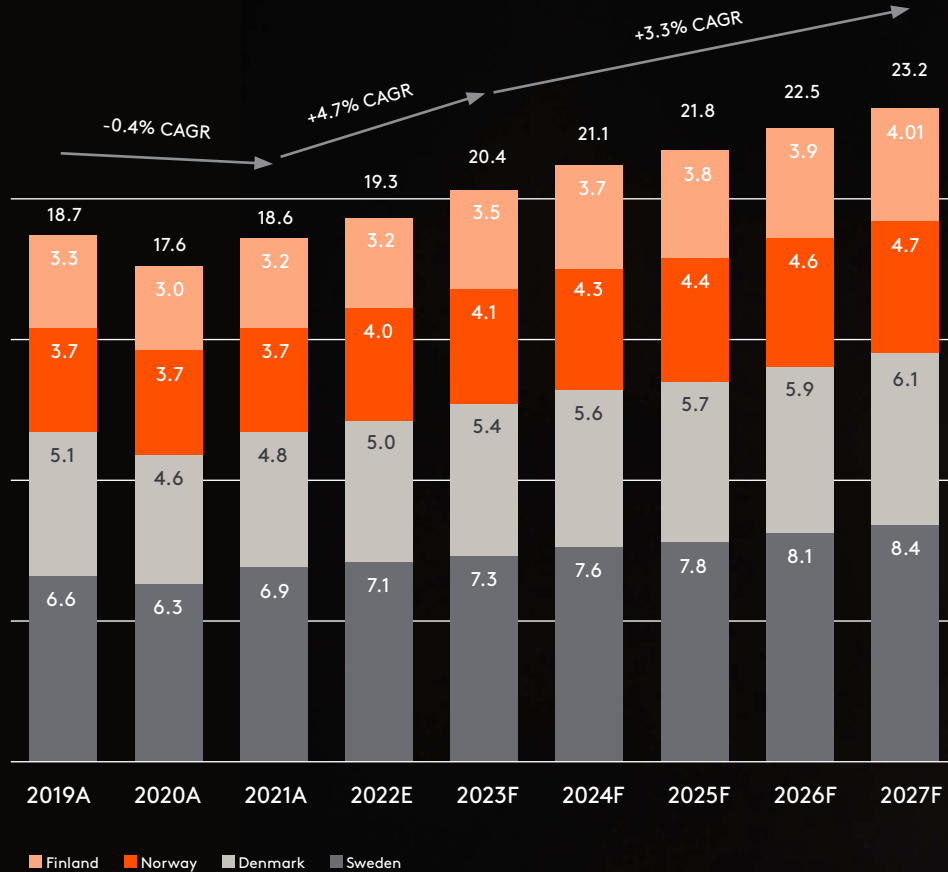
Norway: Synsam is Norway's second-largest optical retail chain

Finland: Synsam is Finland's fourth-largest optical retail chain



Retail value by country

SEK billion

CAGR
'19-'21

-2.5%

-0.4%

-2.5%

2.2%

CAGR
'21-'23

5.8%

5.6%

5.6%

3.0%

CAGR
'23-'27

3.1%

3.6%

3.2%

3.3%

Finland

Norway

Denmark

Sweden

Please note: Sales value for eye examinations has been excluded due to data restrictions; historical data suggests minimal changes for this segment. Market size and growth rate do not include disruptive business models, but rather refer to traditional cash and online sales.

Source: The market study



Strategy

At the heart of Synsam's strategy is a focus on the customer together with affordable offers and innovative store concepts to meet customer needs. Innovative and clear communication through a number of different channels, digital as well as physical in the form of different business concepts, creates a platform for the Lifestyle subscription service and attracts customers to stores, e-commerce and eye examinations.

STRATEGY

Success factors for Synsam's growth strategy

Synsam's growth strategy is based on underlying general market growth, growth in existing stores and through the addition of new stores, and a transition from being a traditional retailer of products and services to being a leading customer-focused lifestyle company in the optical retail sector. This provides Synsam with a strong platform for continued growth.

Synsam and the omnichannel strategy

Synsam has an omnichannel strategy that aims to meet the customer seamlessly across sales and service channels regardless of the customer's preferences throughout the customer journey. Synsam's digital channels on its own and third-party platforms such as Facebook and Google interact seamlessly with the store network that forms the physical base of the business.

At the heart of the omnichannel strategy is a focus on the customer. This means that customers can interact with Synsam not only in physical stores, but also via their mobile phone, tablet or computer at home. The aim is to create a fully integrated experience and a harmonised price picture wherever, however and whenever the customer encounters Synsam.

Built on success factors

Synsam today

Main areas



Stores/store concepts



Sustainability initiatives



House Brands



Digital solutions



Subscription

... with growth potential in a number of areas and focus on innovation

Organic growth

A

Growth in existing stores

- Subscriptions
- House Brands
- Online

+3%

market growth
(2023–2027)

B

New stores

- Plan to establish 90 stores in 2021–2023 and a further 90 stores in 2024–2026
- Megastores and Recycling Outlets

C

Clear strategic plan to leverage further growth potential

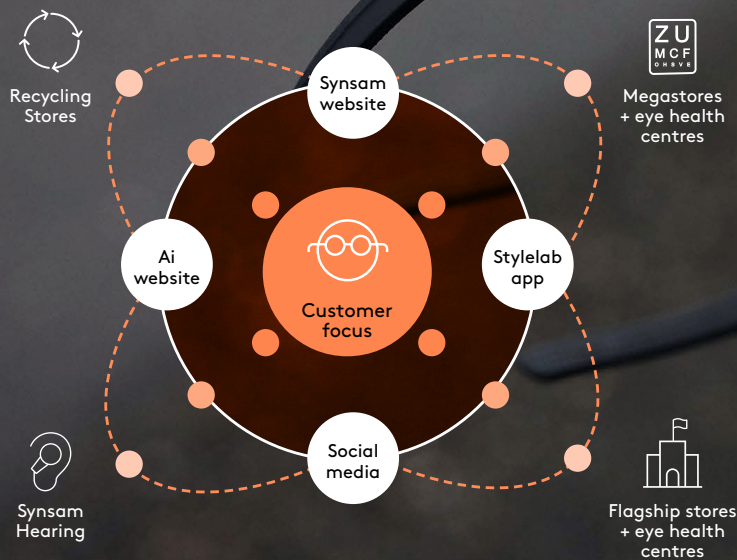
- Made in Sweden (Nordics region and exports)
- Additional health verticals
- Operational excellence
- Online

When used correctly, the omnichannel strategy constantly creates new opportunities for innovative and customer-orientated meetings and contributes to the creation of new meeting places and touchpoints. This, in turn, generates increased interest, attracting new and existing customers to stores, e-commerce and eye examinations. Synsam's knowledge of the customer journey and innovative thinking in marketing and communications are critical success factors.

Creating greater awareness and attention for the Synsam brand – as well as for its own Nordic brands and for Synsam's Ai eyewear concept – is a high-priority aspect of the strategy. Continued growth for the Group is expected to come from a combination of Lifestyle subscriptions, e-commerce, House Brands and contact lens subscriptions.

The Lifestyle subscription service

A market study has shown that up to 60 percent of customers who have not yet taken out subscription service for spectacles may be interested in such a service. To reach these potential subscribers, Synsam focuses on identifying the needs of its existing customers and proposes solutions for them. At the same time, there is a strong focus on attracting new customers, partly by continuously developing and communicating the benefits of the service.



Omnichannel strategy

Products

- Lenses
- Frames
- Sunglasses
- Sports spectacles
- Contact lenses
- Eye care and accessories
- Hearing aids

Services

- Eye health services
- Hearing tests
- Lifestyle subscriptions
- Contact lens subscriptions
- Eye fashion services

Contact lenses

In 2018, Synsam launched a new contact lens strategy, with a new product range combined with promotions and the launch of a contact lens subscription as key components. The intention is to create a more long-term relationship with customers who are currently one-off purchasers of contact lenses, but also to increase additional sales of spectacles and sunglasses as the majority of customers with contact lens subscriptions also buy such products.

Synsam Sports

Synsam is leveraging its position as the leading optical retail chain in the Nordics by building a unique niche in sports eyewear, which is increasing the breadth of Synsam's total product offering. The current range of spectacles covers about 30 of the most common sports activities under the categories of Active, Outdoor, Snow, Street and Water.

House Brands

House Brands are a key differentiator for Synsam as they allow stores to offer a broader and more tailored range of products to suit the Nordic customer base.

Expansion of the store network

The launch of new stores and concepts forms the basis of Synsam's growth strategy. Synsam has built up extensive experience in opening new stores in the countries where the Group operates. 118 new stores have been opened since 2018, and the total number of stores now stands at more than 500. An analysis of the market has identified over 160 potential locations for new stores. A target of 90 new stores was set for the 2021–2023 period, of which 63 were started in 2021–2022. A new target of 90 new stores in 2024–2026 was established in early 2023.

Synsam Hearing

Synsam has evaluated various market segments related to eye health that may offer new opportunities for further expansion. The first step in this is the start of Synsam Hearing, a business offering hearing tests and hearing aids in selected stores. The combination of hearing and optical retail is well established in Europe and North America, for example, but still undeveloped in the Nordic region.

Other strategic initiatives

Synsam has identified a number of additional initiatives that may help to promote growth over time. In eye health, there are opportunities to open more eye health centres and to enter into strategic partnerships with private eye clinics. E-commerce is another potential growth area.

Another interesting market is B2B – or corporate customers – where Synsam could drive more traffic to the stores by offering discounted computer glasses, eye examinations and other services, and thus increase the number of private customers. The market for corporate customers is stable, and Synsam is well positioned to successfully enter into various procurement arrangements.

In the long term, it is possible that Synsam could expand in Europe by establishing one of its own concepts or by acquiring one or several medium-sized optical retail chains.



Operations

Synsam has more than 500 stores which form the basis of its business, but the company is also an industry leader in digital channels. The Lifestyle subscription service and Synsam's House Brands are powerful examples of Synsam's capacity to innovate. In addition to eyewear, a range of products and services are on offer, from contact lenses to eye examinations and style advice.

OPERATIONS

A large range of products and services

The basis of Synsam's activities is its network of stores, where customers can meet an optician for an eye examination, choose spectacles, sunglasses or contact lenses, take out subscription services and receive style advice as spectacles are increasingly becoming a fashion item. By the end of 2022, Synsam had more than 500 stores in the Nordic region, the vast majority of them directly owned.

Owing to its size, efficiency and innovative capacity, Synsam is able to offer its customers a comprehensive range of products and services at competitive prices. In addition to the stores, Synsam has a strong online presence via Synsam, Profil Optik and Ai's own websites and social media, where customers can meet and interact with Synsam when, how and where it best suits them. This makes Synsam the industry leader in integrating digital channels into its customer interaction.

Spectacles

Spectacles are Synsam's original and largest product category. The Group

By the end of 2022, Synsam had more than 500 stores in the Nordic region, the vast majority of them directly owned.

offers spectacles, sunglasses and sports eyewear, both from its own brands and from well-known global brands. Prescription and non-prescription spectacles and sunglasses can be purchased both in-store and online and are included in the Lifestyle subscription service.

Recycling

Synsam is actively working to increase the recycling of old spectacle frames as material for new frames and therefore collects used frames in its stores. There are also opportunities to buy second-hand spectacle frames through the Synsam Recycling Outlet.

Sports eyewear

Nordic customers are becoming increasingly active in various sports, and sports spectacles are therefore expected to be a

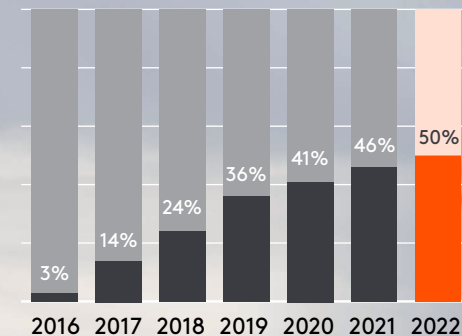
growing part of sales. Sports spectacles are sold both by prescription and over the counter, in stores and online. Synsam offers customers a number of brands including its own, Rigel and Sports Essential. The range includes spectacles adapted for some 30 different activities in the Active, Outdoor, Snow, Street and Water categories.

Contact lenses

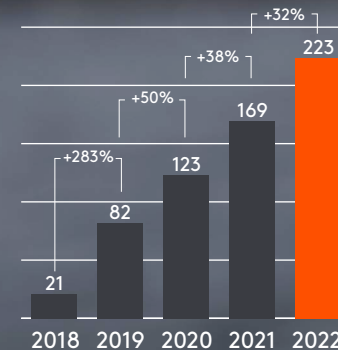
Synsam offers spherical, toric and multifocal lenses. Spherical lenses correct near-sightedness and long-sightedness, toric lenses address astigmatism and multifocal lenses are used against age-related vision loss. Both one-day and monthly lenses are available.

Contact lens wearers are a particularly interesting customer group for Synsam as they often combine lenses with regular spectacles and sunglasses. Synsam sells contact lenses from global brands and through its own EyeQ brand.

Synsam Lifestyle accounts for an increasing share of total net sales



Sales of contact lens subscriptions increasing quickly (MSEK)



OPERATIONS

Services

All Synsam stores offer a range of services, from style advice to eye examinations by licensed opticians, but also more advanced eye examinations at dedicated eye health centres. Today, Synsam has 64 such centres in the Nordic region, and the aim is to reach customers with potential eye problems in order to refer them to local partners, such as private eye clinics. Both simple and more sophisticated eye examinations build long-term customer relationships that help drive traffic to stores. Synsam also offers a B2B solution where the Group is responsible for the delivery of products and services to the employees of various companies.

Lifestyle and contact lens subscriptions

Synsam was the first player in optical retail and eye health to offer a subscription service for products and services for spectacles. For a fixed monthly fee, the Lifestyle subscription allows customers to combine several pairs of spectacles and contact lenses, have eye examinations, change spectacles and use other services to tailor a complete solution to their individual needs.

The subscription solution currently accounts for a large part of the Group's sales and there is considerable market potential for Lifestyle subscriptions. According to a study, up to 60 percent of customers who have not yet taken out such a subscription may be interested in one.

Synsam Lifestyle subscription service



Pay nothing today



Unlimited number of eye examinations



New lenses as vision changes



Yearly exchange of one product of your choice



Complete insurance



Cleaning products and adjustments included

CASE

Lifestyle 5.0 – now headed for 6.0

Ever since it was launched in 2016, Synsam's Lifestyle subscription service has been something of a success story for the Group. Today, Lifestyle is available in all of the Group's markets. It has nearly half a million subscribers and accounts for about half of the Group's total revenue.

Behind the success lies a large data-driven analysis of customer needs, where Synsam identified the need for a subscription solution. The result was that Synsam became the first company to offer a unique and customised complete offering, where customers were given greater flexibility at a fixed monthly price that covered everything from new frames and lenses to eye examinations and insurance. Selling spectacles and contact lenses by subscription is an offering that is difficult to copy, requiring not only a smoothly functioning technology platform, but also the legal and financial expertise to ensure that all aspects are covered – which, in turn, requires a strong organisation, which Synsam has thanks to its Group structure.

The rest could have been history, but an important factor for success is that work to further develop the offering has been under way ever since Lifestyle 1.0 was launched. 2022 saw the arrival of Lifestyle 5.0, which was improved to suit the needs of two specific target groups: seniors, and children and young people. This involved small yet relevant changes, including an "Outgrowing guarantee", which allows children to update their frames free of cost if they grow out of their old ones.

Work on Lifestyle 6.0 is now in progress. In addition to continued improvements, Synsam also continues to train its employees about the subscription itself – and about customer service. Even if there are half a million subscribers, they still represent only 30 percent of all of Synsam's customers and only 4–5 percent of all of the available customers in the market. Lifestyle has huge potential.

OPERATIONS

In 2018, Synsam launched a subscription solution for contact lenses in Sweden, Norway and Finland. The service complements Synsam's other customer offerings and has seen strong growth since its introduction. For Synsam, the advantage of the subscription service, as with the Lifestyle subscription service for spectacles, is that the Group creates both additional sales and a longer and, over time, more lasting relationship with the customer.

Synsam Hearing

Hearing tests and hearing aids constitute a market segment related to the services and products offered by Synsam for eye health. A combined offering is common in Europe and also in North America, but this is not yet the case in the Nordic market. Synsam has therefore started the Synsam Hearing initiative, which offers hearing tests and hearing aid trials in selected stores. The initial focus for Synsam Hearing is on Sweden.

House Brands

Synsam launched its first House Brands back in 2016. The aim then, as now, was to reposition the Group's overall brand towards eye fashion and value for money, thereby differentiating itself from its competitors. Today, the Group has eleven successful House Brands in four price segments: Essentials, Classic, Premium and Exclusive, each with a clear profile, purpose and target group. Examples include the premium brand Oscar Eide, Jämtö and Design by Bernadotte & Kylberg, which focuses on innovation, as well as Readers, which offers fashionable reading spectacles.



CASE

House Brands continue to gain traction

Synsam launched its first House Brands back in 2016, and today there are 11 different brands in different market segments, price categories and applications. They represent about half of all of the frames sold in Synsam's stores and, together with brands from external suppliers, comprise Synsam's frame sales.

By building up House Brands, Synsam is able to affect the design, assortment and manufacturing process to a significantly greater extent than when simply purchasing. Assuming ownership of more of the supply chain also enables Synsam to streamline its processes and thereby offer customers an attractive price.

Until 2022, Synsam's House Brands were mostly produced in Asia, but the new production and innovation facility in Frösön outside Östersund also went into operation during the year. The new facility makes it possible to test various materials and create new models faster, and to offer products that help reduce environmental

impact. Sustainability is becoming an increasingly important factor for customers when they choose their frame, and from a sustainability perspective, Synsam's Swedish-produced frames have a lower carbon footprint than the frames produced in Asia. Waste is managed better in the manufacturing process, less energy is used and the packaging is more efficient. Even the general material production contributes to a lower climate impact.

The Jämtö collection, which is manufactured from material partly based on vegetable oil and FSC-certified wood pulp, is the first collection from the facility in Frösön. Jämtö was launched in September 2022 and, in a short time, has become the best-selling House Brand in the assortment, which shows that locally produced frames are in high demand among customers.

Synsam will continue to expand production in Frösön in 2023 to include new collections under its existing brands.

OPERATIONS

Omnichannel – stores and online combined

The stores, together with the various digital channels on which Synsam is active, create a platform that provides an integrated customer experience and ensures harmonised pricing, regardless of the channel. The Group has systematically reduced the number of franchise stores to ensure consistent brand positioning and to fully coordinate both promotions and prices.

In the period 2021–2023, the Group is planning 90 new stores. Most of them are either Megastores, which is a larger store format for prime locations, or Recycling Outlets, which support the Group's sustainability efforts by selling second-hand spectacles or sunglasses at attractive prices. The products are recycled from Synsam's Reuse and Recycle Boxes, which are located in all the Group's stores. As of December 2022, Synsam has five flagship stores, 32 Megastores and 24 Synsam Recycling Outlets. During the period 2024–2026, the Group plans for an additional 90 new stores.

As part of its omnichannel concept, the Group has set up an online store where virtually all of Synsam's services and products are on offer to customers – from eye examinations to style advice. The Stylelab app enables the customer to test spectacles digitally, directly on a mobile phone. Synsam is continuously improving its online offering to provide the best customer experience in the industry.

Ai

In 2018, the Synsam Ai Eyewear concept was launched with a special focus on customers aged 20–40. At Ai Eyewear, customers can design their own spectacles by choosing from ten different frame shapes with ten possible colour choices each as well as ten different lens colours – a total of 1,000 possible unique combinations.

CASE

Synsam Recycling Outlet – a rapidly growing store chain attracting new customers

Synsam Recycling Outlet was born out of Synsam's vision: that customers want to consume more sustainably and that Synsam, as the number one player in the optical retail market, can drive and promote more sustainable consumption in combination with attractive offerings.

Synsam's Recycling Outlet, Synsam Group's latest store concept, is unique and is the Nordic region's first commercial centre purely for recycled spectacle frames and sunglasses. 90 percent of its customers are new customers who have never shopped at Synsam before – consumers who want to make informed choices, get attractive offerings and shop for bargains. Synsam makes this possible in a store environment that is attractive, appealing and easy to navigate. Since the first store opened in December 2020, Synsam has opened a total of 24 stores in as many months – corresponding to one store per month. In 2022, a total of 15 stores opened their doors in the Nordic region.

Synsam Recycling Outlet is a successful complement to Synsam's existing store network. The Group can open stores in the same city or shopping centre and still attract new customers, despite the stores' proximity to one another. This is a testament to Synsam's strategy: Synsam Recycling Outlet should complement the range and attract more target groups, thereby increasing the Group's market share and further strengthening its position.

The assortment offered in the Recycling Outlet chain comprises Synsam's best-sellers that find their way back to the store through the Lifestyle subscription service and are sold as second-hand frames at a lower price, much like new frames that have been phased out and are sold at outlet prices. Of course, the Recycling Outlet stores also offer customers eye examinations and new custom lenses for their frames. In 2022, Recycling Outlet sold approximately 84,000 frames in the Nordic region.



OPERATIONS

Synsam and the future

Synsam has identified a number of opportunities for further growth. In eye health, there are opportunities to open more eye health centres and to enter into strategic partnerships with private eye clinics. The Synsam Hearing concept can be developed further. Another interesting market is corporate customers, where Synsam, by offering computer glasses, eye examinations and other services, can drive traffic to the stores. The market for corporate customers is stable and Synsam is well positioned.



Synsam Finland

So far, Synsam Finland is the smallest country in the Synsam family, but a family member that is growing. Since Synsam entered Finland in 2014, the number of stores has grown to 50, including 13 new stores in 2022. The goal is set much higher than that: the number of Synsam stores in Finland is to exceed 100 by 2026.

From the start, Synsam has been a challenger in the Finnish market, which has been dominated by several major players. The share of independent opticians is relatively low in Finland compared with Sweden and Denmark, for example. In 2022, Synsam advanced to the fourth position in market shares in Finland. The challenging goal is to advance to a top position within just a few years. Reaching that goal is a matter of increasing sales and revenue from existing stores as well as continuing to expand the store network.

There are several factors behind Synsam's rapid growth. The single largest explanation is the Lifestyle

subscription service which, as in other markets, is causing the customer base to continually grow. Synsam has also become more visible through attractive new store concepts and digital services. Synsam Megastores have been opened in Finland in recent years. Megastores are stores over 200 square metres in size with a larger selection of spectacle frames and other products as well as more examination rooms which increases both flexibility and capacity. In addition, Synsam partners with the healthcare company Mehiläinen, which staffs Synsam's stores with ophthalmologists. Having ophthalmologists on site at the optician's is something that Finnish customers – unlike customers in other markets – ordinarily expect. Interest in reuse is also growing, and Synsam Finland has opened Recycling Outlets in cities including Helsinki and Turku.



OPERATIONS

Synsam's Group functions

Purchasing, logistics and IT

The purchasing team's main task is to ensure that the Group has – and continues to develop – a competitive range, good terms of purchase and optimised stocks, while ensuring that all products are available in Synsam's stores. Synsam buys its products from suppliers in Europe and Asia; its House Brands come primarily from Asia, while branded frames, lenses and contact lenses are mainly purchased in Europe.

In 2020, Synsam decided to move the production of spectacle frames for its House Brands from Asia to a new production and innovation centre in Östersund, Sweden. This is part of a long-term strategy to increase the level of innovation in materials, design and offering, which drives the ability to build strong brands and provides increased export opportunities. The centre opened and production began in August 2022.

Efficient logistics are crucial to any retail business. Inventory levels are kept low through Synsam's digital integration with several of its suppliers, which enables automatic replenishment of stock. Frames and sunglasses are delivered to the store from the central warehouse, while lenses and contact lenses come directly from the supplier's warehouse.

The focus of Synsam's IT development in recent years has been to create applications that have clear value for the customer and also help drive sales. These include, for example, the Lifestyle subscription system,

CASE

Synsam EyeView produces more efficient flows

The number of customers who want to have eye examinations at their local Synsam store is continually rising. Instead of coming perhaps every three years as in the past, subscription customers now want to have an examination every year to see if their vision has changed. The number of people with various vision defects is growing, partly as a result of increased use of screens. Synsam needs to increase its capacity in order to meet the growing demand for eye examinations, which is a challenge in view of the current shortage of opticians.

Part of the solution to the optician shortage lies with modern AI technology, which can record the prescription strength needed in spectacles, in combination with changed processes. This means that part of an eye examination can be performed by a qualified optometric assistant, who collects all of the information that the optician needs to perform an assessment and write a prescription, in the same way that a nurse at a hospital takes samples that are then evaluated by a doctor.

The customer group for this type of examination is primarily returning subscription customers aged 20 to 60. For them, the transition to this technology for eye examinations means that they can be offered more examination appointments, for example during weekends and evenings when an optician is ordinarily not available. Since an optician does not need to be physically present at the examination itself, the technology also makes it easier to perform examinations in smaller towns that may currently have long wait times. For the optician, this eases their load and means more time is freed up for work with eye health and for customers with more complex needs who need more advanced examinations.

Today, the technology and the processes, Synsam EyeView, is installed in all Synsam stores in Norway and in some 40 stores in Sweden. The objective is to establish the technology in all stores in Sweden, Denmark and Finland as well in the long term.



OPERATIONS

online, e-commerce and corporate platforms, and the Stylelab app, which allows customers to try on frames directly on their mobile phones.

Marketing

Synsam's marketing is intended to strengthen the Group's brand and profile, together with its external brands and its fast-growing House Brands. As part of this, Synsam has significantly increased its online and TV presence in recent years. Other marketing activities include a network of digital channels, consisting of nearly 2,000 in-store screens where customers encounter real-time, personalised marketing. Synsam has received several awards for its innovative marketing initiatives.

Employees and culture

In 2022, Synsam had an average of 3,145 full-time employees, the vast majority of whom were women. In professional terms, approximately 900 of the employees were licensed opticians. Segment Sweden had the highest number of employees, 1,533, while segment Denmark accounted for 564, segment Norway for 632 and segment Finland for 228.

The Group has a strategic and an operational management team as Synsam's experience is that the decentralised management model builds stronger teams and faster information flows, and makes the decision-making more efficient. Each operating segment is represented on the operational management team and is fully responsible for the local organisational structure, its sales and its profitability.

According to the employee survey conducted in 2022, 91 percent of employees are motivated, proud and share the company's values.

Vision and mission

Synsam's vision is to be the leading and most sustainable lifestyle company in optical retail and eye health. Synsam's mission is to provide every customer with the best service and the most sustainable solutions in eye health and eye fashion.

This means that Synsam must have strong and clear values that all employees can understand – and live by – in their daily work. What is known as the Synsam Hub is the core of Synsam's corporate culture and reflects the Group's vision, mission and values.

Synsam's values: "The customer first," "Innovation" and "Responsibility"

The customer always comes first

Synsam always puts the customer first. The aim is to guide and inspire all customers who visit Synsam in store or online. A Group-wide customer journey model gives the customer the best experience when interacting with Synsam.

Innovation

Synsam is always looking for new ways to create a better customer offering in line with trends in the optical retail sector. Innovation has been an important part of the transformation that the Group started back in 2015, focusing on a culture that fosters new ideas. Synsam's innovation agenda must be evidence-based

and customer-centric. All initiatives must have clear commercial objectives that drive sales, margins or returns.

Responsibility

Synsam shoulders its responsibility in terms of creating a value-based corporate culture with the most committed employees in the optical retail sector. They can realise their full potential with the help of shared core values, positive leadership, skills development, clear standards and the right remuneration model.

Synsam and talent

In order to always recruit the right people, Synsam aims to be the most attractive employer in the industry by having a strong corporate culture, shared values and employee satisfaction. The Group therefore invests in training and developing its employees to enable them to become the most skilled and competent. This ensures that both skills and quality are maintained. One of the most important tools in this work is Synsam Academy, which provides sales training, internal sales programmes and management training. In addition, Synsam has also established partnerships with, for example, opticians, style experts, sales coaches and optical experts in the sports segment to be able to always provide the best service to customers.

Managers and employees within Synsam are regularly benchmarked against a number of key performance indicators and the number of courses completed in Synsam Academy. Each employee has individual objectives, set in relation to the Group's overall

objectives. As part of the efforts to ensure employee satisfaction, employee surveys are also conducted regularly, as well as customer satisfaction surveys to ensure that the internal corporate culture contributes to both customer satisfaction and satisfied and motivated employees.

Stable growth

Growth in the optical profession, viewed over time in the Nordic region as a whole, is relatively stable. Synsam is actively working to attract more opticians to join the Group. There is also a Chief Optical Officer in the operational management team who brings in-depth optical expertise to help ensure that Synsam continues to have a strong professional position in the optical sector. Synsam has also launched a partnership with the Karolinska Institutet for Master's students in eye diagnostics, and students are offered jobs in optometry. Synsam also organises annual opticians' forums and is planning more eye health centres.

Sustainability

Synsam has high ambitions for its sustainability work, and in 2022 it accelerated its progress towards its vision of being the most sustainable lifestyle company in optical retail and eye health. The process of bringing eyewear production home from Asia to Frösön outside Östersund in Sweden began during the year. Moving parts of production to Sweden is an important part of Synsam's sustainability agenda for a reduced climate impact. This helps make transports shorter and increases the focus on circular, recycled and locally produced materials. Along with climate and environmental issues, social conditions in the supply chain have been a driving force. With its own production in Sweden, Synsam has complete control over its employees' work environment.

“Good eye health and vision are critical to public health. We help our customers achieve good eyesight throughout their lives, and we wish to do this with the smallest possible carbon footprint. The development of sustainable products is continuing, and the relocation of production to Sweden is an important part of this work.”

Håkan Lundstedt, CEO Synsam Group

Highlights from sustainability efforts in 2022

- Start of production in Synsam Group's manufacturing and innovation centre in Frösön in Sweden
- 15 new Synsam Recycling Outlet stores opened in the Nordic region
- 8,625 pairs of activity spectacles were distributed through the “Everyone should see!” initiative
- Jämtö, Synsam Group's first collection manufactured in Sweden, was launched in stores
- Synsam Group won three sustainability awards: Sustainable Brand Index, Norsk Bærekraftbarometer and Retailer of the Year at the Swedish Market Awards
- A Group-wide sustainability training was launched to all employees
- Climate calculations according to the GHG protocol were performed

SUSTAINABILITY

Synsam wants to help make the future a better one

Taking responsibility for the future of the community, with a long-term approach to optical retail and eye health, is important to Synsam. Its objective is for its customers to be able to receive modern products that are produced to the greatest extent possible from recycled and climate-efficient materials that contribute to circular flows, whether it concerns frames, packaging or services. Bringing production home from Asia to Sweden was an important part of this effort in 2022. The newly opened production and innovation centre in Frösön is creating local jobs, reducing climate impact and ensuring a good work environment in production.

Sustainability is an integral part of Synsam's business, and consumers have noticed. In 2022, Synsam was rated as the most sustainable brand in the optical retail sector for the fourth consecutive year, according to the Sustainable Brand Index survey in Sweden. Synsam also won the Retailer of the Year award at the Swedish Market Awards, and was rated as the most sustainable optical retail brand in Norway according to the Norsk Bærekraftbarometer research project at the BI Norwegian Business School.

The Group continually strives to better understand the risks and challenges of its business, not least from a climate perspective. Synsam introduced climate calculations for its operations during the year as part of this effort. The Group is aware that production of raw materials and manufacturing have the greatest impact on the climate. The climate calculations include related emissions throughout the entire value chain, and provide Synsam with an even better idea of where the Group can make the greatest impact.

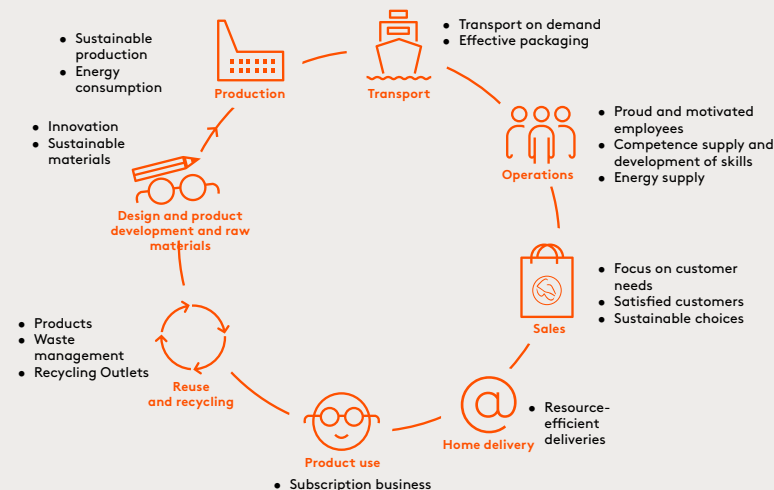
The production and innovation centre has started

Synsam is implementing multiple parallel innovation processes, for both development of materials and production, at its production and innovation centre on Frösön. Developing long-lasting products with the lowest possible environmental impact begins as early as within the design process.

Synsam's value chain

The Group bears a great deal of responsibility as the leading optical retail chain in the Nordic region and one of Europe's leading players in the optical retail sector. Synsam's entire business is based on a value chain where the Group takes responsibility for its impact on people, society and the economy.

It is Synsam's responsibility to work with its suppliers and partners to examine all parts of the value chain from a sustainability perspective. This encompasses design, purchase of raw materials, production and transports throughout the operations, sales, product use, and reuse and recycling. Processes and approaches have been identified for continuous improvement for each part of the value chain. Synsam strives to have a positive impact on people, society and the economy by making conscious decisions throughout the value chain, including supplier relationships and its own manufacturing.



SUSTAINABILITY

The production and innovation centre enables a spectacle production process that makes use of waste and uses the smallest possible amounts of chemicals, water and energy. Geopolitical risks are reduced and innovation is strengthened when production takes place closer to the market.

Sustainability efforts in 2022

Synsam continued to work towards the Group's sustainability vision during the year as well as towards the objectives and priorities established in 2021. Synsam is proud of what has been accomplished but always endeavours to do even better. The most important sustainability initiatives of 2022 and their results are summarised on the following pages based on each focus area.

Getting every employee involved is an important part of Synsam's sustainability work. Therefore, Group-wide sustainability training was launched during the year. The training gives employees the opportunity to learn more about Synsam's focus areas and how the Group works on sustainability as well as how everyone can make a difference. 47 percent of all Group employees participated in the training during the year.

Materiality matrix

Relevance for stakeholders

- Privacy and information security
- Anti-corruption and competition legislation
- Equal treatment and non-discrimination
- Compliance
- Product safety and value for money
- Responsible marketing
- Stakeholder dialogue

- Tax issues

KEY ISSUES

- Eye health
- Skills development and skills supply
- Interaction/equal treatment
- Sustainable innovation and product development
- Emissions and pollution from production
- Working conditions and work environment in the supply chain
- Gender equality and diversity
- Use of materials and resources in production
- Work environment and health

- Community involvement
- Transport
- Packaging
- Waste and recycling in stores
- Energy use in stores
- Market presence

Potential impact on the wider world in terms of social, economic and environmental sustainability



SUSTAINABILITY

Synsam's priority sustainability areas

In 2022, Synsam continued to work on the Group's three established sustainability areas: customer responsibility, environmental responsibility and social responsibility.

The three areas, with their respective objectives and focus areas, are summarised in the model to the right. The sustainability objectives have been approved by Group management.

Synsam supports the UN Sustainable Development Goals (SDGs) of the 2030 Agenda and has determined that the Group has a responsibility and the potential to contribute to several of the goals. The main focus is on Goal 12, "Responsible consumption and production" and Goal 3, "Good health and well-being". In addition, Synsam also supports the UN Global Compact's Principles for Responsible Business.

	CUSTOMER RESPONSIBILITY	ENVIRONMENTAL RESPONSIBILITY	SOCIAL RESPONSIBILITY
Ambition	We must contribute to good eyesight for everyone, in all situations, throughout life	We must offer our customers sustainable products, minimising our environmental impact and our carbon footprint	We must provide a safe, supportive and inclusive workplace, and work with our suppliers to ensure they meet the same standards
Objectives	At least 90 percent of our customers will be "satisfied" or "very satisfied" by 2026 50 percent of the range we offer in our total House Brand assortment will be sustainable by 2026	By 2026, 50 percent of our frames and cases produced in-house will be made from recycled and/or ecomaterials	By 2026, at least 85 percent of our employees will be motivated and proud, and will share the company's values Zero tolerance of discrimination and harassment All management groups and boards of the Group's companies will have a gender balance corresponding to at least 60/40 percent
Focus areas	<ul style="list-style-type: none"> • Visual aids • Eye health • Interaction/equal treatment 	<ul style="list-style-type: none"> • Sustainable innovation and product development • Emissions and pollution from production • Use of materials and resources in production 	<ul style="list-style-type: none"> • Skills development and skills supply • Gender equality and diversity • Working conditions and the work environment in the supply chain • Work environment and health
Activities	<ul style="list-style-type: none"> • Eye examinations • Everyone should see! • Vision For All • Sustainable choices 	<ul style="list-style-type: none"> • Made In Sweden initiative • Recycling Outlet stores • Circular collection • The Sea2See collection 	<ul style="list-style-type: none"> • BSCI membership • Synsam Academy • Supplier Code of Conduct
Sustainable Development Goals	 		

SUSTAINABILITY

Customer responsibility

Good eyesight throughout life

Synsam's ambition is to contribute to good eyesight for everyone throughout their lives, with the smallest possible carbon footprint. The Group is actively engaged in offering products that allow its customers to have good vision while maintaining good eye health. This preventive work is an extremely important part of the Group's efforts in the pursuit of good eye health. Therefore, offering eye examinations and visual aids from an early age should be a priority. Synsam knows that the continual development of products and services is what enables the Group to meet the eye health challenges of today and the future in order to contribute to better public health.

Keeping customers' needs in focus

High clinical quality eye examinations

Regular eye examinations are the basis for good eye health and eyesight. Increased screen use, especially among children and young people, is making eye health an increasingly important public health issue. Additional factors such as a growing elderly population mean are also resulting in an increasing need for eye examinations. This is where Synsam wants to be at the cutting edge, contributing to the development of technology and equipment that improve access to high clinical quality eye examinations.

Eye health centres contribute to better eye health

High-quality eye examinations require highly trained opticians. Opticians are the hub of the operation, and an important resource that can help relieve the burden on the health service. Synsam has approximately 900

qualified opticians and just over 60 eye health centres around the Nordic region.

One of the procedures performed at the Group's eye health centres is fundus photography, which can help detect and prevent eye diseases such as cataracts and glaucoma. Customers are referred to ophthalmologists if necessary.

The first clinic specialising in eye health for children and young people opened during the year. Eye examinations, treatment of myopia and more in-depth examinations such as binocular vision assessments are performed at the new clinic, located at Hötorget in Stockholm.

"Everyone should see!" initiative continues

Sedentary behaviour in childhood is one of the biggest public health challenges of our time. Therefore, Synsam has engaged in its "Everyone should see!" initiative, which promotes physical activity among children, for four years. Poor vision should never stand in the way of equal opportunities to be active. Synsam offers children with vision problems aged 5–12 a pair of activity spectacles free of charge through the initiative.

The work of "Everyone should see!" continued throughout the year, and since the initiative began in 2019, Synsam has distributed close to 43,678 pairs of activity spectacles to children across the Nordic region.

Synsam's clinic for children and young people at Hötorget is an extension of the initiative, which has increased the Group's ability to promote children's right to good vision.



CASE

The first children's clinic opened

"Regular visits to an optician should be just as obvious as going to the dentist, especially since screen time is drastically increasing. Many parents don't necessarily connect their children's headaches and difficulty concentrating with vision problems. This could also be the reason behind a child avoiding reading and writing, or even quitting leisure activities. This is why it's so important to have regular vision checks."

Jessica Lindqvist, optician at Synsam.

More children and young people should have access to good eye health

Vision problems are appearing at younger and younger ages, and the need for visual aids for children has increased in recent years. According to a study performed by Kantar Sifo, teenagers have increased their screen time by 10 percent on weekdays*. Spending a long time in front of screens, often at the cost of fewer hours spent in daylight, can have a negative impact on vision.

Synsam's opticians can attest to the growing problem of deteriorating vision in children and young people. The opticians are seeing more

appointment requests for children and young people who need help with vision correction, especially when school starts.

Synsam opened the Group's first clinic for children and young people at Hötorget in Stockholm at the end of May in order to focus even more on the increase in vision problems among children and young people. The clinic has specialised equipment for children and young people, and it is one of the Group's most modern clinics.

*The survey was performed by Kantar Sifo between 18 and 23 January 2022. A total of 1,100 online interviews were held with adults in Sweden who had children aged 0-17 living at home.



"Poor vision should not stop children and young people from living an active life. All children are welcome to the children's clinic, and no referral is needed. It's extremely important for us to draw attention to the increase in vision problems among children and young people. The solution lies in increasing access to regular eye examinations. Our first children's clinic is an important step in the right direction, although we know that even more needs to be done."

Ida Malmblad, Business Manager Kids & Young at Synsam

SUSTAINABILITY

Conscious choices lead to satisfied customers

Synsam's innovative spectacles subscription service

Synsam's spectacles subscription service allows customers to rent spectacles rather than buying them. The Synsam Lifestyle subscription service gives customers the opportunity to have their vision checked regularly and, if necessary, to replace their spectacle lenses or contact lenses, and/or to return spectacles for reuse or recycling. The subscription also allows Synsam's customers to learn about innovative new products, while at the same time contributing to a circular flow where the products can be reused by other customers.

15 new Synsam Recycling Outlet stores opened during the year

The Synsam Group's first recycling and outlet store opened in Linköping in 2020. The Recycling Outlet chain, which grew to a total of 24 stores throughout the Nordic region in 2022, is the first commercial centre purely for recycled spectacle frames and sunglasses in the Nordic countries. Synsam Recycling Outlet was born out of Synsam's vision: that customers want to consume more sustainably and that the Group, as the market leader, can promote more sustainable consumption through attractive offerings. Second-hand products in good condition that customers have left in the Group's recycling boxes are also sold in the stores, which also sell a sustainable frame assortment, such as collections that are no longer part of the ordinary range.

Always a focus on customer satisfaction

Synsam always endeavours to offer its customers the best possible assistance based on their needs, and has set a target of at least 90 percent of its customers being "satisfied" or "very satisfied" by 2026.

CASE

Launch of Jämtö

The first spectacles collection produced in Sweden

Synsam has gone from idea to actual manufacturing of Swedish-produced frames in less than two years. The Group's first locally produced spectacles collection manufactured at the production and innovation centre on Frösön was available for sale at its stores in September 2022.

The Jämtö collection is unique, and the design is inspired by nature in Sweden's Jämtland region and the history of the district. The 24 spectacles in the collection are made from 69 percent bio-based materials produced from wood pulp and vegetable oils in order to reduce the Group's climate impact and make a circular cycle possible. Even the case for the spectacles is made in Östersund from recycled wool.



"It's important for us to make it easier for customers to make conscious decisions. We are very proud that we can offer top-quality spectacle frames that are locally produced. The frames are mostly made from bio-based cellulose from wood pulp and vegetable oils, a versatile bioproduct from renewable wood material. This means that the material in the frames can be recovered. In addition, the Jämtö collection has a unique design and contributes to a circular cycle."

Mikael Lotsengård, Product Development Manager at Synsam

SUSTAINABILITY

Environmental responsibility

A responsible business

The ambition to introduce circular flows to the entire operation is an important cornerstone of Synsam's environmental work. Production, consumption and reuse must be interlinked and transparent. Synsam works continually to identify and improve processes in its value chain by setting high demands for both its own organisation and its suppliers. The opening of the production and innovation centre on Frösön in Sweden was an important part of this work in 2022.

Climate calculations

Synsam began the comprehensive process of performing climate calculations under Scope 1, 2 and 3 according to the guidelines of the GHG protocol. The purpose of the calculations is to investigate the entire value chain in order to gain an understanding of where the Group's main climate emissions occur, with the objective of being able to set long-term objectives for reducing emissions.

The reported climate data for Scope 1¹ and 2² encompasses leased company cars, energy consumption (electricity and heat) in all stores owned by Synsam (excluding franchise stores) and offices as well as energy consumption at Synsam Group's newly opened production and innovation centre in Östersund.

The process of identifying Scope 3 emissions began during the year. This includes production of purchased raw materials and products, transports between the factory and stores, and business travel. Synsam's production takes place in both the EU and Asia. This is

a challenge in the industry, since several suppliers have limited experience in sharing this type of information and this has limited the ability to collect supplier-specific data. Synsam will continue the work of ensuring the comprehensive collection of reliable Scope 3 data in 2023 through its requirements and by engaging in dialogue with its suppliers. The initial work indicates that Synsam's greatest climate impact occurs in Scope 3, where the consumption of electricity and materials by suppliers in particular contributes to emissions. These areas will be important to address further in future dialogues with suppliers.

Design and product development with raw materials

The work of developing long-lasting products that can be recycled starts at the design table and with the sourcing of raw materials. Synsam integrates sustainability into the design of its frames through its innovation and development process. The Group continually tests potential new designs and materials in its search for improvements.

Recycled materials in the production of spectacles

An important part of the effort to reduce the Group's environmental impact is to constantly increase the share of recycled materials and/or ecomaterials used as well as creating products that will last a long time.

Synsam expanded the share of frames and cases made from recycled materials and/or ecomaterials during

the year. The Group's objective is for 50 percent of the frames and cases produced in-house to be made from recycled and/or ecomaterials by 2026.

Synsam is preparing to expand the use of recycled and organic materials and production through its production and innovation centre in Frösön. New sustainable materials for future production are tested at the centre.

The Group actively engages in its own sustainability initiatives such as Recycling Outlet stores, the Circular Collection and the Sea2See collection in order to encourage reuse and recycling. In this way, Synsam makes it easier for customers to buy second-hand frames and frames made from reused and recycled materials.

Customers help to recycle and reuse spectacles

Customers can return their spectacles for reuse and recycling in Synsam's stores. A total of 311,061 pairs of spectacles and sunglasses were collected in 2022, of which 83,760 were sent on for processing. Synsam accepts all types of spectacles and sunglasses from all brands, even those that were not sold or made by the Group. When the boxes of returned spectacles are emptied, they are sorted according to their condition and handled as follows:

- The flawless spectacles are washed and adjusted and the lenses are removed. The frames are then resold in Synsam Recycling Outlet stores.

Synsam's emissions of CO2 equivalents (CO2e) under Scope 1 and 2 for 2022

Calculated according to the GHG protocol guidelines:

SCOPE 1	SCOPE 2 – location-based method	SCOPE 2 – market-based method
605 tonnes CO ₂ e	955.7 tonnes CO ₂ e	3,067.2 tonnes CO ₂ e

The calculations are based on collected activity data as well as estimates where actual data was not available.

¹Scope 1 encompasses all direct emissions that take place in assets where Synsam has control over the operations. Emissions from burning of fuels in leased company cars are calculated using emissions factors published by the UK environmental department (DEFRA, 2022).

²Scope 2 encompasses indirect emissions related to purchased energy (electricity and heating/cooling) in facilities where Synsam has control over the operations. The emissions factors used to calculate the environmental impact of the electricity according to the location-based method are based on national gross electricity production mixes published by the International Energy Agency (IEA 2022) and Energinet in Denmark. Emissions factors for district heating in Sweden, Norway, Denmark and Finland are based on data published by local trade associations (Energiföretagen, Norsk Fjernvarme, Energistyrelsen and Finnish Energy, respectively).

SUSTAINABILITY

- Some of the volume of spectacles is sent to developing countries where they can be used by a new wearer with the same visual defect through our partner, Vision For All.
- The remaining volumes of used spectacles are sent to the recycling centre. There, they are taken apart and all materials such as plastic, acetate, metal, screws, hinges and lens materials are sorted into the correct recycling fraction.

Circular Collection

Synsam's Circular Collection is the Group's first collection made from recycled frames. The raw materials used in production consist of recovered materials, including from the frames that customers dropped off at stores for recycling.

Vision For All

The global charity Vision For All provides spectacles to people in developing countries. Synsam contributes used spectacles handed in at one of the Group's stores to the organisation.

After the spectacles are handed in at a store, they are washed and the prescription strength is recorded. Then Vision For All ensures that the right spectacles are matched with recipients with corresponding vision defects.

Through this initiative, Synsam makes use of used spectacles and helps people who cannot afford an eye examination or to buy spectacles to correct their vision defects. The recipients of the spectacles thus have new possibilities to work or study.

The Sea2See collection

100 percent recycled plastic from the ocean is used in the production of Synsam's unique Sea2See spectacle collection. The frames have been developed in collaboration with the Spanish organisation Sea2See which, with the help of local fishermen, collects, sorts and manufactures new products from the growing amount of plastic floating in the world's oceans. Synsam helped ensure that 325 kilos of plastic was collected from oceans in 2022.

Synsam takes responsibility for all parts of the production process

The production of Synsam's own spectacle brands currently takes place at the Group's production and innovation centre on Frösön as well as with the help of suppliers in Asia and Europe. Regardless of where production takes place, Synsam always strives towards production that takes responsibility for all parts of the production process. The greatest environmental impact in the production process comes from the use of chemicals, water consumption and energy supply.

Chemicals

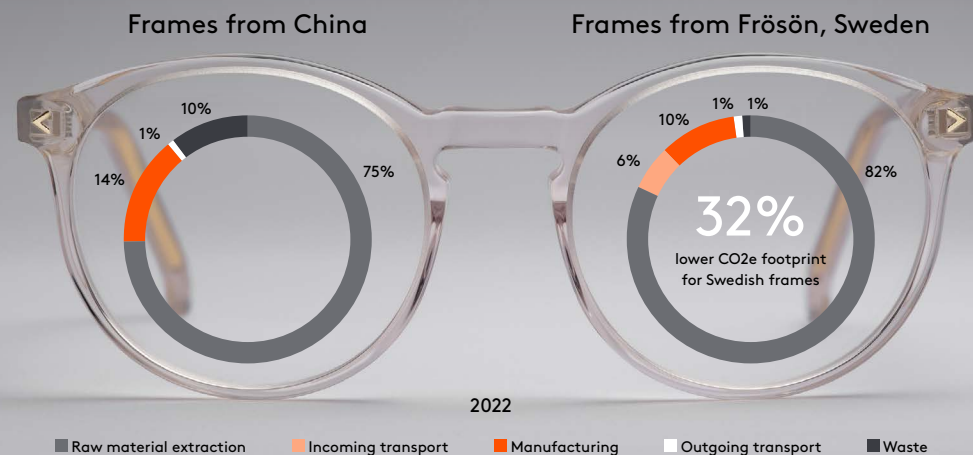
In accordance with the product choice principle in the Chapter 2 of the Environmental Code, Synsam is working to phase out chemical products that contain particularly hazardous substances.

Every year, Synsam performs a review of all of the chemicals in the company's chemical inventory, in line with the EU REACH regulation. The review identifies substances that must or should be phased out according to the national environmental quality objective "Toxin-free environment".

LCA calculations

Synsam performed a life cycle analysis (LCA) during the year that calculated the climate impact (CO₂e) of two of the Group's frames. Five stages in the life cycle were analysed and calculated in the analysis: raw material extraction, incoming transport, manufacture, outgoing transport and managing waste*. The purpose of the analysis is to be able to increase the comparability of Synsam's products' climate impact over time, in order to see where in the production process Synsam can make the greatest difference and improvements. The analysis was performed by an independent third party.

The calculations show that Synsam's Swedish-produced frame has a lower climate impact than the frame produced in Asia. Waste is managed better in the manufacturing process, less energy is used and the packaging is more efficient. Even the general material production contributes to a lower climate impact. The LCA's requirements for data collection and to use precision when working with our data as well as to strengthen our opportunities to identify where in the value chain we can reduce our climate impact will be important in the next step. Right now, the result provides a comparative figure for our own development work.



*The calculations relating to manufacturing processes performed at production facilities in Asia, Europe and Sweden were based on primary data. Only data from the first months of production in 2022 was used for production in Sweden. Data from 2021 was used for production in Asia. Specific data from material suppliers has been included to the extent it was available. Other processes have been based on generic data.

SUSTAINABILITY

Water management

Water is important when grinding lenses for frames. Synsam's supplier is responsible for lens grinding. At the same time, water is a resource that must be cared for as it is a finite resource that is essential to human survival. Synsam works proactively to manage water pollutants under the EU REACH regulation and the priority substances under the EU Water Directive.

Only a small amount of water is used in the production of spectacle frames. The greatest water consumption comes during the grinding of lenses, which is the part of the value chain that Synsam's suppliers are responsible for.

Energy consumption in production and operations

Synsam endeavours to conserve energy as much as possible and not to use more electricity than necessary. The review of the stores' energy consumption continued during the year, with the ambition of making them more energy-efficient. This is a natural area to focus on, since a large part of Synsam's energy use takes place in the stores, which often have large shop windows that let in the cold.

For offices and stores, Synsam has requirements for landlords and property managers to use green electricity to the greatest extent, where possible. The Group also uses LED bulbs, which use less energy than other technology, in all of its store windows.

Waste management with a focus on recycling and reuse

Synsam is actively working to minimise use of materials to the greatest extent possible. The Group's ambition is to ensure that all consumables in the operation are primarily reused, recycled or recovered. The following

fractions are separated: cardboard, paper, plastic, food waste, metal, batteries, chemicals, electronics, glass, fluorescent lamps and low-energy light bulbs. Other waste is sorted at recycling centres.

There are guidelines for all employees, in stores and offices and at the new production and innovation centre in Frösön, to ensure that separation is done properly. Waste management was implemented in all stores during the year. In Sweden, it is the store manager in each store who is ultimately responsible for ensuring that there are containers for sorting and that these are emptied correctly.

Transport

An important part of the work to reduce the Group's environmental impact is to reduce the number of transports to our stores through a more well-planned and consolidated logistics chain. Moving parts of Synsam's production to Sweden was an important step forward in this regard. The Group is also actively engaged in the design of responsible packaging. Like Synsam's other activities, its transports are developed using a systematic approach and with continuous improvement as a guiding principle.

Shorter transports and optimised goods flows

Synsam is focusing on the areas where the Group has significant opportunities to make a difference, and is therefore actively working to reduce the number of transports to its stores through a more well-planned and consolidated value chain. All in all, this facilitates improved goods flows and a reduced number of unnecessary transports as well as creating an opportunity to better meet customers' needs for various products, based on the season.

In 2022, Synsam continued to actively work to optimise lead times to customers and develop more climate-smart transports. The Group adjusts the number of deliveries per week depending on the store and time of year. By bringing parts of its production home to Sweden, Synsam has begun the work of shortening its transport distances and enabling faster deliveries.

Climate-smart transport

The Group's objective is to always transport products using the method with the least climate impact, and therefore the majority of long-distance transports are made by ship. Postnord is an important partner for Synsam's transports, and like Synsam it has an ambitious sustainability agenda.

Air transport is only accepted in exceptional circumstances, such as long delays where there is a risk that third parties – customers – will be affected. Synsam works continuously to reduce business travel and to use digital technology for meetings wherever possible.

Responsible packaging

In recent years, Synsam has made the use of packaging in transports between its central warehouse and stores more efficient. The Group also works continuously on optimising transport packaging in relation to content. Synsam has already been able to increase the fill rate in its transports by switching to flat spectacle cases. The Group endeavours to reuse its transport packaging wherever possible. Reducing the amount of air in transports is also an important part of the production process.

Synsam has also continued to reduce the use of plastic and fillers in transports from its e-commerce warehouse, and aims to reuse as much material as possible. Today, the corrugated board in end-consumer packaging is made from 100 percent recycled materials.

PAPPER

Dagstidningar, magasin, anteckningspapper/ block, pocketbok, reklamlblad, skrivarpapper.

Lämnas på återvinningstation.



PLAST

Linsköpp, plastfolie/ cellofan, bubbelplast, frigolit, fryspåse, chipspåse, plastflaska (ej PET), snusdosa.

Lämnas på återvinningstation.



METALL

Linslock, aluminiumfolie, kaffekapsel, konservburk, kapsyl, kaviartub, vitaminrör, burklock i metall.

Lämnas på återvinningstation.



ÖVRIGT BRÄNNBART

Matavfall, snus, trä.

Lämnas på återvinningstation.



CASE

Groundbreaking manufacturing and innovation centre on Frösön

Synsam began production for the first large-scale modern eyewear manufacturing industry in the Nordic region on Frösön outside Östersund in the summer. The production and innovation centre is one of the world's most modern and innovative facilities for eyewear production. At the centre, Synsam is able to both make use of and minimise waste as well as developing new sustainable materials. The location in Sweden also makes it possible to implement sustainable changes and get products to market faster, which in turn makes it possible to reduce climate impact through shorter, more environmentally friendly transports.

Bringing some of its production home is an important part of Synsam's sustainability strategy, since this helps increase the use of circular, recycled and locally produced materials in the production of spectacles. The innovation centre is also a hub for collaboration, development of new materials and employee training.

The centre was built on the previous site of Hangar 90 for the Jämtland wing of the Swedish Air Force at Frösö Park, and large parts of the existing premises have been made use of and utilised for a new purpose. Production began in summer 2022, and Synsam's first Swedish-produced eyewear collection, Jämtö, was available in all of the Group's stores in the autumn.

"The production and innovation centre is an important milestone in Synsam's vision to be the most sustainable lifestyle company in optical retail and eye health. At the new centre, we've made it possible to automate large parts of production and to develop even more innovative and sustainable solutions for our customers. We worked fast, going from idea to actual manufacturing in less than two years. This really proves that anything is possible and that you can make a big difference if you want to. I hope that the production and innovation centre can inspire more innovative and sustainable solutions in the entire industry."

Daniel Eriksson, Plant Director at Synsam's production and innovation centre.



SUSTAINABILITY

Social responsibility

An attractive employer and partner

The Group's employees are one of Synsam's most important assets. Being able to attract, develop and retain employees is a critical factor for success. Motivated employees with the right qualifications and insight into the needs of our customers are crucial to Synsam's continued development as the leading optical retail chain in the Nordic region. As an employer, Synsam also has a responsibility to uphold fair social conditions throughout its entire supply chain.

Synsam aims to be the most attractive company in the optical retail sector. The Group endeavours to provide a safe, stimulating and inclusive workplace, and Synsam maintains a close dialogue with its suppliers to safeguard good social conditions.

Motivated and skilled employees

Synsam takes an active approach to designing and refining its work approach in order to achieve a good work environment for its employees, with skills development, health, diversity and equal treatment receiving priority. The Group has a zero-tolerance policy for harassment.

The Group's objective is for at least 85 percent of employees to be motivated and proud, and to share the company's values, by 2026. The result was 91 percent according to an employee survey conducted in 2022.

Supply and development of skills

Today, Synsam has approximately 900 licensed opticians. There is a shortage of opticians, and they perform an important social function by relieving the burden on the health service. Due to an ageing population and increased use of screens from an early age, the demand for opticians will likely continue to grow, and the role will become more crucial to society over time.

Synsam is working actively to encourage more people to train as opticians, but also to retain the opticians we have. Ensuring that our opticians are motivated and have a good work environment is an important part of this effort.

In order to offer more flexibility, Synsam began to offer the position of Remote Examination Optician in 2022. This position allows opticians to work remotely by performing eye examinations digitally. In brief, it means that the optician participates digitally via a screen in the examination room at the store. A qualified optometric assistant with clinical experience is present in the examination room during the entire patient visit, and assists both the customer and optician. The quality is just as high as for a traditional eye examination, and tests that have been conducted show that the customer satisfaction results are at the same high level.

CASE

Greater flexibility for Synsam's opticians

The ability to work remotely

To make working life easier for the Group's opticians, Synsam began to offer the position of Remote Examination Optician in 2022. This position creates greater flexibility by offering the ability to work remotely. Thanks to technical solutions such as software and qualified optometric assistants, the opticians are able to perform eye examinations without being in the same room as the customer. The opticians are thus able to have a more flexible work schedule, where they can help customers by performing a complete eye examination from home, or on site at one of the Group's stores.

"Our opticians are our most important asset for us to continue working on behalf of good eye health for everyone. Their well-being and opportunities to have the best possible work environment are extremely important to us. It's wonderful that we've been able to offer our opticians the opportunity to work remotely during the year. The opportunity to work remotely gives the opticians more flexibility, while we can still prescribe and recommend visual aids to our customers at the highest clinical level."

Lilian Haddad, Remote Examination Manager at Synsam.



SUSTAINABILITY

Several webinars were organised during the year as part of the effort to offer continued skills development to the Group's opticians. A number of different courses are offered on the internal training platform Synsam Academy, including the opportunity to specialise in various optical subject areas such as the treatment of myopia.

Other employees also have the opportunity to develop their skills via Synsam Academy. Courses ranging from sustainability to sales techniques, driving licence checks and product knowledge are being launched in the training programme on an ongoing basis.

Safe workplaces throughout the value chain

Synsam is a member of the Business Social Compliance Initiative (BSCI). The BSCI initiative helps the Group ensure that responsibility is taken throughout the entire supply chain. It is based on 11 principles that include the prohibition of child labour, forced labour and corruption. The principles also include requirements for safety and reasonable working hours.

The Group's membership in BSCI means that regular inspections are performed at the Synsam's production units. Full-day inspections were performed by independent auditors during the year to ensure compliance with BSCI's requirements. No serious deviations were reported. In addition to the BSCI principles, Synsam also requires all carriers and freight forwarders to have collective agreements for their employees.

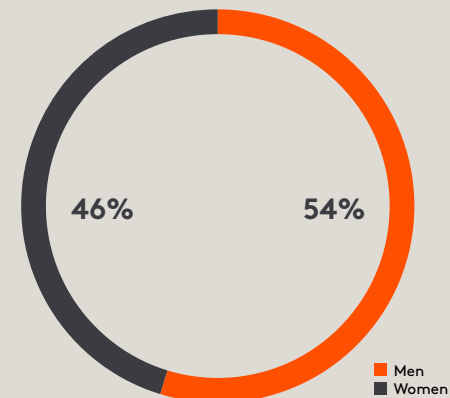
Anti-corruption

Synsam has a strict zero-tolerance policy against corruption. There is zero-tolerance for bribery, corruption and other forms of unethical behaviour in business relationships. The Group's anti-corruption policy governs, among other things, the giving and receiving of benefits or gifts, and the rules governing agents and other intermediaries. Synsam informs its employees about the policy on an annual basis. No attempts at or suspicions of corruption or bribery among employees were recorded in 2022.

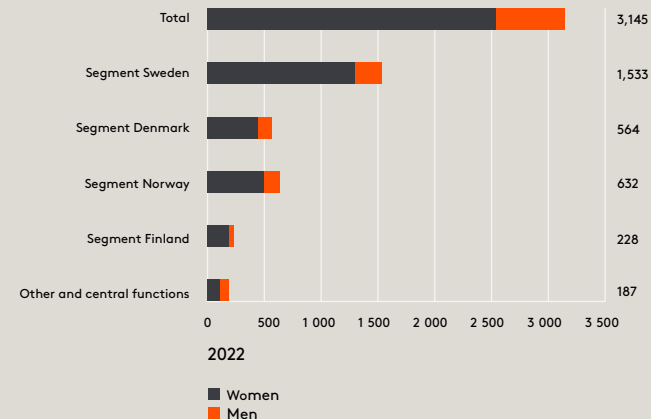
Whistleblower policy

Synsam has a whistleblower policy that is available both internally and externally. The policy was developed in line with Synsam's core values and Code of Conduct. Synsam believes it is important that any wrongdoing or suspicion of wrongdoing that takes place within the organisation is reported, investigated and addressed as quickly as possible. No cases were reported in 2022.

Total breakdown women/men all management groups and boards Synsam Group



Average number of employees



SUSTAINABILITY

About Synsam's sustainability work

Sustainability governance

The sustainability governance is part of the Group's corporate governance model. Sustainability work at Synsam is governed by the Group's sustainability framework and other policies. Group management has the ultimate responsibility for goals, implementation and follow-up.

Synsam's values – Customer Focus, Responsibility and Innovation – together with the company's Code of Conduct, set the framework and provide guidance in decision-making and actions for the entire Group. The Code applies to all employees and is part of the onboarding programme for all new employees.

The Group's Supplier Code of Conduct is based on the UN Universal Declaration of Human Rights and related UN Conventions, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

Synsam is able to guarantee safe, high-quality customer interactions by always following rules and guidelines to ensure clinical quality. The use of certifications is an important part of ensuring an offering of high clinical quality. As an example of clinical quality, the Swedish

stores are certified according to the quality standards of the optical trade association Optikbranschen. This certification is based on the rules governing the clinical aspects of the optician's activity and summarises the National Board of Health and Welfare's regulation for opticians and the Patient Data Act (PDL) in a certification that is regularly checked/audited via in-store visits.

Processing customers' personal data in a safe and secure manner is extremely important to Synsam. Therefore, Synsam works actively to ensure compliance with data protection legislation such as local patient data laws and the General Data Protection Regulation (GDPR).

Synsam has a number of Group-wide and country-specific policies to support its sustainability efforts. These include the Code of Conduct, Supplier Code of Conduct, whistleblower policy, health and safety policy, equal treatment policy and anti-corruption policy. The Group's policies are available on its intranet.



SUSTAINABILITY

Materiality analysis

Synsam's materiality analysis was updated in 2021, which guided its sustainability work in 2022. A number of questions arose during the process concerning the Group's ability to make a difference in various sustainability issues. This was discussed with several selected internal and external stakeholders. In addition, the analysis considered the greatest sustainability risks, which were subsequently incorporated into the Group's sustainability strategy.

Continual dialogue with stakeholders

Dialogue with internal and external stakeholders is an important tool in the development of Synsam's sustainability work and its priority areas. Stakeholder dialogues enable the Group to clarify and explain its sustainability strategy on a detailed level, while gaining valuable feedback from stakeholders. The format of the discussions is adapted to the stakeholders, for example through conversations, surveys and questionnaires.

Synsam's main external stakeholders are its customers, owners and partners, while internal stakeholders include owners and employees. Employees are the Group's most important ambassadors, and their opinions are an important requirement for continuous improvement efforts in the area of sustainability as well as for the operation as a whole. Employees are encouraged to take initiatives within the framework of sustainability work, which also helps create a sense of commitment and knowledge about what sustainability work entails at the Group.

Data collection

In 2022, Synsam developed its methods and procedures for expanded data collection. A new data processing system that made it easier to compile and compare sustainability data from the operations was implemented. This is an important part of the work to establish climate targets within the Group. Work to further improve and expand data collection will continue in 2023.

About our sustainability reporting

In accordance with Chapter 10, Section of the Swedish Annual Accounts Act, Synsam has chosen to include its statutory sustainability report in the statutory Annual Report.

Impact of the taxonomy on Synsam Synsam's business activities in retail trade

The EU taxonomy is a common framework for classifying economic activities as environmentally sustainable. The taxonomy is important for helping investors identify and compare environmentally sustainable investments by requiring companies to state the proportion of their activities that are taxonomy-eligible as well as the proportion that are taxonomy-aligned. Synsam Group is subject to the EU's Non-Financial Reporting Directive and is required to disclose the extent to which the activities it undertakes meet the criteria of the EU taxonomy. Synsam's main economic activity, retail trade in optics and eye health, as well as Synsam's manufacturing of eyewear frames at the innovation centre on Frösön, are not yet included in the taxonomy. Synsam Group is following developments as the taxonomy will be gradually expanded to encompass more economic activities.

Synsam's property holding (leased premises)

The EU taxonomy stipulates that the acquisition and ownership of buildings is eligible under the taxonomy classification system. The premises that Synsam leases are recognised as right-of-use assets in accordance with IFRS 16, which means that they are taxonomy-eligible. Synsam's investments in adapting leased premises and repairs and maintenance of leased premises are also taxonomy-eligible. The proportion of Synsam's turnover, CapEx and OpEx that is taxonomy-eligible and meets the criteria to be classified as sustainable is presented on the coming pages.

Proportion of taxonomy-aligned activities

Turnover

Proportion of turnover from products or services associated with economic activities that qualify as environmentally sustainable – disclosure covering 2022

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of turnover, 2022	Taxonomy-aligned proportion of turnover, 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
				MSEK	%						Yes/No									
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises)	7.7	0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A
Turnover of eligible taxonomy-aligned activities (A.1)		0	0%														0%	0%		
A.2 Eligible not taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises)	7.7	0	0%																	
Turnover of eligible not taxonomy-aligned activities (A.2)		0	0%																	
Total (A.1 + A.2)		0	0%																	
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		5,277	100%																	
Total (A + B)		5,277	100%																	

CapEx

Proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable – disclosure covering 2022

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
				MSEK	%¹						Yes/No									
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises and leasehold investments)	7.7	0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A
CapEx of eligible taxonomy-aligned activities (A.1)		0	0%														0%	0%		
A.2 Eligible not taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises and leasehold investments)	7.7	652	74%																	
CapEx of eligible not taxonomy-aligned activities (A.2)		652	74%																	
Total (A.1 + A.2)		652	74%																	
B. NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)		234	26%																	
Total (A + B)		887	100%																	

1) All percentages are stated relative to Synsam Group's total CapEx for the period. CapEx of taxonomy-eligible activities refers to leased premises and leasehold investments

OpEx

Proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable – disclosure covering 2022

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of OpEx, 2022	Taxonomy-aligned proportion of OpEx, 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
				MSEK	% ¹						Yes/No									
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises)	7.7	0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A
OpEx of eligible taxonomy-aligned activities (A.1)		0	0%														0%	0%		
A.2 Eligible not taxonomy-aligned activities																				
Acquisition and ownership of buildings (leased premises)	7.7	38	82%																	
OpEx of eligible not taxonomy-aligned activities (A.2)		38	82%																	
Total (A.1 + A.2)		38	82%																	
B. NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)		9	18%																	
Total (A + B)		47	100%																	

1) All percentages are stated relative to Synsam Group's total OpEx related to tangible non-current assets during the period. CapEx of taxonomy-eligible activities refers to variable costs for leased premises, which does not include CapEx for leased premises, as well as repairs and maintenance of leased premises.

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Financial statements

Contents

Annual accounts and consolidated financial statements for the 2022 financial year

Page	Contents
47–53	Directors' Report
54–59	Corporate governance report
60	Board of Directors
62	Group management
65	Consolidated statement of income and other comprehensive income
66	Consolidated statement of financial position
67	Consolidated statement of changes in equity
67	Consolidated statement of cash flows
68	Parent Company income statement
68	Parent Company statement of income and other comprehensive income
69	Parent Company balance sheet
70	Parent Company statement of changes in equity
70	Parent Company cash flow statement
71–105	Notes for the Parent Company and the Group
106	Signatures
107	Auditors' Report
111	Financial definitions and company-specific glossary and definitions

Directors' Report

The Board of Directors and the CEO of Synsam AB (publ) hereby present the annual accounts and consolidated financial statements for the 2022 financial year.

Operations

Synsam is a leading and profitable lifestyle company in optical retail and eye health in the Nordic region, in terms of adjusted EBITDA margin. The Group conducts operations in local stores in Sweden, Denmark, Norway, Finland and online/omnichannel sales in each of these countries. Stores are operated both as directly owned stores and by franchisees, which also exist in Iceland and the Faroe Islands. The stores in Sweden, Norway and Finland are operated under the Synsam brand and under the Profil Optik brand in Denmark and Iceland, except Synsam Recycling Outlets which are always operated under the Synsam brand. Synsam has a unique offering of eye examinations, spectacles, sunglasses, sports spectacles, contact lenses and accessories in optical retail as well as spectacles subscriptions and related services under the name Synsam Lifestyle. Synsam offers a mix of well-known external brands as well as House Brands.

Vision

Synsam is the leading and most sustainable lifestyle company in optical retail and eye health.

Business concept

Synsam is a customer-driven and sustainable lifestyle company that offers affordable eyewear, fashion and

eye health solutions for the whole family through unique and innovative concepts for all moments of life.

Financial targets

- **Growth rate** – Synsam Group targets annual organic growth of 8–12 percent in the medium term, depending on pace of greenfield expansion
- **Profitability** – Synsam Group targets an annual adjusted EBITDA margin of 25 percent 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 aims to pay dividends of 40–60 percent of the net profit for the year

Significant events during the year

First quarter

- Synsam's expansion continued during the quarter and the first Synsam Recycling Outlet was opened by Synsam Denmark in February. Synsam Sweden also opened two Synsam Recycling Outlets. A Megastore, two Synsam Recycling Outlets and three regular stores opened in Finland during the quarter.

- Preparations ahead of the production start at Synsam Group's production and innovation centre ramped up during the first quarter of 2022.
- Synsam was named Sweden's most sustainable brand in optical retail for the fourth consecutive year.
- The Omicron variant that appeared at the end of 2021 had an impact on operations in early 2022, specifically in terms of the capacity of available opticians.

Second quarter

- Synsam's Annual General Meeting was held on 26 April 2022. In accordance with the proposal from the Nomination Committee, all Board members were re-elected. A dividend of SEK 1.70 per share was also approved. The Annual General Meeting also resolved to introduce a long-term incentive programme (LTIP 2022) for the company's Group management and other selected key individuals, as per the Board's proposal. For other resolutions and documentation from the 2022 Annual General Meeting, refer to Synsam Group's website: www.synsamgroup.com.
- Preparations ahead of the production start at Synsam Group's production and innovation centre ramped up further during the second quarter of 2022, with a negative effect on EBITDA of SEK 8 million (2) in the second quarter of 2022.

- Nils van der Poel is developing new sports spectacles for Synsam Group's innovation initiative in Östersund. Under this partnership, which started in May 2022, Nils Van der Poel is assisting Synsam with business and product development related to sports spectacles.
- Participation in LTIP 2022 (in accordance with the above) was subscribed for on 30 June 2022 and comprises approximately 70 selected key individuals. Based on the assumptions presented in the notice of the 2022 Annual General Meeting, adjusted for the number of participants, share price and country-specific social security contributions, the total cost for LTIP 2022 (including social security contributions) is estimated at approximately SEK 28 million during the term of the programme (1 July 2022–30 April 2024). To ensure delivery of shares to participants in the programme, own shares will be purchased.

Third quarter

- On 17 August, Synsam opened its own production unit and innovation centre in Östersund. In connection with the opening, the first collection produced in the facility was also presented – Jämtö. The design of the six unique unisex frames is inspired by Jämtland's nature, and the frames were released for sale in stores in September.
- The Board of Directors of Synsam AB (publ) resolved, with the support of the authorisation granted by the

Annual General Meeting held on 26 April 2022, on the purchase of own shares in Synsam to ensure delivery of shares under LTIP 2022. In total, a maximum of 945,000 own shares may be acquired. The repurchase will be made over Nasdaq Stockholm in the fourth quarter of 2022.

Fourth quarter

- In October, Synsam placed first in the category "Optical Retail & Accessories" at the Swedish Market Awards, in addition to winning the "Retailer of the Year" prize in the same competition.
- After being launched in stores in Sweden in early September, the Jämtö frames were introduced in other Nordic countries in November and December 2022 and eventually became Synsam's best-selling House Brand. Production of the Jämtö frames in Frösön reduces CO2e emissions by 30 percent compared with an equivalent pair of frames manufactured in Asia.
- In accordance with the decision from the Board of Directors of Synsam AB (publ), with the support of the authorisation granted by the Annual General Meeting held on 26 April 2022, 945,000 own shares in Synsam were purchased to ensure delivery of shares under LTIP 2022. Own shares were purchased through Nasdaq Stockholm from 7 to 14 October and 17 to 28 November 2022 for an amount of SEK 47 million.
- There are a total of 24 Recycling Outlets in the Group.

FINANCIAL DEVELOPMENT

Group net sales

Net sales increased 13.0 percent to SEK 5,277 million (4,669). Organic growth was 10.6 percent (23.2) and like-for-like growth was 6.7 percent (20.0). Acquisitions are deemed to have had a net effect of SEK 2 million (9) on sales, corresponding to 0.0 percentage points (0.2). Currency translation effects had a positive impact of SEK 126 million (-21) on net sales, corresponding to 2.7 percentage points (-0.5).

Net sales from spectacles subscriptions rose 22 percent to SEK 2,614 million (2,136), an increase attributable to all segments.

Net sales from Synsam Group's contact lens subscriptions increased to SEK 223 million (169), equivalent to growth of 32 percent. Synsam Group's contact lens subscription is a recurring purchase agreement with the right to cancel at least one week before the next delivery.

Synsam Group's net sales online increased to SEK 149 million (100), corresponding to 49 percent.

Group earnings

Operating profit before depreciation and amortisation of tangible and intangible non-current assets (EBITDA)
EBITDA rose to SEK 1,217 million (1,189) and the EBITDA margin was 22.8 percent (25.1). No adjustments were made during 2022, which meant that adjusted EBITDA was also SEK 1,217 million (1,274) and the adjusted EBITDA margin was 22.8 percent (26.9). In the year-earlier period, items affecting comparability

amounted to SEK 85 million and were attributable to costs pertaining to the company's IPO. This increase in earnings was a result of items affecting comparability in 2021 and higher sales supported by Synsam's comprehensive offering including its attractive store concepts, own House Brands, digital solutions and Synsam Lifestyle subscriptions. The gross margin was lower compared with the year-earlier period due to the changed sales mix and increased purchase prices. Earnings were charged with higher operating expenses primarily due to start-up costs for the new production facility, expanded optician capacity and increased marketing costs for full-year 2022 compared with the previous year. EBITDA was also charged with costs of approximately SEK 5 million pertaining to a restructuring programme and approximately SEK 29 million in extra costs. These measures were introduced to directly and indirectly enable the cost programme to be implemented, which is expected to have a positive effect in 2023 and 2024. The cost and restructuring program is estimated to reduce the cost base of operating expenses by SEK 102 million in 2023 and by SEK 129 million in 2024 compared to 2022.

Operating profit before amortisation of intangible non-current assets (EBITA)

EBITA amounted to SEK 698 million (773), corresponding to an EBITA margin of 13.1 percent (16.3). No adjustments were made during 2022, which meant that adjusted EBITA was also SEK 698 million (858) and the adjusted EBITA margin was 13.1 percent (18.1).

Additional earnings information

EBIT amounted to SEK 552 million (633) for 2022. During the year, the repayment from Fora had a positive impact of approximately SEK 9 million (1) on earnings.

These effects were counteracted by establishment costs, operational investments, general cost increases, such as increased electricity costs resulting in a cost increase of SEK 17 million, and higher marketing costs for full-year 2022 compared with the previous year.

Preparations for, and the start of, production and the start-up phase of initial production at Synsam Group's production and innovation centre in Östersund had a negative effect of SEK 27 million (6) on EBITDA.

Profit after financial items increased to SEK 415 million (163) and profit after tax increased to SEK 328 million (51), of which tax accounted for SEK -87 million (-112). In conjunction with the company's IPO during the fourth quarter of 2021, previous shareholder loans were converted to equity. The Group's earnings have therefore not been charged with interest on shareholder loans after the conversion. Interest expenses for shareholder loans amounted to SEK 307 million for full-year 2021.

Exchange rate changes had a positive impact of SEK 38 million (49) on net financial items. The Group recognises exchange rate adjustments related to accounts receivable and accounts payable under net financial items. For 2022, these items amounted to SEK 9 million (0) and are included in the total amount of SEK 38 million (49).

Interest income from Synsam Lifestyle had a positive impact of SEK 135 million (96) on net financial items for full-year 2022 and related credit costs amounted to SEK 206 million (148). A reversed provision for a tax dispute had a positive earnings effect of SEK 15 million related to taxes and SEK 1 million related to financial expenses.

Synsam Group's annual churn

Synsam Group's annual churn rate, Synsam Lifestyle is a measure used to express the share of customers who terminated their spectacles subscriptions. The annual churn rate for 2022 was 9.45 percent (9.33). The churn rate has been stable for the past 12 quarters. For definitions, see the section "Company-specific glossary and definitions" on page 112.

Cash flow

Operating activities

Cash flow from operating activities amounted to SEK 690 million (980) and was impacted by increased inventories, partly due to more and larger stores and partly as a result of increased buffer inventory due to global uncertainty. Tax paid totalled SEK -153 million (-86).

Investing activities

In 2022, investments in tangible and intangible non-current assets totalled SEK 382 million (272). Strategic investments amounted to SEK 66 million, the majority of which pertained to the production unit.

Financing activities

Cash and cash equivalents totalled SEK 444 million (755) at the end of the year. The existing bank loans, which were raised in connection with the Group's refinancing during the fourth quarter of 2021, are payable in full upon maturity and run for three and five years, respectively. No new bank loans were raised and no repayments took place during 2022. New bank loans for SEK 2,392 million were raised during the preceding year and repayments amounted to SEK 2,901 million. During 2022, dividends of SEK 255 million (0) were paid to Synsam's shareholders. In the fourth quarter, own shares were repurchased for SEK 47 million (0).

Financial position

Loans from financial institutions amounted to SEK 2,488 million (2,416) on 31 December 2022. Unutilised credit lines amounted to SEK 940 million (940). Lease liabilities totalled SEK 909 million (710) on 31 December 2022. Net debt totalled SEK 2,969 million (2,390) at year-end.

Net debt was negatively impacted by leases with associated lease liabilities, which increase when the number of stores increases. Lease liabilities increased SEK 199 million in 2022. Net debt was also negatively impacted by a dividend paid to Synsam's shareholders of SEK 255 million, the repurchase of own shares of SEK 47 million and negative currency effects on loans from financial institutions of SEK 65 million due to certain loans being raised in a currency other than SEK.

If net debt had been calculated not taking IFRS 16 in account, it would have amounted to SEK 2,073 million (1,697).

During the second quarter, Synsam took over the premises for its production and innovation centre in Östersund. As of that date, the present value of future rent obligations will be recognised in the consolidated balance sheet as lease liabilities and corresponding right-of-use assets. On 31 December 2022, lease liabilities amounted to SEK 62 million and right-of-use assets to SEK 61 million for the production and innovation centre in Östersund.

Acquisitions and openings

During the year, 37 directly owned stores opened, one store was converted from the Ai concept to a Recycling Outlet, and one store closed. 15 of these 37 new stores were Synsam Recycling Outlet stores, bringing the total number of stores in the Synsam Recycling Outlet chain to 24 at the end of 2022.

- In the first quarter, Synsam Sweden opened two Synsam Recycling Outlets: one in Stockholm and one in Lund. Synsam Denmark opened a Synsam Recycling Outlet in Odense. Synsam Finland opened a Megastore in Espoo and two Synsam Recycling Outlets: one in Turku and one in Helsinki. Synsam Finland also opened three regular stores in Helsinki, Mikkeli and Rovaniemi.
- In the second quarter, Synsam Sweden opened five Synsam Recycling Outlets: one in Stockholm, one in Uddevalla, one in Karlstad, one in Södertälje (converted from the Ai concept) and one in Sundsvall. Two regular stores were also opened: one in Borgholm and one in Trosa. During the second quarter, Synsam Norway opened one Synsam Recycling Outlet in Strømmen and one regular store in Mo i Rana. Synsam Finland opened two regular stores: one in Joensuu and one in Lappeenranta. Synsam Hearing opened a new store in Johanneberg, Gothenburg, and one store was converted from the Ai concept to a Recycling Outlet.
- In the third quarter, Synsam Hearing opened a new store in Halmstad and Synsam Norway closed a store.

- In the fourth quarter, Synsam Sweden opened three Synsam Recycling Outlets: one in Gothenburg, one in Halmstad and one in Norrköping. Five regular stores were also opened in Leksand, Säffle, Kalix, Lycksele and Vaxholm. Synsam Norway opened three regular stores: one in Oslo, one in Vennesla and one in Fauske. Synsam Finland opened a Synsam Recycling Outlet in Helsinki. Four regular stores also opened in Kotka, Kuopio, Lohja and Kokkola.

Number of stores and omnichannel concept

The total number of stores at the end of the year was 536 (500), of which the number of directly owned stores was 503 (467).

Synsam has created an integrated omni-concept that 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.

Five-year review

The table below summarises financial information for the financial years 2018–2022. With effect from 1 January 2019, the Group applies IFRS 16 Leases. The comparative figures for 2018 have not been restated as the Group has applied the prospective method in implementing IFRS 16. Amounts in SEK million unless otherwise stated.

Group	2022	2021	2020	2019	2018
Net sales	5,277	4,669	3,806	3,741	3,380
Operating profit/loss (EBIT)	552	633	402	397	262
Profit/loss before tax	415	163	-136	-129	-261
Profit/loss after tax	328	51	-195	-178	-300
Balance sheet total	8,019	7,603	7,258	6,893	6,418
EBITDA ¹⁾	1,217	1,189	934	925	554
Adjusted EBITDA ¹⁾	1,217	1,274	948	984	643
Earnings per share, before and after dilution, SEK ²⁾	2.19	0.60	-2.73	-2.48	-4.18
Cash flow for the year	-326	-83	601	-62	174
Average number of employees	3,145	2,671	2,281	2,095	1,975

1) Alternative performance measures (APM), for definition see the section "Financial definitions" on page 111 and further information in Note 28 and Note 32.

2) For information on changes in the number of shares and average number of shares, see Notes 21 and 22.

DEVELOPMENT BY SEGMENT

Synsam Group comprises four segments: Sweden, Denmark, Norway and Finland. The segments include the sales derived from the various geographic markets, excluding sales that belong to Other and central functions, and the costs directly attributable to these sales. Certain costs are decided at the Group level and are therefore not included in the individual segments, including certain marketing expenses and Other central activities and functions, such as the treasury, finance and IT functions. These costs are recognised in 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 also specifically monitored for Synsam Lifestyle.

Synsam Sweden

Net sales for 2022 increased 11.8 percent to SEK 2,534 million (2,266). Organic growth was 11.6 percent (24.5) and like-for-like growth was 8.5 percent (20.4). EBITDA and adjusted EBITDA totalled SEK 758 million (758).

The increase in sales in 2022 in a weak consumer market was attributable to Synsam's complete offering including attractive store concepts, House Brands, digital solutions and the Synsam Lifestyle subscription business. An increase in the number of new stores also contributed to growth.

New stores in 2022 and 2021 resulted in an increase in costs relative to sales. Measures to secure optician capacity in both the short and long term also resulted in higher costs. Electricity costs were approximately SEK 5 million higher in 2022 compared with the preceding year. Measures are being taken to reduce the cost base for operating expenses in order to increase the EBITDA margin from the current level. The introduction of technological solutions is expected to reduce consultant costs. The gross margin was slightly lower for the full year than in the previous year but increased in the fourth quarter as a result of the measures taken in autumn 2022.

Synsam Sweden's annual churn rate for Synsam Lifestyle was 8.13 percent (8.25).

Synsam Denmark

Net sales for 2022 increased 7.3 percent to SEK 1,093 million (1,018). Organic growth amounted to 3.9 percent (13.2) and like-for-like growth to 2.8 percent (12.1). DKK currency effects had a positive impact of SEK 50 million (-32) on net sales. EBITDA and adjusted EBITDA totalled SEK 277 million (280).

The consumer market in Denmark was weak for the majority of 2022. Even though Synsam Denmark advanced its position in 2022, organic growth was still low. The share of total sales attributable to Synsam Lifestyle continued to increase during the year. Electricity costs were approximately SEK 5 million higher in 2022 compared with the preceding year. Measures to increase the EBITDA margin in Denmark mainly pertain

to organic growth through store upgrades and upgrades to selected areas of the offering in Denmark. The gross margin was slightly higher than in the preceding year.

Synsam Denmark's annual churn rate for Synsam Lifestyle was 13.82 percent (11.08).

Synsam Norway

Net sales for 2022 increased 10.6 percent to SEK 1,128 million (1,020). Organic growth amounted to 4.9 percent (25.1), and like-for-like growth was also positive at 3.6 percent (22.9). NOK currency effects had a positive impact of SEK 58 million (20) on net sales. EBITDA and adjusted EBITDA totalled SEK 239 million (274).

After strong growth in 2021, organic growth was lower in 2022 in a weak consumer market. The share of total sales attributable to Synsam Lifestyle continued to increase. Measures to secure optician capacity in both the short and long term resulted in higher costs. Structural costs amounted to SEK 2 million. Electricity costs were approximately SEK 4 million higher in 2022 compared with the preceding year. Measures are being taken to reduce the cost base for operating expenses in order to increase the EBITDA margin from the current level. The introduction of technological solutions is expected to reduce consultant costs. The gross margin was in line with the previous year and increased in the fourth quarter as a result of the measures taken in autumn 2022.

Synsam Norway's annual churn rate for Synsam Lifestyle was 9.06 percent (10.44).

Synsam Finland

Net sales for 2022 increased 47.7 percent to SEK 393 million (266). Organic growth was 41.0 percent (37.7). Like-for-like growth amounted to 11.0 percent (30.9). EUR currency effects had a positive impact of SEK 18 million (-9) on net sales. EBITDA and adjusted EBITDA totalled SEK 35 million (37).

Synsam Finland experienced very strong growth during 2022 and significantly increased its market share during the year, despite Synsam Finland being one of the smallest players in the Finnish market. This increase in sales was a result of Synsam's comprehensive offering including its attractive store concepts, own House Brands, digital solutions and Synsam Lifestyle subscriptions. New stores in 2022 and 2021 resulted in an increase in costs relative to sales. Electricity costs were approximately SEK 2 million higher in 2022 compared with the preceding year.

Synsam Finland's annual churn rate for Synsam Lifestyle was 7.82 percent (9.90).

OTHER INFORMATION

Significant risks and uncertainties Covid-19

The consequences of the Covid-19 outbreak in spring 2020 impacted the Synsam Group and there remains some risk that these consequences could continue to have a financial impact, even if the assessment is that the risk of an impact decreased starting in spring 2022.

The financial impact is related to the general situation and any decisions made by various local authorities that could lead to reduced operations, for example. The Omicron variant that appeared at the end of 2021 had an impact on operations in early 2022, for example in the form of reduced optician capacity.

Risks related to the current geopolitical situation

Synsam has no direct or indirect exposure to Russia or Ukraine. Aside from the impact the war has had on the business environment in general, it has not had any material financial impact on Synsam. Synsam is monitoring the geopolitical and international security situation.

Inflation

The rising inflation around the world has impacted Synsam in the form of higher costs. Synsam is acting to ensure profitability.

Financial risks

The Group is exposed to various types of financial risk through its business activities. Financial risks relate to fluctuations in earnings and cash flow due, for example, to changes in exchange rates and interest rates, as well as customers' ability to pay and the possibility of refinancing the business. Known financial risks are managed in the financial policy, which consists of guidelines and rules describing the risk management mandate for the financial business. See also Note 19.

Exchange rate and interest rate risk

The Group's currency is Swedish kronor, to which the subsidiaries' balance sheets and income statements are translated. Synsam is exposed to all the currencies in the Nordic market where it operates. This is due to the fact that exchange rate fluctuations affect the translated earnings and the assets and liabilities in the balance sheet of the Norwegian, Danish and Finnish subsidiaries. The Group does not hedge against exchange rate fluctuations.

Synsam makes purchases from Asia, which exposes the Group to USD. Purchases from one of the Synsam Group's major European suppliers are made in EUR.

Synsam is exposed to fluctuations in interest rates in the Nordic markets. Interest rate risk is mainly related to the Group's liability to financial institutions and can be managed through the use of interest swaps. Synsam Group does not apply hedge accounting.

Business risk

The Group's most significant business risk is linked to having a strong position in each country. A strong market position is attributed to brand awareness, optimal customer service and competitive prices. Business risk is also influenced by the economic climate in each market. The state of the economy has an impact on customers' purchasing power and propensity to purchase, and therefore on footfall in the Group's stores. In times of uncertainty, customers tend to buy cheaper products and less frequently, which has also had an

impact on Synsam Group. Macroeconomic exposure is managed by actively addressing the market. The ambition is to understand the customer's wishes as well as possible in order to actively develop and adapt the customer offering to meet the customer's needs and expectations.

Employee risks

In order to reduce the risk of key employees leaving the Group, which could lead to shortcomings in Synsam's fulfilment of its brand promises, Synsam Group works with talent management. Synsam also has well-developed succession planning. The Group has a strategic and an operational management team as Synsam's experience is that the decentralised management model builds stronger teams and faster information flows, and makes decision-making more efficient. Each operating segment is represented on the operations management team and is fully responsible for the local organisational structure, its sales and also its profitability.

Supplier risks

Synsam requires suppliers to comply with its Code of Conduct. To counter the risk of non-compliance with the Code of Conduct, Synsam Group carries out regular monitoring and checks.

Acquisitions and integration

Organic growth in the Nordic region is the key part of the growth strategy. In addition to this organic growth, Synsam may make sporadic supplementary acquisitions of smaller companies. In the case of acquisitions, there is a risk of less profitable acquisitions and a

risk of inadequate integration of smaller businesses into existing operations. Access to attractive store openings can be seen as a potential risk. Expansion risk is managed by ensuring that there is a balanced plan containing store opening locations in each principal market. Acquisitions of businesses are made after analysis of synergies.

IT systems

Synsam is dependent on IT systems that work smoothly to collect, process and communicate information securely and efficiently. Administration and maintenance work for the operation of Synsam's IT systems is dealt with by third parties. A prolonged interruption or serious failure of IT systems could lead to difficulties and limitations in the delivery of goods, invoicing of customers or the ability to present financial information.

Other risks

The optical retail sector is an unregulated market for the Group. However, a licence to practise with country-specific requirements is required for the individual optician to perform optical services. There is a risk of the number of licensed opticians being limited, which could limit Synsam's sales. To address the shortage of licensed opticians, Synsam works preventively on recruitment and to become most attractive employer in the industry.

To reduce the risk of errors in financial reporting, Synsam has an internal framework for control of financial reporting, which is also tested for compliance on an ongoing basis.

Sustainability

The Group has prepared a sustainability report in accordance with the Annual Accounts Act and refers to pages 26–44. Neither the Parent Company nor any other company in the Group carries out activities subject to licensing.

The Parent Company

Synsam AB (publ), corporate identity number 556946-3358, is the Parent Company of the Group. The Parent Company's activities consist in owning and managing shares in subsidiaries and carrying out certain management activities. For full-year 2022, the Parent Company's revenue totalled SEK 15 million (69) and profit after net financial items was SEK -177 million (-78).

In conjunction with the Group's refinancing of a bank loan during the fourth quarter of 2021, new bank loan financing of SEK 2,430 million was raised by the Parent Company. Net financial items for 2022 therefore include interest, accrued costs associated with raising the loan and exchange rate changes related to the bank loan financing totalling SEK -138 million (-32) for 2022. No new bank loans were raised and no repayments took place during 2022.

During the year, the Parent Company's equity was impacted by the dividend to Synsam's shareholders of SEK 255 million and by the repurchase of own shares for SEK 47 million. For more information, see the Parent Company statement of changes in equity on page 70 and Note 22 Equity.

Other and central functions

External net sales for Other and central functions primarily comprise sales in physical Ai stores and Ai online, Synsam Hearing stores, sales of goods from the central warehouse to Synsam's franchise stores and a central component of sales for Synsam Lifestyle. External net sales for Other and central functions totalled SEK 129 million (98).

For Other and central functions, EBITDA was SEK -92 million (-161) and adjusted EBITDA was SEK -92 million (-76).

There were no items affecting comparability in 2022, though there were structural costs of SEK 3 million for the fourth quarter. In the 2021 comparative period, items affecting comparability amounted to SEK 85 million. Preparations for, and the start of, production and the start-up phase of initial production at Synsam Group's production and innovation centre in Östersund had a negative effect of SEK 27 million (6) on EBITDA. Internal inventory gains for the central warehouse and the production unit are recognised in Other and central functions and had a negative impact on EBITDA of SEK 3 million compared with the year-earlier period.

Employees

The average number of full-time employees in 2022 was 3,145, of whom 2,539 were women (2,671, of whom 2,184 were women).

Remuneration of senior executives

Guidelines on remuneration of senior executives are set out in Note 5. The current guidelines were adopted by the Annual General Meeting on 30 March 2021. No changes were proposed ahead of the 2023 Annual General Meeting. The 2022 Annual General Meeting resolved to introduce a long-term share-based incentive programme (LTIP 2022) for the company's Group management and other selected key individuals, as per the Board's proposal. A new share-based long-term programme, LTIP 2023, has been proposed ahead of the 2023 Annual General Meeting.

Events after the end of the year

- Synsam held a capital markets day on 20 January 2023, where the primary message was that Synsam is adhering to its financial targets and investing in innovation and improved efficiency.
- In the first quarter of 2023, Michael Grimborg left Group management.

Dividend

The Board proposes a dividend of SEK 1.70 (1.70) per share.

Future development

Synsam has high future ambitions in terms of growth and profitability. The medium-term objective is to report organic growth of 8–12 percent, while the adjusted EBITDA margin should be 25 percent or higher. Our sights are set on profitable growth and seizing the

opportunities for expansion we see in the market to continue to capture market share while maintaining profitability in line with our financial target. Our assessment is that by investing in and prioritising growth in combination with innovation and efficiency, we are creating greater shareholder value for the future.

Proposed appropriation of profit

Amounts below are stated in Swedish kronor. According to the balance sheet of Synsam AB (publ), the following non-restricted equity is at the disposal of the Annual General Meeting:

Retained earnings	3,980,826,392
Profit/loss for the year	-77,775,470
Total	3,903,050,922

The Board of Directors proposes that the profit be appropriated as follows:

Dividend paid to shareholders	
1.70 SEK per share	253,393,500
Carried forward to new account	3,649,657,422
Total	3,903,050,922

Statement of the Board of Directors regarding the proposed dividend

The Group's equity has been calculated in accordance with the accounting rules applicable under International Financial Reporting Standards (IFRS). The Parent Company's equity has been calculated in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The proposed dividend consists of a cash dividend of SEK 1.70 per share or a total of SEK 253.4 million. The Group's equity/assets ratio is expected afterwards to be approximately 30.0 percent. The proposed cash dividend amounts to approximately 77 percent of net profit for the year per share for the Group, which is slightly higher than Synsam's dividend target of 40–60 percent of net profit per share for the year to be distributed to shareholders and Synsam having an optimal capital structure at all times. The deviation from Synsam's dividend target is justified, among other things, by the Group's strong financial position.

The Board of Directors estimates that the company's and the Group's equity, after the proposed dividend, will be sufficient in relation to the nature, scope, risks and the lenders' terms. The Board has also taken into account the Group's performance, liquidity, investment plan and economic situation.

For the company's and the Group's earnings and financial position in other respects, refer to the following income statements, balance sheets, cash flow statements and notes.

All amounts are presented in SEK million unless otherwise stated.

Corporate governance

The governance of Synsam is based on the rules set out in the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (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 applicable Swedish and foreign laws and regulations. The corporate governance report has been prepared in accordance with the Code.

The primary goal of Synsam's corporate governance is to create a framework outlining rules, areas of responsibility, and processes and procedures that protect the interests of the shareholders and other parties by minimising risks and creating the conditions for the secure expansion of the company's operations.

Swedish Corporate Governance Code

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The aim is to improve corporate governance in listed companies and promote confidence in companies both among the public and in the capital market. The Code is based on the "comply or explain" principle, which means that deviations from the Code are permitted if they can be explained. Synsam did not deviate from the Code during the financial year.

Compliance with applicable exchange trading rules

No breaches of good stock market practice or of applicable stock exchange rules have been reported by the Swedish Securities Council or the Disciplinary Committee of Nasdaq Stockholm AB.

The share and shareholders

The Synsam share has been listed on Nasdaq Stockholm, Mid Cap segment, since 29 October 2021. The share capital on 31 December 2022 totalled SEK 1 million, distributed between 150,000,000 shares. At the end of the year, Synsam AB held 945,000 treasury shares. The total market capitalisation of the company as of 31 December 2022, based on the closing price of SEK 39.52, was SEK 5.93 billion. All shares (excluding treasury shares) carry equal voting rights and equal rights to the company's profit and capital. The company's Articles of Association do not limit the number of votes that each shareholder may cast at a general meeting.

The number of shareholders as of 31 December 2022 was 10,395. On the same date, the ten largest shareholders controlled 86.23 percent of the capital and votes, while foreign shareholders accounted for 70.41 percent of the capital and votes. A shareholder representing, directly or indirectly, at least one-tenth of the number of votes for all shares in Synsam is CVC Capital Partners, whose shareholding as of 31 December 2022 was 55.95 percent. For further information on the Synsam share and shareholders, see page 114.

General meeting of shareholders

Under the Swedish Companies Act, the general meeting of shareholders is the highest decision-making body of the company. The general meeting can decide on any company matter that does not expressly fall within the exclusive area of expertise of another corporate body. At the Annual General Meeting, which is to be held within six months of the end of each financial year,

shareholders exercise their voting rights on matters such as adoption of the income statement and balance sheet, appropriation of the company's profit, discharge of the members of the Board of Directors and the CEO from liability for the financial year, election of the members of the Board of Directors and the auditor, and remuneration of the Board of Directors and the auditor.

In addition to the Annual General Meeting, extraordinary general meetings may be convened. In accordance with the company's Articles of Association, notice of the Annual General Meeting is to be given through an announcement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and by making the convening notice available on the company's website. An announcement is to be placed simultaneously in Dagens Nyheter stating that the meeting has been convened.

Right to attend the Annual General Meeting

All shareholders who are directly registered in the share register maintained by Euroclear six business days prior to the Annual General Meeting, and who have notified the company of their intention to attend the Annual General Meeting no later than the date specified in the notice of the meeting, are entitled to attend the Annual General Meeting and to vote according to the number of shares they hold. Shareholders may attend the Annual General Meeting in person or by proxy and may also be accompanied by not more than two assistants.

Shareholder initiatives

Shareholders wishing to have a matter discussed at the Annual General Meeting must submit a written request in this regard to the Board of Directors. The request must normally be received by the Board of Directors at least seven weeks before the Annual General Meeting.

Nomination Committee

According to its instructions, the Nomination Committee is to consist of four members appointed by the four largest shareholders or shareholder groups in the company in terms of voting rights as of the last business day in August of the year prior to the Annual General Meeting and who wish to appoint a representative. In addition to these four members, the Chairman of the Board is to be a member of the Nomination Committee. The Chairman is to be appointed from among the committee members.

The instructions for the committee comply with the Code as regards the appointment of its members, who are to be announced no later than six months before the next Annual General Meeting. Within the scope of their assignments, committee members are to perform their duties in accordance with the Code.

The main tasks of the Nomination Committee are to nominate candidates for Chairman of the Board and other members of the Board and to submit proposals for fees and other remuneration payable to each Board member. The committee also nominates candidates for the post of auditor and proposes the auditor's fee.

2022 Annual General Meeting

The 2022 Annual General Meeting of Synsam AB (publ) was held on Tuesday, 26 April 2022 at 11:00 a.m. (CEST) at Space Arena, Sergelgatan 2 in Stockholm, Sweden. The full minutes from the Annual General Meeting are available on the company's website, synsamgroup.com. In brief, the Annual General Meeting resolved as follows:

- to adopt the income statement and balance sheet and the consolidated accounts and consolidated balance sheet.
- to pay a dividend to shareholders of SEK 1.70 per share.
- to discharge the members of the Board of Directors and the CEO from liability.
- that Board fees are to amount to SEK 650,000 for the Chairman of the Board and SEK 300,000 for each of the other members elected by the general meeting who is not an employee of the Group; that fees for work on the Board's Audit Committee are to amount to SEK 150,000 for the Chairman of the Audit Committee and SEK 100,000 for each of the other members; and that fees for work on the Board's Remuneration Committee are to amount to SEK 100,000 for the Chairman of the Remuneration Committee and SEK 50,000 for each of the other members. It was noted that proposed Board members Gustaf Martin-Löf, Philip Røpcke and Christoffer Sjøqvist, who are employees of CVC, as in the past, had declined fees for their work on the Board and committees.
- that all Board members are to be reelected for the period until the end of the next Annual General Meeting, meaning that the Board will continue to comprise Peter Törnquist, Kenneth Bengtsson, Ann Hellenius, Helena Johnson, Terje List, Håkan Lundstedt, Gustaf Martin-Löf, Philip Røpcke and Christoffer Sjøqvist. Peter Törnquist was also reelected as Chairman of the Board, and KPMG AB was reelected as auditor for the period until the end of the next Annual General Meeting.

- to approve the Board's remuneration report for 2021.
- to authorise the Board, for the period until the next Annual General Meeting, to decide on issues of shares and/or warrants and/or convertibles in accordance with the Board's proposal.
- to authorise the Board, in accordance with the Board's proposal, to decide on the purchase of own shares on one or more occasions before the next Annual General Meeting.
- to adopt the Board's proposal to introduce a long-term share-based incentive programme (LTIP 2022) and, in connection therewith, to authorise the Board to decide on the purchase and transfer of own shares.

Nomination Committee prior to the 2023 Annual General Meeting

Synsam has established a Nomination Committee in accordance with the guidelines adopted at the Annual General Meeting on 26 April 2022. Ahead of the 2023 Annual General Meeting, the Nomination Committee comprises Tomas Ekman, Committee Chairman (representing CVC/Theia Holdings S.à r.l.), Karan Phadke (representing Mawer Investment Management), Karin Eliasson (representing Handelsbanken Fonder), Lovisa Runge (representing the Fourth Swedish National Pension Fund) and Peter Törnquist, Chairman of the Board.

2023 Annual General Meeting

The 2023 Annual General Meeting of Synsam AB (publ) is to be held on Tuesday, 25 April 2023 at 11:00 a.m. (CEST) at Synsam Group's head office at Sankt Eriksgatan 60 in Stockholm, Sweden. For further information, refer to the notice of the Annual General Meeting published at www.synsamgroup.com.

The Board of Directors Responsibilities of the Board

The Board of Directors is the highest decision-making body after the general meeting as well as the highest

executive body. The responsibilities of the Board are governed at several levels. The responsibilities of the Board are mainly governed by the Swedish Companies Act. Under the Swedish Companies Act, the Board is responsible for the organisation of the company and the administration of its affairs. The Board of Directors also continuously assesses the company's financial situation and ensures that the company's organisation is structured in such a way that the accounting, management of funds and the company's other financial conditions are controlled in a satisfactory manner.

The Board applies the Code and Nasdaq Stockholm's Rule Book for Issuers as well as other applicable Swedish and foreign laws and regulations.

The work of the Board of Directors is also governed by the company's Articles of Association, the instructions of the general meeting and the rules of procedure adopted by the Board. The rules of procedure govern, among other things, the Board's role and responsibilities, working methods and division of work. The Board also adopts instructions for the CEO of Synsam, including instructions for financial reporting.

The duties of the Board include setting objectives and strategies, ensuring that there are effective systems for monitoring and controlling the company's operations, and ensuring that there is adequate control of the company's compliance with the laws and regulations applicable to its operations. The Board resolves on matters relating to the company's business orientation, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, and full-year and interim reports as well as other general issues of a strategic nature. In addition, the Board discusses and decides on other matters deemed to fall outside the scope of the CEO's authority.

The Board is also responsible for ensuring that the necessary guidelines are established for the company's conduct in society, with a view to ensuring its long-term ability to create value, and for ensuring that the company's disclosure of information is transparent, accurate, reliable, relevant and not misleading. In addition, the responsibilities of the Board include appointing, evaluating and, if necessary, dismissing the CEO.

Chairman of the Board

The Chairman of the Board, Peter Törnquist, is not employed by the company and does not have any assignments for the company other than his chairmanship of the Board. It is the Board's opinion that Peter Törnquist ensures that the Board's work is carried out efficiently and that it also otherwise fulfils the duties incumbent upon the Board under applicable laws and other provisions.

Board members, size and composition

Board members are elected 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 Board is to consist of three to ten members elected by the general meeting. The Board consists of nine members elected by the Annual General Meeting.

The composition of the Board is considered appropriate in view of the company's business, financial position, stage of development and other circumstances. The composition of the Board is to reflect and allow for the different skills and experience that the strategic development and governance of the company may require. The company has a Group diversity policy that includes the Board and management of the company. The company's diversity policy, established in accordance with Rule 4.1 of the Code, aims to achieve an equal distribution of people in the company in terms of age, gender, education and professional background.

Composition and attendance of the Board of Directors during the financial year

Name ¹⁾²⁾³⁾	Position	Independence Company/Major shareholders	Board meetings	Audit Committee	Remuneration Committee
Peter Törnquist	Chairman, member	Yes/No	10/10	9/9 (Chairman)	10/11
Håkan Lundstedt	CEO, member	No/Yes	10/10		
Kenneth Bengtsson	Member	Yes/Yes	9/10		11/11 (Chairman)
Ann Hellenius	Member	Yes/Yes	10/10		
Helena Johnson	Member	Yes/Yes	9/10		
Terje List	Member	Yes/Yes	10/10	9/9	
Gustaf Martin-Löf	Member	Yes/No	10/10	9/9	
Christoffer Sjøqvist	Member	Yes/No	10/10		11/11
Philip Røpcke	Member	Yes/No	10/10		

1) For further information on Board members, see pages 60–61. The work of the Board of Directors and its committees is described on page 55.

2) For information on year of birth, work experience, appointments and shareholdings, see pages 60–61.

3) Remuneration to members is described in Note 5, see pages 83–84.

The diversity policy is the basis for the Nomination Committee's proposals.

The Board fulfils the independence requirements set out in the Code. Independence in relation to the company, the company's management and major shareholders is shown in the table on the next page. Board members are presented in more detail on pages 60–61.

Board procedures

Immediately after the Annual General Meeting, the statutory meeting of the newly elected Board is held, at which the Board's rules of procedure and instructions to the company's CEO are adopted. At this meeting, the members of the Audit and Remuneration Committees and the company's authorised signatories are also appointed. In addition to this meeting, the Board is required to hold at least six other meetings during the financial year. These are held quarterly in

conjunction with the publication of the company's financial reports, once in March prior to finalisation of the annual report, and once in June for strategic discussions. At the strategy meeting, the Board mainly discusses issues related to the Group's objectives and strategies, including its establishment strategy and major investments. Other meetings mainly deal with customary Board matters, the company's reports and reports from the Board's committees.

The Board meets the auditors once a year without senior management being present. The Board held ten meetings in 2022.

The Board's rules of procedure specify which items on the agenda are fixed and which may vary. During the year, the Board addressed matters such as the Group's strategic direction, monitoring of the business plan, review of risk management, financial reporting and

budget. Important business matters included growth areas such as Synsam Lifestyle, the handling of the optician situation, measures in connection with the weak economic situation and higher inflation, and the establishment of Synsam Group's production and innovation centre in Östersund. Committee work is an important element of the Board's work. The Board has drawn up instructions for the work of the committees. The Remuneration Committee and the Audit Committee discuss matters falling within their areas of responsibility. Matters discussed at committee meetings are minuted and circulated to the other Board members at Board meetings.

The rules of procedure also state that the Board must meet with the company's auditors at least once a year. In addition, the rules of procedure govern certain formal matters such as the rules on convening and confidentiality.

The Board evaluates its work each year, and it is the responsibility of the Chairman of the Board to ensure that this is done. In 2022, the Chairman conducted a written survey of all Board members. The overall opinion in the 2022 evaluation was that the Board's work had functioned well during the year and that the Board had fulfilled the Code's requirements regarding its work.

Audit Committee

The Board has established an Audit Committee in accordance with the Swedish Companies Act. Under the Swedish Companies Act, the members of the committee may not be employed by the company and at least one member of the committee must have accounting or auditing expertise. The current committee consists of three members: Peter Törnquist (Chairman of the Audit Committee), Gustaf Martin-Löf and Terje List, all of whom are independent of the company and its

management. Terje List is also independent of the company's principal shareholder.

The committee is responsible for overseeing the company's financial reporting, risk management and internal control as well as its accounting and auditing. It also reviews and monitors the impartiality and independence of the auditors and other services provided by the company's auditor and assists in the preparation of proposals on the election of auditors for resolution by the Annual General Meeting.

Remuneration Committee

The Board has established a Remuneration Committee. The committee consists of Kenneth Bengtsson (Chairman of the Remuneration Committee), Peter Törnquist and Christoffer Sjøqvist, all of whom are independent of the company and its management. Kenneth Bengtsson is also independent of the company's principal shareholder.

The main task of the committee is to prepare the Board's decisions on matters concerning, among other things, the terms of employment and remuneration for the CEO and other senior executives. The committee is responsible for preparing the Board's proposal for guidelines for remuneration and other terms of employment for the CEO and other senior executives. The committee is also responsible for providing input on certain other remuneration matters of principle or otherwise of material importance, such as stock option programmes and profit-sharing schemes, and for monitoring and evaluating the application of the guidelines for remuneration of senior executives to be adopted by the Annual General Meeting by law as well as the current remuneration structures and levels in the company.

Chief Executive Officer and executive management

Division of work between the Board and the CEO

The Board appoints the CEO of the company. The division of work between the Board and the CEO is set out in the Board's rules of procedure and in the instructions to the CEO. Among other things, these state that the Board is responsible for the company's governance, risk management, organisation, strategies, internal control and policies. The Board also resolves on major investments. In addition, the Board is responsible for the quality of the financial reporting.

Chief Executive Officer

The responsibilities of the CEO are governed at several levels. The responsibilities of the CEO are mainly governed by the Swedish Companies Act. Under the Swedish Companies Act, the CEO of a company is responsible for the day-to-day management of the company in accordance with the instructions and guidelines issued by the Board. The CEO is also responsible for taking the measures necessary to ensure that the company's accounts are kept in accordance with applicable laws and regulations and that the funds are managed in a satisfactory manner.

The CEO must also comply with the company's Articles of Association, guidelines issued by the general meeting, the instructions to the CEO including instructions for financial reporting, and other internal instructions and guidelines adopted by the Board. The division of work between the Board and the CEO is described in the instructions to the CEO including the instructions for financial reporting.

The CEO reports to the Board and is responsible for the administration of the company's management and the implementation of the decisions made by the Board. The CEO controls and supervises the presentation to

the Board of the matters to be addressed by the Board in accordance with applicable laws, the Articles of Association or internal instructions, and is responsible for keeping the Chairman of the Board informed on an ongoing basis of the company's operations, results and financial position as well as of other significant events, circumstances and conditions.

The CEO, Håkan Lundstedt, is presented in more detail on page 60.

Senior executives

Synsam's Group management is divided into a strategic management group and an operational management group. The division of work between the strategic management group and the operational management group is defined in the Group's rules of procedure for Group management. The strategic management group is responsible for medium to long-term issues, such as the status and prioritisation of business development projects, strategic assortment issues, overall establishment plans, strategic partnerships and major IT projects. The CEO and CFO, together with other members of Group management, are part of the strategic management group.

The operational management group is responsible for short-term issues, such as tactical marketing, campaigns, sales excellence, the Group's sales position and store communications. The CEO and Country Managers, together with other members of Group management, are part of the operational management group. When updating the strategic plan and ahead of major decisions where the CEO from time to time deems that the entire Group management should be present, the entire Group management meets.

Senior executives are presented in more detail on page 62–64.

Remuneration of Board members and senior executives

Remuneration of Board members

Fees and other remuneration payable to the members of the Board, including the Chairman of the Board, are resolved by the Annual General Meeting. The Annual General Meeting held on 26 April 2022 resolved that the total remuneration for the members of the Board for the period until the next Annual General Meeting would be SEK 1,850,000. SEK 650,000 is to be paid to the Chairman of the Board and SEK 300,000 each to Kenneth Bengtsson, Terje List, Helena Johnson and Ann Hellenius. In addition, SEK 150,000 is to be paid to the Chairman of the Audit Committee and SEK 100,000 each to the other members of the Audit Committee. A further SEK 100,000 is to be paid to the Chairman of the Remuneration Committee and SEK 50,000 each to the other members of the Remuneration Committee. Gustaf Martin-Löf, Philip Røpcke and Christoffer Sjöqvist have declined remuneration for their membership of the Board, the Audit Committee and the Remuneration Committee.

The members of the company's Board are not entitled to any benefits when they resign as Board members.

Remuneration of the CEO and other senior executives

In order to ensure Synsam's ability to recruit and retain competent executive management, remuneration to senior executives is to be market-based. The remuneration is to be based on the individual's skills, responsibilities and performance and be paid in accordance with the guidelines for remuneration to the CEO and senior executives adopted by the Annual General Meeting on 30 March 2021.

Remuneration of the company's senior executives consists of fixed salary, variable remuneration based on annual performance-based targets (up to 100 percent of base salary), a long-term share-based incentive program (LTIP) and other benefits such as non-monetary benefits, pension and insurance. Non-monetary benefits may be offered in accordance with customary rules and market standards in each country. These benefits are not permitted to constitute a significant part of the total remuneration.

Share-based incentive programmes

The 2022 Annual General Meeting resolved to introduce a long-term share-based incentive programme (LTIP 2022) for the company's Group management and other selected key individuals, as per the Board's proposal. In connection with this, the Annual General Meeting also resolved to authorise the Board to decide on the purchase and transfer of own shares. The overall purpose of LTIP 2022 is to establish the conditions to recruit and maintain competent staff in the Synsam Group, to increase the motivation of the staff, and to further align the interests of the employees and the company's shareholders. Participation in LTIP 2022 is conditional on the employees making own investments in shares in Synsam on Nasdaq Stockholm and/or the employees already holding shares in Synsam ("investment shares") and the investment shares being allocated to LTIP 2022. For information about the complete proposal, refer to the agenda for the 2022 Annual General Meeting on the company's website and Note 5.

Remuneration in the 2022 financial year

The remuneration received by the Board and senior executives for the 2022 financial year and the full guidelines are presented in Note 5.

Risk management

The Board has overall responsibility for the Group's risk management. Within Synsam, the Group's risk situation is regularly updated and analysed. This is done through a systematic process where risks are identified, assessed and evaluated, managed, monitored and reported. Priority is given to those risks which, on the basis of an overall assessment of potential impact and likelihood, are considered to have the most negative impact. Important aspects of this are the control activities undertaken to avoid, reduce or transfer the risk to another party, for example through insurance. This mapping has been carried out at Group level and constitutes a tool for strategic and operational governance by the Board and management. Through the mapping process, focus can be directed towards reducing the company's risk exposure and reducing the impact of any risks that are realised. The CFO is responsible for Synsam Group's overall risk process and reports the status and deviations to the CEO, Group management and the Board. The Group's combined risk status is reported internally to the Audit Committee and the Board once a year. See also the risk section on pages 51–52.

Sustainability

Synsam has ambitious goals for its sustainability work. The company aims to be, and be perceived as, a sustainable company in the long term. Synsam's vision for how it wants to work with sustainability in the Group is clear: We are the leading and most sustainable lifestyle company in optical retail and eye health. The Group's work related to environmental, social and ethical responsibility includes many different areas, which together are intended to contribute to the sustainable development of society. The Board follows up on sustainability work through Group management's reporting.

Synsam is responsible for the sustainability of the value chain from start to finish, and the company has established high internal standards for employees and external standards for suppliers. The company reviews all aspects of the business, from design development to raw material purchasing, production and transportation. All aspects from sales through to product use and reuse and recycling are also reviewed. For each stage of Synsam's value chain, processes and approaches for continuous improvement have been identified. See also the Sustainability Report on pages 26–44.

Internal control regarding financial reporting

The Swedish Companies Act and the Code govern the internal control responsibilities of the Board and the CEO. Under the Swedish Companies Act, the Board of a company is responsible for the organisation and management of the company's affairs and must ensure that the company's organisation is such that the accounts, management of funds and financial affairs of the company are adequately controlled.

Under the Swedish Companies Act, the CEO of a company is responsible for the day-to-day management of the company in accordance with the instructions and guidelines of the Board. The CEO is also required to take the measures necessary to ensure that the company's accounts are kept in accordance with the law and that the funds are managed in a satisfactory manner.

Under the Code, the duties of the Board include ensuring that there are effective systems for monitoring and controlling the company's operations. Under the Swedish Companies Act, the Audit Committee is required, without prejudice to the responsibilities and duties of the Board in other respects, to monitor the

company's financial reporting and, with respect to financial reporting, to monitor the effectiveness of the company's risk management, internal control and internal audit functions.

Internal control is defined in practice as a process, influenced by the Board, the Audit Committee, the CEO, other senior executives and other employees, that is designed to provide reasonable assurance regarding the achievement of a company's objectives in relation to: effective and efficient operations; reliable reporting; and compliance with applicable laws and regulations. Synsam's internal control process is based on the control environment, which creates discipline and provides a structure for the other four components of the process: risk assessment, control structures, information and communication, and monitoring.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of external financial reporting in the form of quarterly and annual reports and financial statements and to ensure that external financial reporting is prepared in accordance with applicable laws and accounting standards and other requirements applicable to listed companies. Ultimate responsibility for internal control rests with the Board, which, through the Audit Committee, continuously evaluates Synsam's risk management and internal control.

The company's internal control follows the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework consists of five sub-areas: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The company's control environment consists of the organisational structure and the values, guidelines, policies, instructions, etc. that the organisation follows. Efficient Board work is the foundation for good internal control, and Synsam Group's Board has established rules of procedure and clear instructions for its work. This also includes the Board's Remuneration and Audit Committees.

One aspect of the Board's work is to prepare and approve the policies that govern the Group's internal control. The Board is also to create the conditions for an organisational structure with clear roles and responsibilities that enable effective management of operating risks.

The Group has regulations in place governing levels of decision-making and authority that follow the Group's organisational structure. The aim of these regulations is to clarify who has the decision-making authority for investments, activities, signing agreements, etc. in each function as well as the limits on their amount. If the amount exceeds the function's mandate, the decision is made by the next level in the organisation. This is intended to maintain sound corporate governance and an awareness of decisions made at various levels in the organisation. The decision-making and authority framework forms the basis for Synsam's decision-making.

Executive management is responsible for implementing guidelines for maintaining sound internal control. The Group's internal control is continuously developed and improved. The executive management and the Audit Committee report regularly to the Board according to established procedures. All operations are to be

conducted in accordance with the Group's Code of Conduct and business ethics guidelines.

Risk assessment and control activities

Synsam Group has an established a framework for risk management that includes identifying, analysing, categorising, rating, reporting and managing risk.

Synsam Group evaluates each risk based on its likelihood and its impact on Synsam Group. The prioritisation of actions is then based on the grading according to the risk framework and the adopted risk acceptance. Synsam Group works continuously in various areas that have been deemed top priorities based on materiality and risk.

The processes and control structure are documented in a financial handbook that is updated regularly. The most material processes in the Group are continuously evaluated. The main risks are identified within each process. An assessment is then made of the adequacy of the controls carried out. Additional controls are introduced as necessary to reduce the risk to an acceptable level. There are financial controllers within the Group's finance function and business controllers in the operational units, and together they ensure that the financial reporting is accurate and complete for the legal entities and segments, respectively. Furthermore, they are required to ensure that legal rules are followed and that reporting takes place within the established time frames to the operational management and to Group Reporting within the Group financial function. Group Reporting includes IFRS and Group accounting expertise and is responsible for the consolidation of both internal and external financial statements. In addition, the Group Business Controller and Head of Group Tax are part of the Group finance function with specialist expertise in their respective areas.

All companies report full financial statements every month, which form the basis for the Group's consolidated reporting.

In addition to the above control activities, Synsam also has an established whistleblowing function.

Information and communication

The key policies, guidelines, instructions and manuals that are significant for the Group's internal control are updated regularly and communicated to the relevant employees. General guidelines and instructions are also available on the company's intranet. There are also formal and informal information channels where information from employees can be passed on to management and the Board. The Board receives regular feedback on internal control issues from the operations through the Audit Committee. For external communication, there are guidelines in place to help meet the requirement that all information to the stock market is accurate.

Monitoring of internal control

Management and the Audit Committee report regularly to the Board according to established procedures. The Board receives updated information from the CEO through a monthly report for the Group. The monthly report also includes information regarding each segment's earnings and development in general.

Each interim report is analysed by the Audit Committee to ensure that the financial information is accurate. The Audit Committee also plays a central role in ensuring that there are sufficient control activities for the most material risk areas when it comes to financial reporting and in communicating material issues to the company's management, Board and auditors. An important part

of this involves ensuring that any issues raised by the auditors are addressed.

Once per year, the entire Board meets with the auditors to review the external audit and discuss current issues. The auditors' report is part of the Board's work to form an opinion on the Group's internal control and the accuracy of the financial information. The CEO does not participate in any questions pertaining to management.

Internal audit

Following evaluations during the financial year and in previous years, the Board has not yet found it necessary to establish an internal audit function. Instead, internal control has been added under the Group's finance function. The question of whether to introduce a special internal audit function will be reviewed annually. In addition, the company has a Risk Committee that continuously evaluates material risks and control activities.

Audit

The company's statutory auditor is appointed by the Annual General Meeting. The auditor examines the annual accounts and financial statements of the company, the consolidated financial statements and the accounts of its significant subsidiaries, and the administration of the Board and the CEO. After each financial year, the auditor submits an audit report to the Annual General Meeting.

The company's auditor is KPMG, with Joakim Thilstedt as auditor in charge. KPMG has a broad organisation with specialised skills well suited to Synsam's operations. KPMG has been the company's auditor since 2014.

The total remuneration paid to KPMG during the financial year is shown in Note 4.

Insider policy

The company has drawn up an insider policy in order to inform employees and other interested parties within the Group about the laws and regulations applicable to the company's dissemination of information and the specific requirements imposed on persons active in a listed company regarding, for example, price-sensitive information. In this context, the company has established procedures for the appropriate management and restriction of the dissemination of non-published information. The company's CFO has overall responsibility for handling insider information issues and maintaining an insider register.

Board of Directors



Peter Törnquist

Member and Chairman of the Board of Synsam Group since 2014.

M.Sc. in Business Administration and Economics Stockholm School of Economics, Stockholm, Sweden. MBA (Hons). International Institute for Management Development, Switzerland. Born 1953

Work experience: Former Chairman of the Board of ÅR Packaging AB, Board member and Vice Chairman of the Board of Ahlsell AB (publ), Vice Chairman of the Board of Paroc Oy, Partner and Head of Nordics CVC, Managing Director Lehman Brothers, Senior Partner Bain&Company.

Other significant appointments: Member of the Board of tt2 Aktiebolag and Quimper AB.

Committees: Chairman of the Audit Committee. Remuneration Committee.

Independence: Independent in relation to the company but not in relation to the principal shareholder.

Shareholding: 47,000 shares held directly and indirectly by related parties (of which 45,000 shares relate to own holdings and 2,000 shares relate to holdings of a related party).



Håkan Lundstedt

President and CEO and member of the Board of Synsam Group since 2015.

Born 1966

Work experience: Former President and CEO of Mekonomen Group and CEO of Lantmännen AXA.

Other significant appointments: Board member of Clas Ohlson AB.

Independence: Not independent in relation to the company but independent in relation to the principal shareholder.

Shareholding: 1,599,349 shares.



Kenneth Bengtsson

Member of the Board of Synsam Group since 2014.

Born 1961

Work experience: President and various positions within ICA for more than 30 years. Former Chairman of the Board of Ahlsell AB (publ), Mekonomen AB and Systembolaget AB.

Other significant appointments: Chairman of the Board of JY Holding AB (publ), Ersta Diakoni, Mio AB, Clas Ohlson AB, Lyko Group AB (publ) and World Childhood Foundation. Member of the Board of Herenco and tt2 Aktiebolag.

Committees: Chairman of the Remuneration Committee.

Independence: Independent in relation to the company and its principal shareholder.

Shareholding: 62,266 shares indirectly through NM 24 i Stockholm AB.



Ann Hellenius

Member of the Board of Synsam Group since 2019.

M.Sc. in Business Administration, Linköping University, Sweden. MBA, University of Bath, England.

Born 1974

Work experience: Former CIO of Scandic Group AB, Stockholm City Council and member of the Board of H&H Group, Conapto Group, HiQ International and Micro Systemation AB.

Other significant appointments: CEO of Capgemini Invent Sweden and Finland. Member of the Board of Volvofinans Bank AB and HSB Affärsstöd AB.

Independence: Independent in relation to the company and its principal shareholder.

Shareholding: None.



Helena Johnson

Member of the Board of Synsam Group since 2019.

M.Sc. in Business Administration and Economics, Stockholm School of Economics, Stockholm, Sweden.

Born 1968

Work experience: Former Project Manager and Marketing Director at BCG and CFO/COO at Pareto Securities AB.

Other significant appointments: Chairman of the Board of V. Vole Invest AB and Head of HR for the Large Companies and Financial Institutions Division of SEB.

Independence: Independent in relation to the company and its principal shareholder.

Shareholding: 600 shares.



Terje List

Member of the Board of Synsam Group since 2014.

M.Sc. in Economics and Business Administration, Copenhagen Business School, Denmark.

Born 1965

Work experience: Former CEO of Matas A/S and Suma Holding A/S, Retail Director of Dagrofa ApS, Head of Marketing for Enigheden Produktion A/S.

Other significant appointments: CEO of KFI Erhvervsdrivende Fond, member of the Board of 3C Retail A/S and Managing Director of List Holding ApS.

Committees: Audit Committee.

Independence: Independent in relation to the company and its principal shareholder.

Shareholding: 93,398 shares.

Board of Directors



Gustaf Martin-Löf

Member of the Board of Synsam Group since 2014.

BA. (Hons) in International Business Studies, European Business School in London, UK.

Born 1977

Work experience: Former Chairman of the Board of Etraveli Group Holding AB, Ahlsell Förvaltning AB and Flugo Company AB.

Other significant appointments: Chairman of the Board of Flugo Group Holdings AB and Cary Group Holding AB, member of the Board of Ahlsell AB (publ).

Committees: Audit Committee.

Independence: Independent in relation to the company but not in relation to the principal shareholder.

Shareholding: None.



Christoffer Sjøqvist

Member of the Board of Synsam Group since 2014.

B.Sc. in Management, London School of Economics and Political Science, England.

Born 1976

Work experience: Warburg Pincus, Lazard Private Equity and Goldman Sachs.

Other significant appointments: Member of the Board of Alvogen Lux Holdings S. à r.l., STARK Group ApS and Twoday Holding Denmark Aps, Branch manager for CVC Denmark, branch of CVC Advisers International S.à.r.l., Luxembourg.

Committees: Remuneration Committee.

Independence: Independent in relation to the company but not in relation to the principal shareholder.

Shareholding: None.



Philip Røpcke

Member of the Board of Synsam Group since 2020.

MBA in Financial Econometrics, University of Aarhus, Denmark.

Born 1984

Work experience: Director of CVC Denmark, a branch of CVC Advisers International S.à r.l., Luxembourg.

Other significant appointments: Member of the Board of STARK Group ApS.

Independence: Independent in relation to the company but not in relation to the principal shareholder.

Shareholding: None.

Group management



Håkan Lundstedt

President and CEO and member of the Board of Synsam Group since 2015.

For further information, see presentation under Board of Directors.



Martin Daniels

Chief Innovation Officer since 2017 and Deputy CEO of Synsam Group since 2022 (employed since 2014).

Born: 1980

Education: M.Sc. in Information Technology, Royal Institute of Technology, Sweden. M.Sc. in Business Administration and Economics, Stockholm School of Economics, Stockholm, Sweden.

Work experience: Principal at Boston Consulting Group in New York and Stockholm.

Shareholding: 324,258 shares.



Krister Duwe

Managing Director Sweden since 2016 and COO of Synsam Group since 2022.

Born: 1969

Education: Executive Master in Strategy from M-gruppen and has completed further studies in Management Strategy, Finance and Leadership at PEAK HSE Executive Education in Helsinki, Shanghai and Amsterdam and training in leadership at MiL Institute Lund, Sweden.

Work experience: CEO of Mekonomen Sverige AB, Managing Director of MECA Sweden AB and BilXtra Sweden AB.

Shareholding: 446,001 shares.



Hanna Ekstrand

Managing Director Recycling Outlet Synsam Group since 2021 (employed since 2018).

Born: 1982

Education: M.Sc. in Business and Economics, Linköping University, Sweden. IHM Business School, Sweden.

Work experience: Head of Sales B2B at Synsam Sweden. Chief Marketing Officer at Mekonomen Group. Member of the Board of Telge Tillväxt.

Shareholding: 78,952 shares held directly and indirectly by related parties (of which 56,431 shares relate to own holdings and 22,521 shares relate to holdings of a related legal entity).



Jimmy Engström

Chief Commercial Officer since 2022 (employed since 2015).

Born: 1984

Education: M.Sc. in Business Administration and Economics, Stockholm School of Economics, Stockholm, Sweden.

Work experience: Manager at OPX Partners and consultant at Boston Consulting Group.

Shareholding: 124,531 shares.



Jenny Fridh

Chief Communications and Sustainability Officer since 2019.

Born: 1972

Education: BA. Linköping University, Sweden.

Work experience: Group Director Communications and Sustainability for Scandi Standard AB (publ), Head of Communications for Kronfågel AB and Scandi Standard AB (publ).

Shareholding: 4,693 shares held directly and indirectly by related parties (of which 4,573 shares relate to own holdings and 120 shares relate to holdings of a related natural person).

Group management



Per Hedblom

Chief Financial Officer since 2017.

Born: 1967

Education: M.Sc. in Industrial Engineering and Management, Chalmers University of Technology, Sweden. MBA, INSEAD, France.

Work experience: CFO of Mekonomen AB, Partner Centigo, Associate Director of Arkwright and consultant for Accenture and Business Sweden.

Shareholding: 37,901 shares.



Ingrid Holm

Head of Marketing in Norway since 2017 and Head of Marketing, People & HR in Norway and Head of Education at Synsam Group since 2022.

Born: 1986

Education: MA, Goldsmiths College, University of London, England. BA, University of the Arts London, England.

Work experience: Digital Marketing Manager for Varier Furniture AS.

Shareholding: 29,301 shares.



Tina Høyer Gaardsholt

Managing Director Denmark since 2017.

Born: 1977

Education: Degree in Economics, Niels Brock Copenhagen Business College, Denmark. Training in Business Coaching, Acuity World, Denmark.

Work experience: Head of Sales Nordic for Bang & Olufsen A/S and Retail Director for Telia Denmark.

Shareholding: 43,289 shares.



Marina Kerekliou

Creative Director since 2017 (employed since 2016).

Born: 1970

Education: BA, in Fashion Design, Beckmans School of Design, Sweden.

Work experience: Member of the Board of Marina Kerekliou AB. Fashion stylist for 20 years. Creative Director and clothing designer for the clothing brand BUSNEL between 2011 and 2015.

Shareholding: 124,531 shares.



Jesper Koefoed

Procurement Director since 2010.

Born: 1968

Education: Higher Commercial Examination (HHX), Lyngby Business School, Denmark. Mini MBA, Probana Business School, Denmark.

Work experience: CEO of Optical Fashion Group A/S, Vice President of Filtenborg and Product Manager for Profil Optik.

Shareholding: 130,757 shares held directly and indirectly by related parties (of which 87,171 shares relate to own holdings and 43,586 shares relate to holdings of a related natural person).



Malcolm Lidbeck

Chief Business Officer since 2017 (employed since 2015).

Born: 1963

Education: LL. M. Stockholm University, Sweden.

Work experience: Attorney at Mannheimer Swartling, CEO of J Lindeberg, Chairman of the Board of ACNE Group, and member of the Board of Filippa K Group AB.

Shareholding: 189,796 shares.

Group management



Vesa Mars

Managing Director Finland since 2012.

Born: 1961

Education: M.Sc. in Economics and Marketing, Turku School of Economics and Business Administration, Finland.

Work experience: Managing Director of SF Optical Holding Oy Ab (franchise to Symsam Group in Finland), Managing Director for Digi TV Plus, Managing Director for A-Lehdet Oy, Country Manager for Telia Finland.

Shareholding: 228,154 shares.



Olav Torgersen

Chief Optical Officer since 2018 (employed since 2011).

Born: 1972

Education: Degree in optometry, University of South-Eastern Norway, Norway.

Work experience: Store Manager for Synoptik, Head of Sales for Rodenstock Norway, founder of Synsrådgivning AS and optician at Krogh Optik.

Shareholding: 12,454 shares.



Susanne Westford

Chief Marketing and People & HR Officer since 2023 (employed since 2015).

Born: 1972

Education: B.Sc., Marketing, Business and Economics, Uppsala University, Sweden. M.Sc., Business Law, Lund University, Sweden.

Work experience: Nordic Marketing & Communication Director for Thling Group in London, Nordic Marketing & Communication Manager for Turner Broadcasting, Eurosport (TF1) and Envirotainer (EMEA).

Shareholding: 152,696 shares.

Changes in Group management

In the first quarter of 2023, Michael Grimborg left the Group management. During the first quarter of 2022, Andreas Sjöharald, Heba El Sheemy and Trond Gudbrandsen left the Group management, and in the second quarter of 2022 Henrik Persson left Group management. Hanna Ekstrand, Managing Director of Recycling Outlet, became a new member of the Group management in the first quarter of 2022.

Consolidated statement of income and other comprehensive income

Amounts in SEK million	Note	2022	2021
Net sales	3	5,277	4,669
Other operating income	3	72	59
Total revenue		5,349	4,728
Goods for resale		-1,279	-1,088
Other external expenses	4, 15	-667	-629
Personnel costs	5	-2,186	-1,823
Depreciation and amortisation of tangible and intangible assets and right-of-use assets	9, 10, 11, 12	-665	-555
Operating expenses		-4,797	-4,094
Operating profit/loss (EBIT)		552	633
Financial income	6	184	147
Financial expenses	6	-322	-618
Net financial items		-137	-470
Profit before tax		415	163
Income tax	7, 13	-87	-112
Profit for the year		328	51
Other comprehensive income			
<i>Items reclassified or available for reclassification to profit or loss for the year</i>			
Translation differences for the year, foreign subsidiaries		75	7
Comprehensive income for the year		402	57
Profit for the year attributable to Parent Company shareholders		328	51
Comprehensive income for the year attributable to Parent Company shareholders		402	57
Earnings per share	21		
Before and after dilution (SEK)		2.19	0.60

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	9, 10		
Goodwill		2,627	2,536
Trademarks		1,555	1,507
Customer relations		436	525
Software and licences		94	97
Total intangible assets		4,712	4,665
Tangible assets	11		
Tangible assets		699	515
Total tangible assets		699	515
Right-of-use assets	12		
Right-of-use assets		878	684
Total right-of-use assets		878	684
Financial assets			
Other financial assets		27	23
Total financial assets		27	23
Deferred tax assets	13	60	61
Total non-current assets		6,375	5,948
Current assets			
Inventories	14	597	451
Current receivables			
Accounts receivable	15	414	308
Other receivables		47	35
Prepaid expenses and accrued income	16	142	107
Total current receivables		603	449
Cash and cash equivalents	17, 18, 19	444	755
Total current assets		1,644	1,656
Total assets		8,019	7,603

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	22		
Share capital		1	1
Other paid-in capital		4,306	4,306
Reserves		191	116
Retained earnings including profit/loss for the year		-1,913	-1,944
Equity attributable to Parent Company shareholders		2,584	2,479
Non-current liabilities			
Loans from financial institutions	19	2,488	2,416
Lease liabilities	19	592	443
Other non-current liabilities	19	42	29
Pension obligations	5, 23	5	5
Other provisions	23	1	5
Deferred tax liabilities	13	514	504
Total non-current liabilities		3,641	3,402
Current liabilities			
Lease liabilities	17, 19	317	267
Accounts payable	17	728	703
Current tax liabilities	2, 7	156	210
Other liabilities		225	184
Accrued expenses and deferred income	24	367	359
Total current liabilities		1,794	1,722
Total equity and liabilities		8,019	7,603

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity
Opening equity 1 Jan 2021	1	310	109	-1,994	-1,575
Profit/loss for the year	-	-	-	51	51
Other comprehensive income for the year	-	-	7	-	7
Comprehensive income for the year	-	-	7	51	57
Transactions with shareholders:					
Offsetting issues	0	3,568	-	-	3,568
Non-cash issue	0	428	-	-	428
Total transactions with shareholders	1	3,996	-	-	3,996
Closing equity 31 Dec 2021	1	4,306	116	-1,944	2,479
Opening equity 1 Jan 2022	1	4,306	116	-1,944	2,479
Profit/loss for the year	-	-	-	328	328
Other comprehensive income for the year	-	-	75	-	75
Comprehensive income for the year	-	-	75	328	402
Transactions with shareholders:					
Repurchase of own shares	-	-	-	-47	-47
Share savings programme	-	-	-	5	5
Dividend	-	-	-	-255	-255
Total transactions with shareholders	-	-	-	-297	-297
Closing equity 31 Dec 2022	1	4,306	191	-1,913	2,584

All equity is held by the 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	2022	2021
Operating activities			
Profit before tax		415	163
Adjustments for non-cash items	25	631	826
Income taxes paid		-153	-86
		893	903
Change in operating receivables		20	59
Change in inventories		-148	-60
Change in operating liabilities		-75	78
		-203	76
Cash flow from operating activities		690	980
Investing activities			
Acquisitions of subsidiaries and operations, net of cash and cash equivalents acquired	27	-1	-5
Investments in intangible assets	9	-30	-26
Investments in tangible assets	11	-352	-246
Investments in financial assets		-2	-6
Cash flow from investing activities		-385	-283
Financing activities	25		
Repurchase of own shares		-47	-
Borrowings, external		-	2,392
Repayment of loans from financial institutions		-	-2,901
Repayment of lease liabilities		-328	-271
Dividend		-255	-
Cash flow from financing activities		-631	-780
Cash flow for the year		-326	-83
Cash and cash equivalents at the beginning of the year		755	809
Exchange rate differences in cash and cash equivalents		14	30
Cash and cash equivalents at the end of the year	18	444	755

The accompanying notes are an integral part of these consolidated financial statements.

Parent Company income statement

Amounts in SEK million	Note	2022	2021
Net sales	3	15	69
Operating income		15	69
Other external expenses	4	-11	-83
Personnel costs	5	-25	-2
Depreciation of tangible assets		0	0
Operating expenses		-36	-86
Operating profit/loss		-21	-17
Other interest income and similar profit/loss items	6	0	-
Interest expense and similar profit/loss items	6	-155	-61
Total loss from financial items		-155	-61
Loss after financial items		-177	-78
Appropriations			
Tax allocation reserve		-2	0
Group contribution received		102	54
Loss before tax		-77	-24
Tax on profit/loss for the year	7	-1	-
Loss for the year		-78	-24

Parent Company statement of income and other comprehensive income

Amounts in SEK million	Note	2022	2021
Loss for the year		-78	-24
Comprehensive income for the year		-78	-24

Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Tangible assets			
Tangible assets		0	0
Total tangible assets		0	0
Financial assets			
Participations in Group companies	26	6,927	6,927
Total financial assets		6,927	6,927
Total non-current assets		6,927	6,927
Current assets			
Current receivables			
Receivables from Group companies	17, 20	110	193
Other receivables		0	8
Prepaid expenses and accrued income		1	0
Total current receivables		111	201
Cash and bank balances	17, 18	0	0
Total current assets		111	201
Total assets		7,038	7,128

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
22			
<i>Restricted equity</i>			
Share capital		1	1
<i>Non-restricted equity</i>			
Share premium reserve		–	3,996
Retained earnings		3,981	307
Loss for the year		–78	–24
Total equity		3,904	4,279
Untaxed reserves			
Tax allocation reserve		3	1
Non-current liabilities			
17, 20			
Liabilities to financial institutions		2,488	2,416
Liabilities to Group companies		398	382
Other non-current liabilities		0	0
Total non-current liabilities		2,886	2,798
Current liabilities			
Accounts payable	17	1	20
Liabilities to Group companies	17, 20	213	7
Current tax liabilities		1	1
Other liabilities		14	11
Accrued expenses and deferred income	24	16	11
Total current liabilities		245	50
Total equity and liabilities		7,038	7,128

Parent Company statement of changes in equity

Amounts in SEK million	Restricted equity		Non-restricted equity	
	Share capital	Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity
Opening equity 1 Jan 2021	1	–	307	307
Profit/loss for the year	–	–	-24	-24
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	-24	-24
Transactions with shareholders:				
Offsetting issues	0	3,568	–	3,568
Non-cash issue	0	428	–	428
Total transactions with shareholders	1	3,996	–	3,996
Closing equity 31 Dec 2021	1	3,996	283	4,279
Opening equity 1 Jan 2022	1	3,996	283	4,279
Profit/loss for the year	–	–	-78	-78
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	-78	-78
Transfer according to appropriation of profit	–	-3,996	3,996	–
Transactions with shareholders:				
Repurchase of own shares	–	–	-47	-47
Share savings programme	–	–	5	5
Dividend	–	–	-255	-255
Total transactions with shareholders	–	–	-297	-297
Closing equity 31 Dec 2022	1	–	3,903	3,904

Parent Company cash flow statement

Amounts in SEK million	Note	2022	2021
Operating activities			
Loss after financial items		-177	-78
Adjustments for non-cash items	25	88	52
Income taxes paid		-1	-1
		-89	-28
Change in operating receivables		198	-64
Change in operating liabilities		194	21
Cash flow from changes in working capital		392	-43
Cash flow from operating activities		302	-71
Investing activities			
Capital contributions paid to and new share issues in subsidiaries	26	–	-2,478
Investments in tangible assets		–	0
Cash flow from investing activities		–	-2,478
Financing activities			
Repurchase of own shares		-47	–
Borrowings, external	25	–	2,393
Borrowings from Group companies	25	–	141
Dividend		-255	–
Cash flow from financing activities		-302	2,534
Cash flow for the year		0	-16
Cash and cash equivalents at the beginning of the year		0	16
Exchange rate differences in cash and cash equivalents		–	–
Cash and cash equivalents at the end of the year	18	0	0

Notes for the Parent Company and the Group

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

General information

Synsam AB (publ) and its subsidiaries (jointly the “Group”) are active in the areas of optical retail eye health and conducts operations in local stores in Sweden, Denmark, Norway and Finland as well as through online/omni-channel sales in each of these countries. Stores are operated both as directly owned stores and as franchises, which also exist in Iceland and the Faroe Islands. The stores are operated under the Synsam brand in Sweden, Norway and Finland and under the Profil Optik brand in Denmark and Iceland, except for Synsam Recycling Outlets which are always operated under the Synsam brand. Synsam offers eye examinations, spectacles, sunglasses, sports spectacles, contact lenses and accessories in optical retail as well as spectacles subscriptions and related services under the name Synsam Lifestyle. Synsam offers a mix of well-known external brands as well as House Brands.

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, Stockholm. Synsam AB (publ) is listed on Nasdaq Stockholm and the principal shareholder is Theia Holdings S.à.r.l.

The annual accounts and consolidated financial statements of Synsam AB (publ) (the “Parent Company”) and its subsidiaries (jointly the “Group”) were approved for issue by the Board of Directors on 28 March 2023 and will

be submitted to the Annual General Meeting on 25 April 2023.

Basis for the preparation of the financial reports

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretation Committee 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 to SEK million.

The Parent Company applies the same accounting policies as the Group except as indicated below in the section “Accounting policies of the Parent Company”.

Classification

Non-current assets essentially comprise amounts expected to be recovered or paid after more than 12 months from the balance sheet date, while current assets essentially comprise amounts expected to be recovered or paid within 12 months of the balance sheet date.

Non-current liabilities essentially comprise amounts that the Synsam Group, as of the end of the reporting period, has an unconditional right to choose to pay later than 12 months after the end of the reporting period. If the Synsam Group does not have such a right at the end of the reporting period – or if the liability is held for trading or is expected to be settled within the normal business cycle – the amount of the liability is recognised as a current liability.

Measurement basis

Assets and liabilities are recognised at 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 judgements and estimates as well as assumptions that affect 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 judgements. The estimates and assumptions 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 in which the change is made and future periods if the change affects both the period in question and future periods. The judgements 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 and new accounting policies in 2022

No new standards and interpretations applied by Synsam Group as of 1 January 2022 have had a material impact on the Group’s financial statements.

Change in accounting policies after 1 January 2022

A number of new standards and amendments to interpretations and existing standards are effective for financial years beginning after 1 January 2022. None of these new standards and interpretations are expected to have a material impact on the Group’s financial statements.

Consolidated financial statements

The consolidated financial statements have been prepared using the acquisition method. The acquisition date is the date on which controlling influence is obtained. 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 an influence over the investment to affect the return. In assessing whether a controlling influence exists,

potential vote-conferring shares are taken into consideration, in addition to whether de facto control exists.

Eliminated items

Intra-Group receivables and liabilities, revenue and expenses, and unrealised gains and 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 currencies. The items in these companies' balance sheets are translated into SEK at the closing rate of exchange. Revenue and expenses in foreign operations are translated into SEK at an average exchange rate representing an approximation of the exchange rates in effect on the transaction date concerned. 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, acquired assets and assumed liabilities are identified and measured at fair value on the acquisition date (known as an acquisition analysis). The acquisition analysis also involves assessing whether there are intangible assets 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 of 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 tested annually to identify any need for impairment. Goodwill is recognised at cost less accumulated impairment.

Impairment of goodwill is not reversed. Negative goodwill is recognised directly in profit or loss on the acquisition date. The profit recognised 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.

Revenue from Synsam Lifestyle is recognised after the agreement is entered into in conjunction with the customer receiving the spectacles ordered. A contact lens subscription can also be included in Synsam Lifestyle; this contact lens subscription is treated the same way as other contact lens subscriptions for accounting purposes, as described 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 at the time of 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 revenue as the goods are delivered.

Sale of services

Revenue from eye examinations is recognised when the examination has been completed.

Synsam Lifestyle

Revenue from Synsam Lifestyle is calculated at present value and recognised after the agreement is entered into in conjunction with the customer receiving the spectacles ordered. For Synsam Lifestyle, revenue calculated at present value for the entire contract period is recognised when the customer receives their spectacles. In cases where a customer receives spectacles on multiple occasions, the revenue calculated at present value for the entire contract period is recognised for each pair as the customer receives them.

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 rental agreement (in Sweden, Norway and Finland) or instalment purchase (in Denmark) for spectacles for 24 months or longer, which is recognised as a lease. In Sweden, Norway and Finland, ownership remains with Synsam until such time as the customer chooses to terminate the agreement. In Denmark, ownership is transferred at the time of purchase.

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 16. In Denmark, there is also an older subscription model wherein Profil Optik remains the owner of the spectacles and they are recognised as non-current assets. These assets are depreciated over 24 months and amount to SEK 3 million (4).

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.

Synsam Group comprises four segments: Sweden, Denmark, Norway and Finland. The segments include the sales derived from the various geographic markets, excluding sales that belong to Other and central functions, and the costs directly attributable to these sales. Certain costs are decided at the Group level and are not included in the respective segments, including certain marketing expenses and other central activities and functions, such as the treasury, finance and IT functions. These costs are recognised in 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 also specifically monitored for Synsam Lifestyle. See 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 net of discounts and bonuses received. As of the third quarter of 2022, the item goods for resale in the consolidated income statement also includes smaller amounts for raw materials and consumables as well as changes in inventories of goods and products in progress. The amounts are not recognised separately on the basis of materiality.

Other external expenses

Other external expenses mainly comprise expenses for sales, marketing, administration, rent for premises and bad debt losses. Rent for premises includes only variable costs for premises.

Financial income and expenses

Interest income from Synsam Lifestyle and other interest income are recognised on the date on which the right to receive the remuneration arises. Interest expense with respect to external credit liabilities is 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 income or expenses in operating profit or in net financial items based on the intended use of the derivative instrument and whether 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. During the 2022 financial year, the Group did not hold any interest

derivatives. 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 include 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 on 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 differences arising on initial recognition of assets and liabilities that are not business combinations which, on the transaction date, do not affect either recognised or taxable profit. Deferred tax assets pertaining to temporary differences and loss carryforwards are recognised only insofar as it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer 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 the consolidated statement of income and 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 (or the Parent Company's balance sheet) as estimated tax on the year's taxable income adjusted for tax related 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*, which is an interpretation of IAS 12 Income Taxes, as a current tax liability. See also Note 2 and Note 23.

Accounting for government grants and disclosure of government assistance, IAS 20

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. See Note 8 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 furlough. In cases where furlough grants have

been paid directly to the employee, this is not considered to be government assistance.

Intangible assets

Acquired intangible assets are initially recognised separately at cost. The cost of intangible assets acquired as part of a business combination is 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 being either definite or indefinite.

Customer relations as well as software and licences have a definite useful life, as do 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 are 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 amortisation period or amortisation method, and are treated as a change in estimates and judgements. Amortisation of intangible assets with a definite useful life is recognised in the consolidated statement of income and other comprehensive income.

The following amortisation periods are applied:

- Customer relations 5–15 years
- Software and licences 3–7 years
- Trademarks 15 years or annual impairment testing

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, either

individually or at the level of the cash-generating unit to which the assets belong. An annual assessment is made to determine whether the asset's useful life remains indefinite.

The Group has trademarks that are assessed and handled in various ways. There is one trademark that is more known in a limited market – EyeQ – and more externally established trademarks – Synsam and Profil Optik. EyeQ is estimated to have a useful life of 15 years and is amortised on a straight-line basis. For the other trademarks, 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 non-current assets

Tangible non-current assets are recognised at cost less depreciation and any impairment. The cost includes expenditure directly attributable to 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 on repairs and maintenance is recognised as expenses. Capital gains and capital losses on the divestment of non-current assets are recognised as other operating income and other operating expenses, respectively.

Tangible non-current assets are depreciated systematically over the estimated useful life of the asset.

The following depreciation periods are applied:

- Equipment, tools, fixtures and fittings 3–15 years
- Cost of leasehold improvements 5–15 years

A tangible non-current 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/Parent Company income statement.

Right-of-use assets

Synsam Group applies *IFRS 16 Leases*. This means that Synsam Group in principle recognises all leases in the balance sheet, on the date the leased asset is available for use by the Group. Depreciation of the asset is recognised in EBIT and interest on the lease liability in net financial items. The lease payment is recognised as a payment of interest and as repayment of the lease liability. Cash flows for the repayment of the lease liability are included in financing activities. Payment for the interest component is presented as other interest payments in operating activities. The Group recognises lease liabilities and right-of-use assets on separate rows in the balance sheet.

Most of the Group's right-of-use assets comprise leases for premises linked to store premises. Leases are normally signed for fixed periods of up to three to five years but there may be options for extension, as described below. However, the lease term for the production and innovation centre in Östersund is 15 years. The terms are negotiated separately for each lease, and contain several different conditions. The leases do not include any special terms or conditions that would mean that the leases would be terminated if the terms 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 on which the leased asset is available for use by the Group. Each lease payment is distributed between amortisation of liabilities and financial expenses. Financial 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 leases coincide with the actual remaining contractual lease terms, which in certain cases may be less than 12 months. Leases that pertain to assets other than leases 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 low value are expensed on a straight-line basis 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 indexation).

Right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was originally measured
- any lease payments made on or before the commencement date less any lease incentives received in conjunction with signing the lease
- any initial direct costs, and

- fees for restoring the asset to the condition stated in the terms of the lease.

Certain leases for premises include a component of fixed payments and a component calculated on in-store sales, known as variable payments. The lease liabilities and right-of-use assets calculated above do not include the sales-based component of the rent.

The lease liability is the sum of the present value of all future lease payments, and the right-of-use asset is equal to the lease liability adjusted for prepaid and accrued lease payments. The calculation of the present value is based on an incremental borrowing rate determined by country, maturity and creditworthiness of the respective entity.

Impairment of tangible and intangible non-current assets and right-of-use assets

In the event of an indication that impairment is required, an estimate is made of the recoverable amount of the asset. 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 expenses 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, it is impaired to its recoverable amount. In the assessment of impairment requirement, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets that do not give rise to separate cash flows, such as right-of-use assets, value in use, and hence recoverable amount, is instead determined in total for the cash-generating unit to which the asset belongs. If the estimated recoverable amount is lower than the carrying amount, the asset is impaired to its recoverable amount.

The impairment is recognised in profit or loss in the period in which it has been established.

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 expenses 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 made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, net of 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 represents 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 by the business model for the holdings and the characteristics of the cash flows generated by the assets. The classification determines how the financial 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 financial 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 an 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 an invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights under the contract have been realised, mature or the company loses control of them. The same applies to 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 to 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.

Acquisitions 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 net 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

Like 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. As of 31 December 2022, the Group did not hold any interest derivatives.

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 over 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 most of the receivables have been transferred to an external party. The expected remaining risk of bad debt losses for 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 historical experiences of bad debt losses on similar receivables. When accounts receivable are past due and Synsam judges 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 lower 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 operating activities net of applicable variable selling expenses. As of the third quarter of 2022, the Group's inventories include, in addition to goods for resale, minor amounts pertaining to inventories of finished goods and products in progress as well as raw materials and consumables. The cost of finished goods and products in progress comprises direct material costs, direct salaries and attributable indirect manufacturing costs (based on normal manufacturing capacity).

Cash and cash equivalents

Cash and cash equivalents include cash on hand 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 prevailing on the date of the transaction. The functional currency is the currency of the primary financial environment in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences arising on translation are recognised in net financial items and included in profit or 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 recognised at fair value are translated into the functional currency at the rate prevailing at the time of measurement at fair value.

Employee benefits

Defined contribution pension plans

Defined contribution plans are classified as pension schemes where the company's obligation is limited to the contributions 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 ITP2 exist in Swedish Group companies and are insured through Alecta. See Note 23.

Short-term benefits

Short-term benefits in the Group consist of salary, social security contributions, paid holidays, paid sick leave, medical care and bonuses. Short-term employee 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 earlier time of 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.

Share-based incentive programmes

Synsam has share-based incentive programmes in the form of a share savings programme.

The cost for the programme is recognised based on the fair value per share right at the time of allocation, calculated by an independent third party, and the number of shares expected to be earned. This remuneration is recognised as a personnel cost during the vesting period, with an equivalent increase in equity. To the extent the vesting terms in the programme are connected to market-related performance conditions (total shareholder return, TSR),

these are taken into consideration when calculating the fair value of the share rights. Performance conditions (organic growth and adjusted EBITDA) as well as employment conditions (continued employment) impact personnel costs during the vesting period through changes in the number of shares expected at the end of the programme. At the end of each reporting period, the Group reviews its assessment of the number of shares that are expected to be earned based on the performance conditions and employment conditions.

When shares are allocated, social security contributions are recognised in certain countries for the value of the employee benefit. The Group continuously recognises a liability for social security contributions for this remuneration. The liability is revalued continuously based on the fair value of the share-based remuneration on the balance sheet date accrued over the vesting period.

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 commenced or has been publicly announced. No provision is made for future operating expenses.

Contingent liabilities

Disclosures on contingent liabilities 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 used 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 change for the year 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 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 acquisitions 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 the share capital and associated expenses, the repurchase of own shares, raising loans (excluding increases in lease liabilities related to IFRS 16), repayment of interest-bearing liabilities, cash flow related

to the repayment of lease liabilities under IFRS 16 and dividends to shareholders.

Parent Company accounting and measurement policies

The same accounting and measurement policies are applied in the Parent Company as in the Group, except in those cases indicated below. The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*.

For the Parent Company, an income statement and a statement of other comprehensive income are presented, unlike the Group which has one statement. In addition, the Parent Company uses the terms balance sheet and cash flow statement for the reports which, in the Group, have the titles statement of financial position and statement of cash flows, respectively. The income statement and balance sheet for the Parent Company are prepared in accordance with the stipulations of the Swedish Annual Accounts Act, while the statement of income and other comprehensive income, statement of financial position, statement of changes in equity and cash flow statement are based on *IAS 1 Presentation of financial statements* and *IAS 7 Statement of cash flows, respectively*. The differences between the Parent Company's income statement and balance sheet and the consolidated financial statements are mainly due to the designation of financial income and expenses as interest income and interest expense and the breakdown of equity.

Untaxed reserves

Untaxed reserves are recognised at their gross amount in the balance sheet, including the deferred tax liability attributable to the reserves.

Appropriations

Changes in untaxed reserves are recognised as appropriations in the income statement. Group contributions are recognised as appropriations in the income statement.

Shares and participations in subsidiaries

Participations in subsidiaries are recognised at cost net of any impairment. When there is an indication that the value of participations in subsidiaries has decreased, a calculation of the recoverable amount is made. If this is lower than the carrying amount, an impairment is made. Impairment is recognised in financial expenses in the income statement. Cost includes the purchase consideration paid for the shares and acquisition costs. Any capital contributions are added to the cost as they arise. Dividends from subsidiaries are recognised as revenue.

Leases

The Parent Company recognises all leases, to the extent that they exist, in accordance with RFR 2. In accordance with RFR 2, lease payments are accrued on a straight-line basis over the lease term. IFRS 16 *Leases* is not applied, which means that right-of-use assets and lease liabilities are not recognised in the Parent Company's balance sheet.

NOTE 2 ESTIMATES AND JUDGEMENTS

Significant estimates and judgements

The information in this note affects the areas where there is the greatest risk of future adjustments of carrying amounts and where the impact on liquidity is greatest.

Tax matters

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 2014 and 2015 income tax returns. At the beginning of 2022, a provision corresponding to the reconsideration decision was reserved for a total of SEK 70.0 million, plus penalty interest. In 2022, after a decision from the Swedish Tax Agency, a portion of the provision was reversed, which had a positive earnings effect totalling SEK 16.0 million, of which SEK 15.0 million was recognised as a reduction in costs for tax and SEK 1.0 million was recognised as a reduction in financial expenses. The legal process is ongoing, and Synsam's assessment is that the provision is sufficient to fully cover the dispute and the remaining risk pertains to a possible liquidity flow in the event that the subsidiary loses the tax dispute.

The Group is also a party in a tax dispute in Finland regarding VAT and penalty fees of approximately SEK 4.8 million for the 2015 and 2016 tax years. The Finnish subsidiary appealed the Finnish Tax Administration's decision to the Administrative Court, but the appeal was denied on 9 June 2021. An application for leave to appeal as well as the appeal was then submitted to the Supreme Administrative Court of Finland on 5 August 2021. In November 2022, the Supreme Administrative Court of Finland handed down a judgement, leading the Tax Agency to submit questions to Synsam in December 2022 that the company was asked to answer. Synsam submitted its answers to the Tax Agency in January 2023.

At the beginning of 2022, a provision of SEK 1.9 million was made, including interest on overdue payments. Synsam increased this provision following the judgement from the Supreme Administrative Court in 2022, which led to a negative effect of SEK 1.0 million on earnings.

The Finnish subsidiary has corrected its VAT accounting for the year 2017 and onwards in accordance with the Group's interpretation of the Finnish Tax Authority's new guidelines concerning the matter of VAT audits for the financial years 2015 and 2016. The subsidiary's amendments are in line with the positions adopted by the Finnish Association of Vision and Eyecare (NÅE ry). If the subsidiary were to adjust its VAT reporting for 2015 and the following years according to the tax authority's interpretation of these guidelines, for example due to a disadvantageous outcome in the aforementioned tax dispute in Finland, this could have a negative effect of SEK 7.2 million on the Group's profit or loss.

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 have been made. These are presented in Note 10. As explained in the description in Note 10, 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 the expected lifetime are assessed based on the stability of the customer relationship and the expected return. The calculation is based on the multi-period excess method, where the value is calculated on the basis of expected cash flows from the 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 that are subject to IFRS 16 Leases, which means that they are recognised in the Group's balance sheet as right-of-use assets and lease liabilities respectively. The value of the asset or 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 estimates of extension options and discount rate may result in significant differences in the Group's value of right-of-use assets and lease liability. Additional information about leases can be found in Note 12.

NOTE 3 BREAKDOWN OF NET SALES BY GEOGRAPHICAL MARKETS, OPERATING ACTIVITIES AND SEGMENTS

	Group	
	2022	2021
Breakdown of net sales by operating activities:		
Synsam Lifestyle	2,614	2,136
Other sales of goods and services	2,663	2,533
Total net sales	5,277	4,669
Other revenue is broken down as follows:		
Franchise fee revenue	10	10
Other revenue	62	49
Total other revenue	72	59

The Group's chief operating decision-maker monitors operations in the Group by tracking, among other performance measures, the segments' external net sales, EBITDA and adjusted EBITDA (and EBITDA margin). Segments include the sales derived from the various geographical 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 Group level are not included in the segments Sweden, Denmark, Norway and Finland but are recognised in Other and central functions, which comprises some Group-wide and head office functions, such as the treasury, finance and IT functions. Head office functions are also part of various 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.

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 segments do not comprise material amounts. The Group's inventory supply of spectacle frames, sunglasses and accessories (not spectacle lenses) is largely managed by the central warehouse under Synsam Group One AB, which is not included in the segments. As of the third quarter of 2022, Jämtö frames are manufactured at Synsam Group's production and innovation centre in Östersund. Jämtö products are sold internally to the central warehouse and then on to the stores.

The chief operating decision-maker does not continuously monitor the balance sheet for each segment. Net sales from external customers come from the sale of goods (mainly 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 purchasing. No individual customer accounts for a significant portion of the segment's or Group's net sales.

External net sales for Other and central functions primarily comprise sales in physical Ai stores and Ai online, Synsam Hearing stores, sales of goods from the central warehouse to Synsam's franchise stores and a central component of sales for Synsam Lifestyle.

Parent Company sales are shown in the table below:

	Parent Company	
	2022	2021
Net sales:		
Intra-Group sales	15	69
External sales	–	–
Total net sales	15	69

	Sweden		Denmark		Norway		Finland		Other and central functions		Eliminations		Group	
Segment information	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales, Synsam Lifestyle	1,374	1,120	495	430	507	409	187	121	52	56	–	–	2,614	2,136
Net sales, other	1,160	1,146	598	589	622	611	206	145	77	42	–	–	2,663	2,533
Total net sales	2,534	2,266	1,093	1,018	1,128	1,020	393	266	129	98	–	–	5,277	4,669
Net sales, internal	–	–	–	–	–	–	–	–	1,070	881	-1,070	-881	–	–
Other operating income	12	10	2	2	4	2	0	0	54	45			72	59
Gross profit ¹	1,977	1,792	835	766	848	770	275	185	135	127			4,070	3,640
Gross margin ¹⁾	77.5%	78.6%	76.3%	75.0%	74.8%	75.3%	70.0%	69.4%	62.4%	83.9%			75.8%	76.7%
EBITDA ¹⁾	758	758	277	280	239	274	35	37	-92	-161			1,217	1,189
(of which COVID-19 grants) ²⁾	(11)	(9)	–	(6)	–	(0)	–	–	(0)	(0)			(11)	(15)
Depreciation of tangible assets including right-of-use assets	-226	-188	-90	-79	-105	-95	-69	-35	-29	-20			-519	-416
EBITA ¹⁾	533	570	187	201	134	180	-34	2	-121	-181			698	773
Amortisation of intangible assets	-4	-4	-1	-1	-1	-1	0	0	-139	-134			-146	-140
EBIT	528	567	186	201	133	179	-35	2	-261	-315			552	633
Net financial items													-137	-470
Profit before tax													415	163
Adjusted EBITDA ¹⁾	758	758	277	280	239	274	35	37	-92	-76			1,217	1,274
Depreciation of tangible assets including right-of-use assets	-226	-188	-90	-79	-105	-95	-69	-35	-29	-20			-519	-416
Adjusted EBITA ¹⁾	533	570	187	201	134	180	-34	2	-121	-96			698	858
Items affecting comparability ¹⁾	–	–	–	–	–	–	–	–	–	-85			–	-85
EBITA ¹⁾	533	570	187	201	134	180	-34	2	-121	-181			698	773
Amortisation of intangible assets	-4	-4	-1	-1	-1	-1	0	0	-139	-134			-146	-140
EBIT	528	567	186	201	133	179	-35	2	-261	-315			552	633
Net financial items													-137	-470
Profit before tax													415	163

	Sweden		Denmark		Norway		Finland		Other and central functions		Eliminations		Group	
Segment information	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
EBITDA margin, % ¹⁾	29.8%	33.3%	25.3%	27.5%	21.1%	26.8%	8.9%	14.0%	n/a	n/a			22.8%	25.1%
EBITA margin, % ¹⁾	20.9%	25.1%	17.1%	19.7%	11.8%	17.6%	-8.7%	0.9%	n/a	n/a			13.1%	16.3%
Adjusted EBITDA margin, % ¹⁾	29.8%	33.3%	25.3%	27.5%	21.1%	26.8%	8.9%	14.0%	n/a	n/a			22.8%	26.9%
Adjusted EBITA margin, % ¹⁾	20.9%	25.1%	17.1%	19.7%	11.8%	17.6%	-8.7%	0.9%	n/a	n/a			13.1%	18.1%
Items affecting comparability ¹⁾	-	-	-	-	-	-	-	-	-	85			-	85
Of which:														
IPO preparation expenses									-	85			-	85

1) Relates to alternative performance measures. EBITDA is defined as operating profit before depreciation and amortisation of tangible non-current assets and intangible non-current assets 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 definitions of other alternative performance measures, see the section "Financial definitions" on page 111 and further information in Note 28 and Note 32.

2) For a summary of the payments received in connection with COVID-19, see Note 8 Recognition of government assistance and other temporary effects of COVID-19.

Net sales by geographical market are broken down as follows:

	Group	
	2022	2021
Sweden	2,638	2,344
Denmark	1,095	1,025
Norway	1,145	1,030
Finland	399	270
Total net sales	5,277	4,669

The breakdown of tangible and intangible non-current assets by geographical markets is as follows:

	Group	
	2022	2021
Sweden	2,943	2,823
Denmark	1,763	1,619
Norway	1,275	1,224
Finland	307	199
Total	6,289	5,864

NOTE 4 AUDIT FEES

	Group		Parent Company	
	2022	2021	2022	2021
KPMG				
Audit engagement	6	5	2	1
Tax advice	1	2	0	2
Other engagements	1	7	–	7
Total audit fees	7	15	2	11

Audit engagement 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 and advice or other assistance

occasioned by findings made during such audits or the implementation of other such tasks. Everything else falls under other engagements.

NOTE 5 EMPLOYEES, AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

Average number of employees	Group		Parent Company	
	2022	2021	2022	2021
Sweden total	1,713	1,404	1	1
Of whom women	1,402	1,172	–	–
Denmark total	570	535	–	–
Of whom women	448	426	–	–
Norway total	633	581	–	–
Of whom women	499	463	–	–
Finland total	228	151	–	–
Of whom women	191	123	–	–
Total	3,145	2,671	1	1
Of whom women	2,539	2,184	–	–

Salaries, remuneration, social security contributions and pension expenses	Group		Parent Company ¹⁾	
	2022	2021	2022	2021
Salaries and remuneration to Board and CEO	18	18	18	2
Salaries and remuneration to other employees	1,578	1,312	–	–
Statutory and contractual social security contributions	299	249	5	0
Pension expenses, defined contribution plans for Board and CEO	3	3	3	–
Pension expenses, defined contribution plans for other employees	125	95	–	–
Total	2,023	1,677	26	2

1) The CEO's salary, other remuneration and pension expenses were expensed in the preceding year in a different Swedish company in the Group.

Remuneration of Board members and senior executives

Remuneration of Board members

Fees and other remuneration payable to the members of the Board, including the Chairman of the Board, are decided by the Annual General Meeting. The Annual General Meeting held on 26 April 2022 resolved that the total remuneration for the members of the Board for the

period until the next Annual General Meeting would be SEK 1,850,000. SEK 650,000 is to be paid to the Chairman of the Board and SEK 300,000 each to Kenneth Bengtsson, Terje List, Helena Johnson and Ann Hellenius. In addition, SEK 150,000 is to be paid to the Chair of the Audit Committee and SEK 100,000 each to the other members of the Audit Committee. A further SEK 100,000 is to be paid to the Chairman of the Remuneration Committee

and SEK 50,000 each to the other members of the Remuneration Committee. Gustaf Martin-Löf, Philip Røpcke and Christoffer Sjøqvist have declined remuneration for their membership of the Board, the Audit Committee and the Remuneration Committee.

The members of the company's Board are not entitled to any benefits when they resign as Board members.

Remuneration of the CEO and other senior executives

Remuneration to senior executives is to be market-based in order to ensure Synsam's ability to recruit and retain competent executive management. The remuneration is to be based on the individual's skills, responsibilities and performance and be paid in accordance with the guidelines for remuneration to the CEO and senior executives adopted by the Annual General Meeting on 30 March 2021.

The remuneration of the company's senior executives consists of fixed salary, variable remuneration based on annual performance-based targets, the long-term incentive programme (LTIP) and other benefits such as non-monetary benefits, pension and insurance.

Matters regarding remuneration of management are resolved by the Board's Remuneration Committee. Remuneration of the CEO is decided on by the Board in its entirety. However, long-term share-based incentive programmes are resolved by the Annual General Meeting.

Fixed salary

Fixed salary forms the basis of the total remuneration. Fixed salary is to be based on the skills, responsibilities and performance of the member of Group management and is to be competitive with prevailing market standards. Fixed salary is to be reviewed annually by the Remuneration Committee.

Principles for variable remuneration

Variable remuneration is mainly based on the Group's financial performance for each year. Variable remuneration is to be based on pre-defined individual and Group-wide targets, and may, for example, be a combination of sales growth, profitability, cash flow and activity targets. The targets are to be set annually by the Remuneration Committee on the basis of the company's business strategy and the long-term business plan approved by the Board of Directors. These targets are to be set and documented annually. Variable remuneration is also to be designed to further align the interests of the executive and the company's shareholders in order to contribute to the long-term interests of the company. Variable remuneration paid in cash is not to exceed 100 percent of fixed salary. The company does not have any deferral periods or the ability to limit or waive variable compensation that has been vested. Furthermore, the company has no right to claw back variable remuneration under the agreement.

The general meeting of shareholders may resolve that variable remuneration may be paid in the form of long-term share-based incentive programmes.

Other benefits

Other benefits, such as non-monetary benefits, pension, insurance and, where applicable, a company car, may be offered in accordance with customary rules and market standards in the country concerned. Pensions should be designed to reflect normally accepted levels and practices in the country where the member of Group management is employed. Pension premiums for defined contribution pensions are not to exceed 35 percent of the fixed annual basic salary. For benefits such as a company car allowance and health insurance, the value must not exceed 15 percent of the fixed annual basic salary. These benefits are required not to constitute a significant part of the total remuneration.

Share-based incentive programmes

The 2022 Annual General Meeting resolved to introduce a long-term share-based incentive programme (LTIP 2022) for the company's Group management and other selected key individuals, as per the Board's proposal. The overall purpose of LTIP 2022 is to establish the conditions to recruit and maintain competent staff in the Synsam Group, to increase the motivation of the staff, and to further align the interests of the employees and the company's shareholders. Participation in LTIP 2022 is conditional on the employees making own investments in shares in Synsam on Nasdaq Stockholm and/or the employees already holding shares in Synsam ("investment shares") and the investment shares being allocated to LTIP 2022.

Each participant in LTIP 2022 will receive one performance share right ("Performance Share Right") free of charge that entitles the participant to be allocated a number of shares in Synsam ("Performance Shares") free of charge by Synsam or by a specified third party, provided that the conditions for receiving Performance Shares are met. The vesting period for LTIP 2022 began on the allocation date, which was in June 2022, and extends until the publication of the interim report for 1 January–31 March 2024. Allocation under LTIP 2022 after the end of the vesting period will be determined based on the degree of fulfilment of the performance conditions described below.

Of the total number of Performance Shares that may be allocated:

- 40 percent will depend on organic growth in directly owned stores at the Group level ("Organic Growth") reaching the target level established by the Board for the 2022 and 2023 financial years.
- 40 percent will depend on adjusted EBITDA at the Group level ("Adjusted EBITDA") reaching the target level established by the Board for the 2022 and 2023 financial years.

	Basic salary/Board fees ¹⁾		Variable remuneration ³⁾		Other benefits		Pension expenses		Total	
Senior executives/category	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Peter Törnquist, Chairman of the Board	0.9	0.8							0.9	0.8
Kenneth Bengtsson, Board member	0.4	0.3							0.4	0.3
Ann Hellenius, Board member	0.3	0.3							0.3	0.3
Helena Johnson, Board member	0.3	0.3							0.3	0.3
Terje List, Board member	0.4	0.3							0.4	0.3
Gustaf Martin-Löf, Board member	–	–							–	–
Philip Røpcke, Board member	–	–							–	–
Christoffer Sjøqvist, Board member	–	–							–	–
Håkan Lundstedt, CEO and Board member	8.0	7.8	8.2	8.5	0.2	0.2	2.7	2.7	19.1	19.1
Other senior executives, average 16 (18) ²⁾	31.4	31.8	15.6	21.7	0.9	0.8	6.5	6.6	54.5	61.1
Total	41.7	41.6	23.8	30.2	1.1	1.0	9.3	9.3	75.8	82.1

1) 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. Board fees include fees for members of the Board's committees.

2) Other senior executives refers to the 15 (18) persons who, together with the CEO, make up Group management. Remuneration of individuals in Group management is included in the table above from the month in which they were first included in the group until they leave the Group. Group management, including the CEO, comprised 16 people at year-end and an average of 17 during the year. For a presentation of Group management and changes to its composition, refer to pages 62–64.

3) Bonuses to the President and CEO and other senior executives include costs for the long-term share-based incentive programmes (LTIP)

– 20 percent will depend on the relative total return ("TSR") during the vesting period for Synsam's shareholders compared with the corresponding TSR for shareholders in other companies included in a group predetermined by the Board.

The Board has established a minimum level and maximum level during the measurement period, and the outcome will be measured according to a linear scale. The outcome for each category of performance conditions will be determined individually, which entails that the minimum levels for allocation in all categories of performance conditions will need to be fulfilled for the allocation of Performance Shares to take place.

In accordance with the conditions, Synsam's Group management and other key individuals in the Group (a total of 76 individuals) purchased or already held 83,400 shares. LTIP 2022 may encompass a maximum of 945,000 Performance Shares in Synsam. To ensure delivery of shares under LTIP 2022, the company repurchased 548,483 and 396,517 shares during the periods 7–14 October and 17–28 November 2022, respectively, corresponding to a total of 945,000 shares for a total price of SEK 47 million. Given that the total number of shares in Synsam is 150,000,000, this corresponds to 0.63 percent of the total number of shares. The cost for the programme, excluding social security contributions, is recognised based on the fair value per share right at the time of allocation (SEK 59.60) and

the calculated number of shares expected to be earned. The total cost for the year amounted to SEK 6 million, of which social security contributions accounted for SEK 1 million.

There are currently no other share-based incentive programmes.

Period of notice and remuneration after termination of employment

The Group applies a maximum notice period of twelve months. In case of termination by the employee, a period of notice of six months applies. No severance pay will be payable in any case.

Deviations from the guidelines for remuneration

The Board 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 programme for variable cash remuneration (bonuses) for Group management. According to the terms of the programme, 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 programme 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 Group management. According to the Board's 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 therefore decided that each member of 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 has not reduced or clawed back any remuneration paid in 2022.

	Group		Parent Company	
	2022	2021	2022	2021
Gender distribution in senior management on the balance sheet date				
Men	10	13	1	1
Women	6	6	–	–
Total	16	19	1	1

	Group		Parent Company	
	2022	2021	2022	2021
Number of Board members on the balance sheet date				
Men	7	7	7	7
Women	2	2	2	2
Total	9	9	9	9

NOTE 6 FINANCIAL INCOME AND EXPENSES

Financial income from assets recognised at amortised cost

	Group		Parent Company	
	2022	2021	2022	2021
Exchange gains ¹⁾	38	49	–	–
Interest income leases/Synsam Lifestyle	135	96	–	–
Interest income, financial institutions	–	–	–	–
Interest income, other external	11	2	0	–
Sub-total financial income	184	147	0	–

Financial income and expenses attributable to financial liabilities measured at fair value through profit or loss

	Group		Parent Company	
	2022	2021	2022	2021
Fair value changes, derivative instruments	–	1	–	–
Sub-total financial income	–	1	–	–
Total financial income	184	147	0	–

Financial expenses from financial liabilities measured at amortised cost

	Group		Parent Company	
	2022	2021	2022	2021
Exchange losses ¹⁾	–	–	-73	-38
Interest expenses, financial institutions	-68	-110	-59	-8
Interest expenses, shareholder loans	–	-307	–	–
Other interest expenses, intra-Group	–	–	-9	-13
Interest expenses, IFRS 16 Leases	-34	-35	–	–
Other financial expenses ²⁾	-220	-165	-14	-2
Sub-total financial expenses	-322	-618	-155	-61
Total financial expenses	-322	-618	-155	-61
Total net financial items	-137	-470	-155	-61

1) The Group's exchange differences pertaining to accounts receivable and accounts payable are recognised in net financial items and amounted to SEK 9 million (0) in 2022.

2) This item includes the Group's credit costs related to Synsam Lifestyle of SEK 206 million (148).

NOTE 7 TAXES

Group	Group		Parent Company	
	2022	2021	2022	2021
Current tax	-90	-118	-1	-
Deferred tax	3	6	-	-
Tax on profit/loss for the year	-87	-112	-1	-
Recognised profit/loss before tax	415	163	-77	-24
Tax recognised in profit/loss for the year				
Tax at the current rate in Sweden	-85	-34	16	5
Effect of different tax rates in foreign subsidiaries	-3	-2	-	-
Tax effect of non-deductible expenses and non-taxable income ¹⁾	-9	-78	-17	0
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-5	0	-	-
Utilisation of loss carryforwards, not previously capitalised	0	0	-	-
Restatement of deferred tax – change of tax rate in Sweden and Norway	0	0	-	-
Tax effect attributable to previous year's taxation ²⁾	15	0	0	-
Other	2	1	-	-5
Total tax recognised in profit or loss for the year	-87	-112	-1	-

1) For the Parent Company, this mainly comprises the effect of interest expense distributed within the Group in accordance with interest deduction limitation rules.

2) A reversed provision for a tax dispute had a positive earnings effect of SEK 15 million related to taxes and SEK 1 million related to financial expenses in 2022.

For further information, refer to Note 2.

Current tax in Sweden is calculated at 20.6 percent (20.6). When the corporate tax rate in Sweden was reduced as of 1 January 2019, deduction limits for interest expenses linked to 'EBITDA for tax' were introduced at the same time.

NOTE 8 RECOGNITION OF GOVERNMENT ASSISTANCE AND OTHER TEMPORARY EFFECTS OF COVID-19

IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* allows Synsam Group to recognise government payments against the corresponding costs. Government assistance differs in the different countries where Synsam operates, and it can be mentioned as an example that in Norway, furlough payments are made directly to the employee and not to Synsam, and the amounts are therefore not included below.

In respect of IFRS 16 *Leases*, the EU has adopted relief rules that allow for COVID-19 related rent reductions received directly from the lessor to be recognised in the income statement in the period to which the rent reduction relates. Accordingly, right-of-use assets and lease liabilities are not affected.

Temporary rent relief, which is not covered by government assistance, and government assistance received are recognised in the consolidated income statement as a reduction in expenses. In some cases, government assistance also includes reimbursement of depreciation and amortisation, including amortisation of goodwill locally in Denmark, and where there are no corresponding goodwill amortisation costs in the Group, these are recognised under Other operating income.

No government assistance related to COVID-19 has been received since the third quarter of 2022.

Group	Effect on earnings in respect of temporary rent relief		Effect of government assistance, IAS 20, on the income statement	
	2022	2021	2022	2021
Net sales	-	-	-	-
Other operating income	-	-	-	-
Total revenue	-	-	-	-
Goods for resale	-	-	-	-
Other external expenses	-	1	-	0
Personnel costs	-	-	11	15
EBITDA¹⁾	-	1	11	15
Amortisation and depreciation of intangible and tangible non-current assets	-	-	-	-
EBIT	-	1	11	15
Financial income	-	-	-	-
Financial expenses	-	-	-	-2
Profit before tax	-	1	11	13

1) EBITDA is an alternative performance measure (APM), see the section "Financial definitions" on page 111 and in Note 32. For the breakdown of government assistance at EBITDA level by segment, see Note 3.

NOTE 9 INTANGIBLE NON-CURRENT ASSETS

	Goodwill		Trademarks		Customer relations		Software and licences		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cost at the beginning of the year	2,536	2,477	1,549	1,512	1,304	1,273	250	225	5,639	5,486
Investments	–	–	–	–	–	–	30	26	30	26
Business combinations	–	14	–	–	0	4	–	–	0	19
Translation differences	91	45	55	37	49	27	1	0	196	110
Cost at the end of the year	2,627	2,536	1,604	1,549	1,354	1,304	281	250	5,866	5,639
Amortisation at the beginning of the year	–	–	–42	–35	–779	–660	–154	–124	–974	–819
Amortisation for the year	–	–	–6	–5	–107	–104	–33	–30	–146	–140
Translation differences	–	–	–2	–1	–31	–15	–1	0	–34	–16
Amortisation at the end of the year	–	–	–49	–42	–918	–779	–187	–154	–1,154	–974
Carrying amount	2,627	2,536	1,555	1,507	436	525	94	97	4,712	4,665

“Software and licences” includes internally generated own work, which at the end of the year had a carrying amount of SEK 51 million (39).

The remaining amortisation period for customer relations that rose when originally acquired is 4.5 years.

The Parent Company does not own any intangible non-current assets.

NOTE 10 IMPAIRMENT TESTING OF INTANGIBLE ASSETS

The Group conducts impairment testing for goodwill and trademarks with indefinite useful lives. The recoverable amounts for cash-generating units have been determined by estimating value in use.

All intangible assets except goodwill and trademarks with an indefinite period of use are amortised on an ongoing basis. 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 been based in 2022, as in previous years, on a five-year present value computed cash flow statement per cash-generating unit. For calculation of value in use, lease payments are treated as cash flow 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 three years were based on a budget approved by the Board, with anticipated average annual growth of approximately 15 percent but with variation between the years. For the last two years, the calculation is based on a preliminary business plan. In order to extrapolate earnings performance beyond the planning horizon, a growth rate of 2.5 percent has been used for 2028 and onwards. The growth rate of 2.5 percent is based on management's combined assessment.

The sales trend is projected on the basis of the Synsam executive management's assessment of capacity to generate growth based on estimated market development, the competitive situation and the Synsam Group's own growth-driving initiatives. An assessment of future gross margin is made based on product mix and estimated competitive situation. Costs in other respects are estimated mainly to follow the trend in sales, but some operational leverage is taken into account. Investments in tangible and intangible non-current assets are estimated on the basis of what Synsam Group needs to invest 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 7.96 percent (7.60) for Sweden, 8.30 percent (7.07) for Denmark, 8.69 percent (8.94) for Norway and 8.08 percent (6.99) for Finland, has been used, depending on the interest rate levels and other circumstances in the various countries, corresponding to a WACC range of 9.4 to 10.4 percent in WACC before tax (8.4 to 10.8).

2022 testing has shown that there is no impairment requirement, and no reasonable changes in assumptions would lead to an impairment requirement.

Trademarks

The "Synsam" and "Profil Optik" trademarks are calculated as having an indefinite period of use and are tested for impairment annually. The trademark "Profil Optik" is only used in Denmark and is therefore tested for impairment only for Denmark, while "Synsam" is tested for impairment for Denmark, Sweden and Norway. No portion of the trademark is attributable to Finland.

	Group	
	2022	2021
Sweden	620	620
Denmark	491	451
Norway	408	395
Finland	–	–
Total	1,519	1,467

Goodwill

The Group's goodwill has arisen in connection with business combinations and store acquisitions. Most of this goodwill has arisen in connection with the acquisition of the Synsam Nordic A/S Group.

Goodwill is allocated 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

Carrying amounts relating to trademarks with indefinite periods of use broken down by cash-generating unit. Changes in value during the year have been impacted by changes in exchange rates.

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 2,627 million (2,536). Changes for the year have been impacted by exchange differences.

	Group	
	2022	2021
Sweden	1,235	1,235
Denmark	910	837
Norway	424	411
Finland	58	53
Total	2,627	2,536

NOTE 11 TANGIBLE NON-CURRENT ASSETS

	Cost of leasehold improvement		Equipment		Total	
	2022	2021	2022	2021	2022	2021
Cost at the beginning of the year	576	497	1,114	919	1,690	1,416
Investments	155	70	197	176	352	246
Business combinations	–	0	0	–	0	–
Disposals and retirements	-1	-4	-2	-4	-3	-8
Translation differences	27	13	46	23	73	36
At the end of the year	757	576	1,356	1,114	2,113	1,690
Amortisation at the beginning of the year	-371	-310	-804	-712	-1,175	-1,022
Depreciation for the year	-80	-58	-106	-78	-186	-136
Disposals and retirements	1	4	2	4	3	8
Translation differences	-18	-8	-38	-17	-56	-25
At the end of the year	-468	-371	-946	-804	-1,414	-1,175
Carrying amount at the end of the year	289	205	410	310	699	515

NOTE 12 RIGHT-OF-USE ASSETS

	Leases for premises		Tangible non-current assets, leases		Total right-of-use assets	
	2022	2021	2022	2021	2022	2021
Carrying amount at the beginning of the year	668	486	17	25	684	511
Additional right-of-use assets	497	436	7	4	504	439
Depreciation for the year	-322	-268	-11	-12	-333	-280
Translation differences	22	14	0	0	22	15
Carrying amount at the end of the year	865	668	13	17	878	684

Most of the Group's right-of-use assets comprise leases for premises linked to store premises.

Tangible non-current assets refer to lease assets that are rented and mainly comprise vehicles and optical equipment.

Lease liabilities are disclosed in the balance sheet. For information on the maturity structure of lease liabilities, see Note 19 Financial risks.

	Group	
Amounts recognised in the consolidated income statement	2022	2021
Depreciation of right-of-use assets	-333	-280
Interest expense for lease liability	-34	-35
Costs attributable to short-term leases	-	-
Costs attributable to low-value leases	-1	-1
Costs attributable to variable lease expenses not included in the measurement of the lease liability	-30	-31
Total	-398	-347

The total cash outflow for leases in 2022 was approximately SEK 390 million (approximately SEK 340 million).

Some of the Group's leases for premises include turnover-based rent. The Group anticipates that the split between turnover-based rent and fixed rent will not change significantly in the next few years. An increase in sales may therefore increase the Group's variable costs by a corresponding percentage. The variable lease payments are linked to sales for some stores and may have a major impact on the individual store's rental costs, but are not considered to have a material impact on the Group's costs as a whole.

In spring 2022, Synsam took over the premises for its production and innovation centre in Östersund. The lease extends for 15 years and, from the closing date, the present value of future rent obligations will be recognised in the consolidated balance sheet as lease liabilities and corresponding right-of-use assets. On 31 December 2022, lease liabilities and right-of-use assets for the production and innovation centre in Östersund amounted to SEK 62 million.

The Parent Company has only entered into leases of low value.

NOTE 13 DEFERRED TAX

	Group				
	Opening balance	Business combinations	Recognised in profit/loss for the year	Other/Exchange rate change	Closing balance
2022					
Deferred tax asset					
Non-current assets	35	-	0	1	36
Other	26	-	-2	0	24
Total deferred tax asset	61	-	-2	1	60
Deferred tax liabilities					
Non-current assets	-504	-	5	-15	-514
Total deferred tax liabilities	-504	-	5	-15	-514

	Group				
	Opening balance	Business combinations	Recognised in profit/loss for the year	Other/Exchange rate changes	Closing balance
2021					
Deferred tax asset					
Non-current assets	27	-	7	1	35
Derivative instruments	0	-	0	-	-
Other	25	-	1	0	26
Total deferred tax asset	52	-	8	1	61
Deferred tax liabilities					
Non-current assets	-491	-1	-2	-10	-504
Total deferred tax liabilities	-491	-1	-2	-10	-504

The deferred tax assets and deferred tax liabilities arising as a result of leases entered into are recognised net in the balance sheet provided the conditions for set off have been fulfilled. As of 31 December 2022, deferred tax liabilities attributable to right-of-use assets amounted to SEK 181 million (140) and deferred tax assets attributable to lease liabilities amounted to SEK 188 million (146).

No deferred tax assets have been recognised in respect of companies where the loss carryforwards are not expected to be utilised in the foreseeable future. Non-capitalised deferred tax assets exist in Finland and amount to a total of SEK 78 million (61). Of this amount, SEK 2 million (5) falls due within one year, SEK 24 million (18) between one and five years, and SEK 53 million (38) between six and ten years.

NOTE 14 INVENTORIES

	Group	
	2022	2021
Inventories before impairment	614	463
Impaired inventories	-17	-12
Value of inventories	597	451

As of 31 December 2022, inventories comprised SEK 593 million (451) in goods for resale, SEK 2 million (-) in finished

goods, SEK 1 million (-) in products in progress, and SEK 2 million (-) in raw materials and consumables.

NOTE 15 ACCOUNTS RECEIVABLE

	Group	
	2022	2021
Accounts receivable	431	324
Credit loss reserve	-17	-16
Total accounts receivable	414	308

The carrying amount of accounts receivable corresponds to their fair value as the discounting effect is insignificant. As the Parent Company does not have any external accounts receivable, the tables are shown for the Group only.

	Group			
Age analysis, 2022	Gross	Reserve	Net	Reserve %
Accounts receivable not yet due	190	-	190	0.0%
Past due accounts receivable 1-30 days	86	-	86	0.0%
Past due accounts receivable >= 31-90 days	130	-	130	0.0%
Past due accounts receivable >= 91-180 days	3	-1	3	20.3%
Past due accounts receivable >= 181-360 days	5	-2	3	40.0%
Past due accounts receivable >= 361 days	17	-14	3	79.9%
Total	431	-17	414	3.8%

	Group			
Age analysis, 2021	Gross	Reserve	Net	Reserve %
Accounts receivable not yet due	262	-	262	0.0%
Past due accounts receivable 1-30 days	26	-	26	0.0%
Past due accounts receivable >= 31-90 days	8	-	8	0.0%
Past due accounts receivable >= 91-180 days	5	-1	4	19.9%
Past due accounts receivable >= 181-360 days	8	-3	5	39.9%
Past due accounts receivable >= 361 days	15	-12	3	80.0%
Total	324	-16	308	4.9%

	Group	
Credit loss reserve	2022	2021
Opening balance 1 January	-16	-17
Provision for expected credit losses	-2	-4
Actual losses	2	5
Reversed provisions, payments	1	0
Translation differences	-1	0
Closing balance 31 December	-17	-16
Bad debt losses for the year recognised in "Other external expenses" amounted to	-1	-3

	Group	
Accounts receivable, broken down by currency	2022	2021
SEK	246	164
DKK	43	36
NOK	53	48
EUR	73	60
Other currencies	0	0
Total	414	308

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. An allowance is accordingly made taking into consideration the age distribution and other significant external indicators as and when Synsam becomes aware of them.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	Group	
	2022	2021
Prepaid rents	68	54
Prepaid IT expenses	13	11
Accrued income	36	20
Other items	25	22
Total prepaid expenses and accrued income	142	107

The value of accrued revenue for goods delivered but not invoiced relating to the Symsam Lifestyle subscription is SEK 16 million (15).

The Symsam Lifestyle subscription is recognised as a finance lease where Symsam is the lessor.

NOTE 17 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities include cash and cash equivalents, financial receivables, accounts receivable, accounts payable, lease obligations, derivative instruments, contingent consideration and borrowings.

The Group's holdings of interest derivatives are measured at fair value through profit or loss, and hedge accounting is not applied. As of 31 December 2022, the Group did not hold any interest derivatives.

	Group		Parent Company	
	2022	2021	2022	2021
Receivables measured at amortised cost				
Other financial assets	27	23	–	–
Accounts receivable	414	308	–	–
Receivables for goods delivered but not invoiced	17	15	–	–
Receivables from Group companies	–	–	110	193
Cash and cash equivalents	444	755	0	0
Receivables measured at amortised cost	902	1,101	110	193
Financial receivables, total	902	1,101	110	193

Financial liabilities at fair value through the consolidated income statement

	Group		Parent Company	
	2022	2021	2022	2021
Contingent consideration	3	8	–	–

Financial liabilities at fair value through the consolidated income statement, total

	Group		Parent Company	
	2022	2021	2022	2021
	3	8	–	–

Liabilities measured at amortised cost

	Group		Parent Company	
	2022	2021	2022	2021
Accrued interest	–	–	–	–
Accounts payable	728	703	1	20
Interest-bearing liabilities	2,488	2,416	2,488	2,416
Lease liabilities ¹⁾	909	710	–	–
Liabilities to Group companies	–	–	611	389
Liabilities measured at amortised cost	4,125	3,829	3,099	2,825
Financial liabilities, total	4,129	3,837	3,099	2,825

1) Recognised in accordance with IFRS 16 Leases and not in accordance with IFRS 9 Financial Instruments. Recognised as financial liability.

Assets and liabilities measured at amortised cost consist of a reasonable approximation of fair value as these assets and liabilities have short maturities.

The carrying amount and fair value of 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.

Book value therefore coincides with fair value. The existing bank loans, which were raised in connection with the Group's refinancing during the fourth quarter of 2021, are payable in full upon maturity and run for three and five years, respectively. Determination of fair value takes place according to a fair value 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 determined on the basis of observable (unadjusted) listed prices on an active market for identical assets and liabilities.

Level 2) fair value is determined on the basis of valuation models based on other observable data for the asset or liability than listed prices included in Level 1.

Level 3) fair value is determined on the basis of valuation models where significant input data is based on non-observable data.

The valuation of contingent considerations for business combinations that are financial liabilities is based on Level 3 of the IFRS 13 fair value hierarchy.

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	
	2022	2021
Opening balance	8	–
Additional	–	9
Settled liabilities	–	–
Reversed	-5	-1
Closing balance	3	8

NOTE 18 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2022	2021	2022	2021
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	444	755	0	0
Total according to statement of cash flows	444	755	0	0

NOTE 19 FINANCIAL RISKS

Due to its business activities, investments and financing, the Group is exposed to various financial risks, mainly related to changes in interest rate levels and exchange rates. The Group's financial governance is focused on control 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 how equity is managed and is to be viewed along with the Group's financing. When the Synsam Group was formed in 2014, it was financed through shareholder loans instead of equity contributions. Shareholder loans have been denominated in SEK and NOK. In connection with the company's initial public offering on 29 October 2021, the historical shareholder loans, including accrued interest, totalling SEK 3,996 million have been converted into equity, see further information in Note 20.

Financing is secured through external bank loans. Interest and repayments on bank loans are settled in accordance with agreements. External borrowing is linked to covenants, which cover performance measures related to indebtedness and interest coverage. The Synsam Group is obliged to fulfil these covenants on a quarterly basis.

Synsam Group's financial targets include a net debt to adjusted EBITDA ratio of 2.5x, excluding temporary variances. The financial targets also include the payment of a dividend of 40–60 percent of the net profit for the year. For further information on Synsam Group's financial targets, see page 47.

Financial risks

Responsibility for the Group's financial transactions and risks is regulated centrally, through a financial policy established by the Board of Directors, which is updated at least annually. The Group's CFO and, in some respects, 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 implementing the decisions taken. 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 is the risk of not being able to meet future financing requirements. The Group's sources of financing mainly comprise equity, external loans and cash flows.

The existing bank loans of SEK 2,488 million, which were raised in connection with the Group's refinancing during the fourth quarter of 2021, are payable in full upon maturity and run for three and five years, respectively. Interest is paid quarterly, and the interest rate during the year ranged between 1.5 and 3.6 percent, excluding fees. The average interest rate for 2022 was approximately 2.3 percent. Fixed interest rates are available with a maturity of less than one year.

Unutilised credit lines amounted to SEK 940 million (940) as of 31 December 2022. The assessment is that the Group currently has access to the necessary credit facilities.

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 receivables from the sale of goods and services. Receivables normally fall due with market-based terms of payment, i.e. within 30–60 days. See also Note 15. The Group's outstanding credit is spread over a large number of customers and no single customer accounts for a material share. Cash and cash equivalents are invested 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 can manage the risk of additional costs resulting from interest rate fluctuations (interest rate risk) by controlling the interest rate structure of interest-bearing liability 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, and the interest rate on the loans as of 31 December 2022 was approximately 2.4–3.6 percent, excluding fees. The average interest rate for 2022 was approximately 2.3 percent. Fixed interest rates are available with a maturity of less than one year. The Group did not hold any interest rate swaps as of 31 December 2022.

Sensitivity analysis – interest rate risk

The impact on profit before tax for the net amount interest income and interest expense over the next 12 months of a 1 percentage point rise/fall in interest rates at the balance sheet date is SEK -25 million and SEK +25 million respectively (previous year: SEK -19 million and SEK +0 million respectively), taking into account the existing interest rate floor and given the interest-bearing assets and liabilities existing on the balance sheet date.

Liquidity risk

The Group monitors the liquidity reserve on an ongoing basis by assessing maturity dates for current term assets and liabilities and the impact 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 bank 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 Group's external financing agreements include a revolving credit facility. The facilities are connected with financial undertakings, covenants, which the Group is obliged to achieve on a quarterly basis.

Credit facilities, Group	31 Dec 2022			31 Dec 2021		
	Nominal	Used	Available	Nominal	Used	Available
Revolving facility	1,000	-60	940	1,000	-60	940
Total	1,000	-60	940	1,000	-60	940
Available cash and cash equivalents	444	–	444	755	–	755
Liquidity reserve	1,444	-60	1,384	1,755	-60	1,695

Maturity structures for financial liabilities – undiscounted cash flows

	Group				Total
	Interest rate ¹⁾	Less than 1 year	1–5 years	More than 5 years	
31 Dec 2022					
Liabilities to financial institutions	3.65 – 4.61%	107	2,696	–	2,803
Accounts payable	–	728	–	–	728
Lease obligations ²⁾	3.1 – 5.1%	340	595	64	999
		1,175	3,291	64	4,530

1) The interest rate used has taken into account known changes in the first quarter of 2023.

	Group				Total
	Interest rate	Less than 1 year	1–5 years	More than 5 years	
31 Dec 2021					
Liabilities to financial institutions	1.45 – 1.95%	45	2,587	–	2,632
Accounts payable	–	703	–	–	703
Lease obligations ²⁾	3.5 – 4.1%	295	513	4	811
		1,043	3,100	4	4,147

2) Leases in which the Synsam Group is the lessee and the right-of-use assets linked to the leases mainly pertain to leases for premises linked to store premises as well as optical equipment and vehicles. See also Note 1 and Note 12.

Exchange rate risk

The Group has holdings in foreign operations, the net assets of which are subject to translation exposure. The Group's presentation currency is Swedish kronor.

The Group has business activities in Sweden, Denmark, Norway and Finland, from which the majority of the Group's revenue and expenses are derived. Foreign exchange fluctuations have an impact on translated earnings for business activities in Denmark, Norway and

Finland, as well as the translation of assets and liabilities in the Danish, Norwegian and Finnish subsidiaries.

As the Group has external liabilities denominated in EUR, a certain hedge is in place, but the Group does not otherwise apply currency hedging through financial instruments.

For information on loans from financial institutions broken down by currency, see the table below.

Sensitivity analysis – exchange rate risk

The Group's currency exposure on translation of assets and liabilities in foreign currencies (excluding translation of foreign subsidiaries and net investments in foreign business activities) at the balance sheet date is mainly to EUR. A 10 percent increase (+)/decrease (-) in the exchange rate of the Swedish krona against the EUR would entail a change in profit before tax of SEK +/-80 million (+/-74), mainly as a

result of the translation of loans from financial institutions. The sensitivity analysis is based on all other factors (e.g. interest rate) remaining unchanged. The net amount of foreign currency exposure the accounts receivable and accounts payable of each Group company and trade payables does not represent material amounts and has short terms, and these are therefore not taken into consideration in the above sensitivity analysis.

Loans from financial institutions by currency

	Group	
	2022	2021
SEK	1,710	1,710
EUR	804	739
Loans from financial institutions	2,514	2,449

External net liability

	Group	
	2022	2021
Loans from financial institutions	2,514	2,449
+ Leases	909	710
+ Bank guarantees	16	20
- Capitalised borrowing costs, recognised as a liability	-26	-33
- Cash and cash equivalents	-444	-755
Total external net debt	2,969	2,390

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 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 to the Fund carries interest at an annual rate corresponding to average increase in pay. The interest rate in 2022 varied around approximately 2.1 percent. Employers who have not settled their liability to the Fund by the end of the transition period are to treat this as a non-current liability. Settlement of the liability to the Fund takes place annually by an amount equal to what is paid out from the fund, starting in the summer of 2021.

NOTE 20 TRANSACTIONS WITH RELATED PARTIES**Information on the Parent Company**

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, Stockholm.

The consolidated financial statements consist of the Parent Company and its subsidiaries, jointly referred to as the Group.

For information on the ownership structure of Synsam AB (publ), see the section "The Synsam share" on page 114.

Synsam AB (publ) has a related-party relationship with its subsidiaries. See Note 26 for a specification of subsidiaries. Synsam AB (publ) has also historically had related-party relationships in the form of borrowings from, and capitalised interest to, companies within CVC Capital Partners. Shareholder loans have been denominated in SEK and NOK, but in connection with the company's initial public offering on 29 October 2021, the historical shareholder loans, including accrued interest, totalling SEK 3,996 million, were converted to equity.

Purchases and sales between Group companies

The share of the year's purchases and sales relating to Group companies in the Parent Company is shown below.

Purchases and sales by the Parent Company between Group companies	2022	2021
Purchases (%)	1%	–
Sales (%)	100%	100%

Parent Company receivables from subsidiaries	110	193
Parent Company liabilities to subsidiaries	-611	-389

Group liabilities to related parties	2022	2021
Loan from Theia Holdings S.á.r.l.	–	–
At the beginning of the year	–	-3,629
Capitalised interest	–	-307
Currency translation difference	–	-60
Conversion to equity	–	3,996
At the end of the year	–	–

Other

Separate notes provide disclosures for the Parent Company and the Group regarding

- salaries etc. of the Board of Directors and the CEO, Note 5,
- assets pledged for Group companies, Note 29, and
- contingent liabilities for Group companies, Note 29.

NOTE 21 EARNINGS PER SHARE

	2022	2021
Profit for the year attributable to Parent Company shareholders, SEK million	328	51
Earnings per share, before and after dilution, SEK	2.19	0.60
Average number of shares during the year	149,834,372	85,141,752

The number of shares is 150,000,000 (150,000,000), of which 945,000 shares (–) are held in treasury. There are no issued securities or similar that dilute earnings per share. The calculation above takes place on profit for the year

attributable to Parent Company shareholders. For further information on change in the number of shares during the year, see Note 22.

NOTE 22 TOTAL EQUITY

For a breakdown of changes in equity, see page 67 and page 70 of the consolidated and parent company statement of changes in equity, respectively.

Share capital and number of shares

	Number of shares		Share capital, SEK	
	2022	2021	2022	2021
Opening amount 1 January	150,000,000	37,181,942	1,047,315	500,000
Share split (1.93:1)	–	34,429,778	–	–
Offsetting issue 1	–	39,960,867	–	279,011
Offsetting issue 2	–	29,867,323	–	208,537
Non-cash issue	–	8,560,090	–	59,767
Outstanding at 31 December	150,000,000	150,000,000	1,047,315	1,047,315
Quotient value per share, SEK			0.006982	0.006982

Treasury shares

	2022	2021
Opening amount 1 January	–	–
Purchases during the year ¹⁾	945,000	–
Outstanding at 31 December	945,000	–

1) To ensure delivery of shares under the long-term incentive programme resolved on by the Annual General Meeting (LTIP 2022), the company repurchased 548,483 and 396,517 shares during the periods 7–14 October and 17–28 November 2022, respectively, corresponding to a total of 945,000 shares for a total price of SEK 47 million. Given that the total number of shares in Synsam is 150,000,000, this corresponds to 0.63 percent of the total number of shares.

Number of shares outstanding ¹⁾	2022	2021
Total number of shares	150,000,000	150,000,000
Treasury shares	–945,000	–
Total	149,055,000	150,000,000

1) There was no dilutive effect on the shares as of 31 December 2022 or 31 December 2021.

Synsam's share capital as of 31 December 2022 was SEK 1,047,315, distributed between 150,000,000 shares with a quotient value of SEK 0.006982 per share. Share capital relates to the share capital of the Parent Company. Each share (excluding treasury shares) entitles the holder to one vote at the General Meeting of Shareholders, and all shares carry equal rights to participate in the profit and assets of the company. Each shareholder may vote for all their

shares without restriction, and the shares are not subject to any transfer restrictions. Treasury shares do not carry entitlement to dividends and or voting rights.

Additional paid-in capital in the Group

Additional paid-in capital includes contributions received from shareholders which are not recognised as share capital.

	2022	2021
As of 1 January	4,306	310
Offsetting issue 1	–	1,998
Offsetting issue 2	–	1,570
Non-cash issue	–	428
As of 31 December	4,306	4,306

Translation reserve in the Group

The translation reserve includes all exchange differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. 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.

In the Parent Company, equity is divided into restricted and non-restricted equity. In the Parent Company, restricted equity consists of share capital. The remaining components of equity are non-restricted equity and consist of retained earnings, share premium reserve and unconditional shareholder's contributions. Restricted equity is not permitted to be reduced through the payment of dividend.

NOTE 23 OTHER PROVISIONS AND PENSION OBLIGATIONS

Group 31 Dec 2022	Opening balance	Additional provision	Reclassification ²⁾	Recognised in profit/loss for the year	Provisions paid	Closing balance
Pension obligations	5	–	–	0	–	5
Contingent consideration ¹⁾	5	–	–	-4	–	1
Total provisions	10	–	–	-4	–	5

1) Total liabilities for contingent considerations as of 31 December 2022 amount to SEK 3 million, of which SEK 2 million is recognised as a current liability.

Group 31 Dec 2021	Opening balance	Additional provision	Reclassification ²⁾	Recognised in profit/loss for the year	Provisions paid	Closing balance
Pension obligations	4	–	–	0	–	5
Contingent consideration	–	9	-3	-1	–	5
Total provisions	4	9	-3	0	–	10

2) In 2021, a reclassification of SEK 3 million was made to current liability as it matures within 12 months.

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 2014 and 2015 income tax returns. At the beginning of 2022, a provision corresponding to the reconsideration decision was reserved for a total of SEK 70.0 million, plus penalty interest. In 2022, after a decision from the Swedish Tax Agency, a portion of the provision was reversed, which had a positive earnings effect totalling SEK 16.0 million, of which SEK 15.0 million was recognised as a reduction in costs for tax and SEK 1.0 million was recognised as a reduction in financial expenses. At the end of 2022, the remaining provision plus penalty interest amounted to SEK 60 million. The legal process is ongoing, and Synsam's assessment is that the provision is sufficient to fully cover the dispute and the remaining risk pertains to a possible liquidity flow in the event that the subsidiary loses the tax dispute. For more information, see

Note 2. In accordance with IFRIC 23, the amount is recognised 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. The fair value of pension obligations, including special employer's contributions for pensions, and the fair value of company-owned endowment insurance are recognised in a net amount. The fair value of the Group's endowment insurance at year-end amounts to SEK 8 million (8) and the fair value of the pension obligations, including special payroll tax on pensions and pension obligations in Norway, which are not covered by endowment insurance, amounts to SEK 13 million (13), net SEK 5 million (5).

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 a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP 2 plan financed by insurance in Alecta, this is a multi-employer defined benefit pension plan. For the financial year 2022, 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. The ITP 2 pension plan, which is secured through insurance in Alecta, is accordingly recognised as a defined contribution plan. The contribution for the defined benefit retirement and family pension is calculated individually and depends, among other things, on salary, previous vested pension and expected remaining period of service. Expected fees for the next reporting period for ITP 2 plans underwritten by Alecta total SEK 12 million (13). The Group's share of the total contributions to the plan was 0.06 percent (0.05).

The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not in agreement with IAS 19. The collective consolidation level is normally to be permitted to vary between 125 and 175 percent. Should Alecta's collective consolidation level be below 125% or above 175%, measures are to be taken to create the necessary conditions to ensure that the consolidation level returns to the normal range. 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 reductions in contributions. At the end of 2022, Alecta's surplus in the form of the collective consolidation level was 172 percent (172).

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2022	2021	2022	2021
Accrued interest expense	–	0	–	–
Accrued salaries	40	62	7	1
Accrued holiday pay	182	151	4	3
Accrued social security contributions	45	37	1	1
Advances from customer	43	46	–	–
Other items	52	58	3	6
Deferred income	5	6	1	–
Total accrued expenses and deferred income	367	359	16	11

NOTE 25 ADJUSTMENTS FOR NON-CASH ITEMS AND OTHER ADDITIONAL DISCLOSURES

	Group		Parent Company	
	2022	2021	2022	2021
Depreciation and amortisation	665	555	0	0
Capitalised interest expense	8	324	15	13
Unrealised changes in exchange rates	-42	-50	73	38
Other items	0	-4	-	0
Total non-cash items	631	826	88	52

Supplementary disclosures to the cash flow statement

	Group		Parent Company	
	2022	2021	2022	2021
Interest received	146	98	0	0
Interest paid	-67	-110	-59	-8
Interest paid attributable to IFRS 16 Leases	-34	-35	-	-

Reconciliation of liabilities in financing activities

Group	Cash flow					Non-cash items				
	31 Dec 2021	Borrowings/ repayment	Repayment, leases ²⁾	Recognised lease liabilities ¹⁾	Currency translation	Accrued borrowing costs	Change in fair value	Capitalised interest	Other non- cash changes ³⁾	31 Dec 2022
Financial institutions ¹⁾	2,416	-	-	-	65	7	-	-	-	2,488
Lease liability ²⁾	710	-	-328	504	23	-	-	-	-	909
	3,126	-	-328	504	88	7	-	-	-	3,397

Group	Cash flow					Non-cash items				
	31 Dec 2020	Borrowings/ repayment	Repayment, leases ²⁾	Recognised lease liabilities ²⁾	Currency translation	Accrued borrowing costs	Change in fair value	Capitalised interest	Other non- cash changes ³⁾	31 Dec 2021
Financial institutions ¹⁾	2,896	-508	-	-	16	12	-	-	-	2,416
Shareholder loans	3,629	-	-	-	60	-	-	307	-3,996	-
Derivative interest swap	2	-1	-	-	-	-	-1	-	-	-
Lease liability ²⁾	526	-	-271	436	19	-	-	-	-	710
	7,052	-509	-271	436	95	12	-1	307	-3,996	3,126

1) The item loans from financial institutions includes initial borrowing costs (capitalised fees), and at the end of 2022 these totalled SEK -26 million (-33).

2) Ongoing repayments 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. Increase in lease liabilities due to new/extended leases is not classified as cash flow, hence it is split into two different columns.

3) Relates to the conversion of shareholder loans to equity in connection with the company's IPO.

Parent Company	Cash flow		Non-cash items			
	31 Dec 2021	Borrowings/ repayment	Currency translation	Accrued borrowing costs	Capitalised interest	31 Dec 2022
Liabilities to:						
Financial institutions ¹⁾	2,416	–	65	7	–	2,488
Group companies	382	–	8	–	8	398
	2,798	–	73	7	8	2,886

Parent Company	Cash flow		Non-cash items			
	31 Dec 2020	Borrowings/ repayment	Currency translation	Accrued borrowing costs	Capitalised interest	31 Dec 2021
Liabilities to:						
Financial institutions ¹⁾	–	2,393	22	0	–	2,416
Group companies	213	141	15	–	13	382
	213	2,534	38	0	13	2,798

1) The item loans from financial institutions includes initial borrowing costs (capitalised fees), and at the end of 2022 these totalled SEK -26 million (-33).

NOTE 26 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Participations in Group companies

Company	Corp. ID number	Reg. office	Capital share
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	Taastrup	100%
Synsam Group Denmark A/S	31 05 87 24	Taastrup	100%
Profil Optik A/S	43 48 91 19	Taastrup	100%
Optical Fashion Group A/S	30 06 59 21	Taastrup	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%
Synsam Personal AB	556762-7251	Stockholm	100%
Audionomkliniken Sverige AB	559146-8193	Stockholm	100%
Synsam Group Innovationscenter AB	559272-3018	Stockholm	100%
Synsam Group Finland Oy	2446347 - 2	Helsinki	100%
Wickströms Optik Ab	2212514 - 6	Mariehamn	100%
Theia Management S.A.	B 186.658	Luxembourg	100%

During the financial year, the three wholly owned companies Optikerna i Almhult AB (556715-9222), Leg.Optiker Ingvar Olsson AB (556142-0893) and Käger 1 AB (556543-0179) were merged with Synsam Group Sweden AB.

Parent Company	Corp. ID number	Reg. office	Capital share	Carrying amount
Norske S Holding AS	913 460 642	Oslo	100%	6,927
Theia Management S.A.	B 186.658	Luxembourg	100%	0
				6,927

	Parent Company	
	2022	2021
Participations in subsidiaries		
Opening cost	6,927	453
New issues ¹⁾	–	6,388
Shareholder's contribution	–	86
Closing carrying amount	6,927	6,927

1) For 2021, relates to new issues in connection with the conversion of shareholder loans of SEK 3,996 million and in connection with the refinancing of the Group of SEK 2,392 million.

NOTE 27 BUSINESS COMBINATIONS

2022

During the second quarter of 2022, the Group conducted a minor acquisition of assets and liabilities in Finland in which the operations were incorporated into an existing Synsam store. The purchase consideration was less than SEK 1 million. Monitoring and governance take place only at the new combined level. Taking this into account and the highly limited effect of the acquisition, the acquisition has not been taken into account in the calculation of alternative performance measures such as organic growth.

2021

On 1 March 2021, 100 percent of Audionomkliniken Sverige AB, referred to below as Audionomkliniken, was acquired. The total purchase consideration was SEK 21 million and is divided into a portion determined at the time of acquisition, SEK 13 million, of which amount already settled in cash is SEK 9 million, and a contingent consideration of SEK 9 million. The acquisition analysis shows that acquired surplus values amounted to SEK 18 million and have been

allocated to goodwill, SEK 14 million, and to customer relations, SEK 4 million, net of deferred tax. This goodwill is not expected to be tax deductible.

Acquisition costs have amounted to SEK 0 million. The contingent consideration is divided into two different portions and conditions and has been recognised at probable outcome, one of which also represents the maximum amount under the agreement, and these fall due, if the conditions are met, after 2-3 years from the date of acquisition.

The acquisition is expected to provide Synsam with synergies through the possibility of offering both vision and hearing tests in common facilities. Audionomkliniken is recognised under Other and central functions.

In addition, Theia Management S.A. has been acquired in connection with a phase-out of the previous ownership structure in preparation for the company's IPO. This

resulted in negative goodwill of SEK 4 million, which has been recognised directly in profit and loss.

The impact of the acquisitions on the Group's net sales and earnings has been marginal.

For information on all assets and liabilities acquired in 2022 and 2021, see the table below.

The assets and liabilities of the acquired companies at the dates of acquisition in each case were as follows:

	Group	
	2022	2021
Acquisitions by year		
Tangible assets	0	0
Inventories	0	–
Other current assets	–	11
Cash and cash equivalents and current receivables	–	4
Total assets	0	15
Non-current liabilities	–	0
Current liabilities	–	11
Total equity and liabilities	–	12
Carrying amount of net assets	0	4
Customer relations	0	4
Goodwill	–	14
Deferred tax	–	-1
Negative goodwill	–	-4
Purchase consideration	1	18
Liquidity effect in the Group		
Cash transfers		
Purchase price	-1	-18
Cash and cash equivalents, net, taken over with subsidiaries	–	4
Contingent consideration on acquisition	–	9
Liquidity effect on takeover	-1	-5

NOTE 28 ITEMS AFFECTING COMPARABILITY

In order to improve comparability and clarify development in the underlying business between years, EBITDA and EBITA and their margin excluding items affecting comparability are also presented as adjusted key performance indicators (adjusted EBITDA, adjusted EBITA and their 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, for example, 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. 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.

No adjustments for items affecting comparability were made in 2022. During 2021, preparations for a listing project, an IPO, were ongoing and the costs related to this were treated as an item affecting comparability in 2021, with reference to the non-recurring nature of the majority of the costs.

Items affecting comparability	Group	
	2022	2021
IPO preparation expenses	–	85
Total	–	85
of which Goods for resale	–	–
of which Personnel costs	–	–
of which Other external expenses	–	85

NOTE 29 CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities

The subsidiary Profil Optik A/S might need to pay transitional tax of SEK 17 million (16) if it distributes surplus transferred in a previous corporate transformation. The obligation is not recognised in Profil Optik A/S or the Group as no such transfer is planned to be implemented. The change in amount is attributable to the exchange rate.

In one subsidiary there is an agreement with an external

warehouse keeper for the repurchase of sold goods, spectacle frames. The value was SEK 5 million (5). The obligation is not recognised in the subsidiary or in the Group as repurchase is not considered likely.

Synsam Group Sweden AB has entered into an agreement for annual computer purchases with an external supplier. The obligation amounted to SEK 2 million as of 31 December 2022.

Assets pledged to financial institutions	Group		Parent Company	
	2022	2021	2022	2021
Shares in subsidiaries	5,601	5,123	6,927	6,927
Total	5,601	5,123	6,927	6,927

Synsam AB's (publ) holdings of shares in its subsidiary Norske S Holding AS are pledged for the external borrowing from financial institutions, and there are restrictions on the disposal of holdings.

All assets pledged are pledged as security for external borrowing.

Bank guarantees for contracts concluded	Group		Parent Company	
	2022	2021	2022	2021
Within 1 year	1	0	–	–
Between 1 and 5 years	7	12	–	–
After more than 5 years	7	7	–	–
Total	15	19	–	–

In addition to the above, the Group has issued a bank guarantee to the Norwegian tax authorities. The total amount of the obligation is SEK 17 million (14).

NOTE 30 PROPOSED APPROPRIATION OF PROFIT

Proposed appropriation of profit Parent Company

Amounts below are stated in Swedish kronor

According to the balance sheet of Synsam AB (publ), non-restricted equity is available to the Annual General Meeting as follows.

Retained earnings	3,980,826,392
Loss for the year	-77,775,470
Total	3,903,050,922
The Board of Directors proposes that the profit be appropriated as follows:	
Dividend paid to shareholders (SEK 1.70 per share)	253,393,500
Carried forward to new account	3,649,657,422
Total	3,903,050,922

NOTE 31 EVENTS AFTER THE BALANCE SHEET DATE

Synsam held a capital markets day on 20 January 2023, where the primary message was that Synsam is adhering to its financial targets and investing in innovation and improved efficiency.

In the first quarter of 2023, Michael Grimborg left Group management.

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. Organic growth, like-for-like growth, 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 alternative performance measures. 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 Group's operating profitability. EBITDA and EBITA also provide information about the Group's operating profitability but before the non-cash items of depreciation

and amortisation of tangible and intangible non-current assets with respect to EBITDA and before amortisation of intangible non-current assets with respect to 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 a performance measure that shows the Group's profit in the form of total revenue less costs for goods for resale. Organic growth provides information about the Group's capacity to generate growth through its concepts, excluding acquisitions, currency effects and franchise sales, but including the opening of new stores. Like-for-like growth provides information about the Group's capacity to generate growth in comparable stores. Churn rate, Synsam Lifestyle is an important tool for measuring customer loyalty in the subscription business.

For information on financial definitions and alternative performance measures, see page 111.

	Group			
EBITDA/Adjusted EBITDA and margin, %	2022	%	2021	%
EBIT/EBIT margin, %	552	10.3%	633	13.4%
Amortisation of intangible assets	146	2.7%	140	3.0%
Depreciation of tangible assets	519	9.7%	416	8.8%
(Of which depreciation of right-of-use assets) ¹⁾	333	6.2%	280	5.9%
EBITDA and margin, %	1,217	22.8%	1,189	25.1%
Items affecting comparability ²⁾	–	0.0%	85	1.8%
Adjusted EBITDA and margin, %	1,217	22.8%	1,274	26.9%

	Group			
	2022	%	2021	%
EBITA/Adjusted EBITA and margin, %				
EBIT/EBIT margin, %	552	10.3%	633	13.4%
Amortisation of intangible assets	146	2.7%	140	3.0%
EBITA and margin, %	698	13.1%	773	16.3%
Items affecting comparability ²⁾	–	0.0%	85	1.8%
Adjusted EBITA and margin, %	698	13.1%	858	18.1%

1) See additional information on right-of-use assets in Note 1 and Note 12.

2) For a breakdown of items affecting comparability, refer to Note 28.

	Group	
	2022	2021
Gross profit		
Net sales	5,277	4,669
Other operating income	72	59
Operating income	5,349	4,728
Goods for resale	-1,279	-1,088
Gross profit	4,070	3,640

	Group	
	2022	2021
Gross margin		
Net sales	5,277	4,669
Goods for resale	-1,279	-1,088
Total	3,998	3,581
Gross margin	75.8%	76.7%

Signing of the annual accounts

The Board of Directors and the CEO declare that the annual accounts, including the sustainability report, have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the position and performance of the Parent Company and the Group.

The Directors' Report for the Parent Company and the Group gives a true and fair view of the development of the Parent Company's and the Group's business, position and profit or loss, and of the principal risks and uncertainties that the Parent Company and the companies in the Group face.

The annual accounts and consolidated financial statements were approved by the Board of Directors on 28 March 2023. The consolidated statement of income and other comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be subject to approval at the Annual General Meeting to be held on 25 April 2023.

Stockholm, 28 March 2023

Peter Törnquist
Chairman of the Board

Håkan Lundstedt
CEO, Board member

Kenneth Bengtsson
Board member

Ann Hellenius
Board member

Helena Johnson
Board member

Terje List
Board member

Gustaf Martin-Löf
Board member

Philip Røpcke
Board member

Christoffer Sjöqvist
Board member

Our Auditors' Report was submitted on 28 March 2023
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Synsam AB (publ), corp. id 556946-3358

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Synsam AB (publ) for the year 2022, except for the sustainability report on pages 26-44. The annual accounts and consolidated accounts of the company are included on pages 47-106 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 26-44.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance

sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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 parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill, trademarks and customer relations and parent company's shares in subsidiaries
See disclosure 10 and accounting principles on pages 73-75 and 77 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter Response in the audit

The book value of goodwill, trademarks and customer relations amount to SEK 4,618 million as of 31 December 2022, representing 58% of total assets. Goodwill and trademarks with an indefinite useful life should be subject to an annual impairment test. Other intangible assets are tested when impairment indicators are identified.

Impairment tests are complex and include significant levels of judgments. The calculation of the assets' recoverable amount is based on forecasts and discounted future cash flow projections, which are established with reference to factors such as estimated discount rates, revenue- and profit forecasts and predicted long-term growth that may be influenced by management's assessments.

The parent company's interests in group companies amount to SEK 6,927 million as of 31 December 2022. If the book value of the interests exceeds the equity in the respective group company, an impairment test is performed following the same methodology and using the same assumptions as for the tests in the consolidated accounts. We have obtained and assessed the group's and parent company's impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS.

Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the long-term growth rate and the assumed discount rate, by obtaining and evaluating the group's

written documentation and plans. We have also considered previous years' forecasts in relation to the actual outcome.

An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group's sensitivity analysis.

We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25 and 111-115. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and 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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, 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 annual accounts and consolidated accounts. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and 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, misrepresentations, or the override of internal control.
- Obtain an understanding of the company'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 company's 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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and 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 company's and 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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and 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 company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and 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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Synsam AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with 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 parent company and 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 Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the

requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the

Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Synsam AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Synsam AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared

in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the

Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 26-44, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Synsam AB (publ) by the general meeting of the shareholders on the 26 april 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm 28 March 2023

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

FINANCIAL DEFINITIONS

Gross margin ¹	Net sales less the cost of goods for resale as a percentage of net sales.
Gross profit ¹	Total revenue less the cost of goods for resale.
EBIT margin ¹	EBIT as a percentage of total revenue.
EBITA ¹	EBIT after depreciation of tangible non-current assets, including right-of-use assets, but before amortisation of intangible non-current assets.
Adjusted EBITA ¹	EBITA adjusted for items affecting comparability.
EBITA margin ¹	EBITA as a percentage of total revenue.
EBITDA ¹	EBIT before depreciation of tangible non-current assets, including right-of-use assets, and amortisation of intangible non-current assets.
Adjusted EBITDA ¹	EBITDA adjusted for items affecting comparability.
EBITDA margin ¹	EBITDA as a percentage of operating income.
Equity per share	Equity in relation to the number of shares at the end of the period.
Net debt ¹	Loans from financial institutions plus lease liabilities plus bank guarantees less capitalised borrowing costs less cash and cash equivalents.
Items affecting comparability	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 refer to major items that impact comparability insofar as they do not recur with the same regularity as other items. These items include, for example, 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.

Like-for-like growth ¹	Growth in net sales adjusted for, in the group, the sales of recently opened stores in the current year for the months in which these stores were not open in the preceding year and for currency, franchise stores and acquisitions.
Cash and cash equivalents	Cash and cash equivalents includes cash, cash equivalents and bank deposits.
Organic growth ¹	Organic growth in directly owned stores: Growth in net sales adjusted for the net effect of acquisitions, currency and franchise stores.
Earnings per share	Profit/loss for the period in relation to the 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 number 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.
Equity/assets ratio	Equity as a percentage of total assets.

1) Alternative performance measures

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. For relevant reconciliations of the alternative performance measures that cannot be read directly or derived from the financial statements, see complete reconciliations and detailed calculations in Synsam's year-end report for 2022 on our website <https://www.synsamgroup.com/en/investor-relations/reports-and-presentations/>

COMPANY-SPECIFIC GLOSSARY AND DEFINITIONS

Accumulated number of Lifestyle subscriptions ordered	Accumulated number of Lifestyle subscriptions ordered since the Lifestyle offering started. This is a gross measure and does not include the effect of terminated subscriptions, but pertains to unique customers, meaning that individuals who have terminated their subscriptions and later ordered again are not counted twice.
Ai	Ai complements Synsam's current customer offering by clearly addressing a younger target group with high demands in terms of flexibility, availability and choice.
Active customer base	The number of Lifestyle subscription customers including Lifestyle subscription customers in franchise stores, excluding cancelled orders, customers who terminated their subscription and later ordered again, and customers who terminated their orders within 30 days (right of withdrawal).
Frames	Frames for spectacles and sunglasses.
Facing fee	Facing fee refers to payments from certain suppliers for the products included in Synsam Group's central range, which are displayed on store shelves.
Flagship Stores	Flagship Stores are Synsam's largest stores. They are centrally and attractively located in so-called AAA locations in major cities. They have a floor space of at least 400 square metres, offer approximately 3,000–5,000 different products and are fully equipped, modern eye health centres. Flagship Stores offer a range of more exclusive products that cannot be found in other Synsam stores. Customers have access to a complete optical retail and eye health range.
Franchise stores	Stores that are not directly-owned, but operate under the Group's brands/store concepts.
Glass	The glass used for spectacles or sunglasses, with or without corrective properties.
House Brands	Brands designed in house.
Investments	Investments, excluding acquisitions, are divided into maintenance investments, strategic investments and expansion investments, with maintenance investments pertaining to the maintenance of operating activities. Strategic investments pertain to investments related to strategic initiatives, including but not limited to the refurbishment of the majority of stores to reflect Synsam's new concept and investments in new IT systems to support the strategic plan. Expansion investments pertain to investments related to the establishment of new stores, referred to as greenfields.

Contact lens subscriptions	A contact lens subscription is a contract involving recurring purchases with the right to terminate the contract at the latest one week before the next delivery.
Contact lenses	Contact lenses that are placed directly on the eye.
LTIP	Long-term incentive programme that allows members of Group management and other select key individuals to participate in shareholding in Synsam.
Market share	Share of the optical retail market, based on external market information in Sweden and management's assessment in other countries.
Online sales	Sales to end customers that are carried out entirely online where delivery takes place directly to end customers. However, online sales of contact lens subscriptions are categorised as contact lens subscriptions, i.e. not as online sales.
Synsam Group's quarterly churn rate, Synsam Lifestyle	The number of customers in Synsam Group who terminated their Lifestyle subscriptions during the quarter divided by the active customer base in Synsam Group at the beginning of the quarter.
Synsam Group's annual churn rate, Synsam Lifestyle	The number of customers in Synsam Group who terminated their Lifestyle subscriptions during the year divided by the active customer base in Synsam Group at the beginning of the year.
Synsam Hearing	Synsam Hearing includes hearing exams and the opportunity to try out hearing aids in selected stores.
Synsam Lifestyle	Spectacles subscription and related services, including both Synsam Lifestyle and Profil Optik Lifestyle.
Synsam Megastores	Synsam Megastores are one step down from Flagship Stores in terms of size but are larger than regular stores. Megastores are situated in highly attractive areas for optical retail stores in the local market, known as AA locations. Megastores have a broader range, approximately 2,700 different products compared with about 1,000 different products in normal stores, and extra rooms for eye examinations.
Synsam Recycling Outlets	Synsam Recycling Outlet stores offer a smaller, simpler business concept. The stores are part of Synsam's sustainability agenda and primarily offer second-hand and recycled spectacles from Synsam's Lifestyle subscriptions and recycling boxes.
Eye examinations	Examination of the customer's eyesight to identify potential visual defects, changes in visual defects or eye diseases.

The share

The share

Synsam's share has been listed on Nasdaq Stockholm, Mid Cap segment, since 29 October 2021 and trades under the ticker SYNSAM.

The share price as of 31 December 2022 amounted to SEK 39.52, corresponding to a market capitalisation of SEK 5.93 billion. The share's highest closing price in 2022 was noted at 77.00 SEK on 5 January. The lowest closing price was noted on 30 December to SEK 39.52.

The number of known shareholders as of 31 December 2022 was 10,395 (11,911). Synsam's share capital as of 31 December 2022 was SEK 1,047,315 (1,047,315), distributed between 150,000,000 shares (150,000,000) with a quotient value of SEK 0.006982 per share (0.006982). Each share (excluding treasury shares) entitles the holder to one vote at the General Meeting of Shareholders, and all shares carry equal rights to participate in the profit and assets of the company. Each shareholder may vote for all their shares without restriction, and the shares are not subject to any transfer restrictions.

Repurchase of own shares

During the autumn, Synsam AB (publ) conducted a repurchase of 945,000 own shares to cover the company's obligation under LTIP 2022, which was resolved on by the Annual General Meeting on 26 April 2022. The company held 945,000 treasury shares as of 31 December 2022. Treasury shares do not carry entitlement to dividends and or voting rights. For more information, refer to page 48 and Note 22.

List of owners – top 15

#	Owner	SYNSAM	Capital	Voting rights	Verified
1	CVC Capital Partners	83,925,957	55.95%	55.95%	28 Dec 2022
2	Essilorluxottica SA	9,950,000	6.63%	6.63%	28 Dec 2022
3	Fjärde AP-fonden (AP4)	9,087,873	6.06%	6.06%	28 Dec 2022
4	Mawer Investment Management	7,860,569	5.24%	5.24%	1 Jun 2022
5	Handelsbanken Fonder	6,300,429	4.20%	4.20%	31 Dec 2022
6	C WorldWide Asset Management	6,285,000	4.19%	4.19%	31 Dec 2022
7	Norges Bank	2,288,785	1.53%	1.53%	31 Dec 2022
8	Håkan Lundstedt	1,587,853	1.06%	1.06%	28 Dec 2022
9	Svenska Handelsbanken AB for PB	1,035,000	0.69%	0.69%	28 Dec 2022
10	Capital Group	1,025,297	0.68%	0.68%	31 Dec 2022
11	Synsam AB	945,000	0.63%	0.63% ¹⁾	28 Dec 2022
12	Fondita Fund Management	933,565	0.62%	0.62%	28 Dec 2022
13	FE Fonder	802,234	0.53%	0.53%	31 Dec 2022
14	SEB Fonder	787,608	0.53%	0.53%	31 Dec 2022
15	Investering & Trygghed A/S	769,184	0.51%	0.51%	30 Sep 2022
Total top 15		133,584,354	89.06%	89.06%	
Other		16,415,646	10.94%	10.94%	
Total		150,000,000	100.00%	100.00%	

1) Shares held by the company itself cannot be represented at the general meeting.

Dividend policy and distribution

The Synsam Group's objective is to pay a dividend of 40–60% of the net profit for the year. The Board of Directors proposes a dividend of SEK 1.70 (1.70) per share to the 2023 Annual General Meeting.

Analyst coverage

Currently, there are analysts from five banks who follow and analyse the Synsam Group and provide recommendations on the stock.

Types of ownership

Types of ownership	Number of shares	Capital	Voting rights	Number of known owners	Proportion of known owners
Other	12,887,383	8.59%	8.59%	1,081	10.40%
Swedish institutional owners	18,751,749	12.50%	12.50%	18	0.17%
Foreign institutional owners	105,618,192	70.41%	70.41%	37	0.36%
Swedish private individuals	9,167,929	6.11%	6.11%	9,259	89.07%
Unknown types of ownership	3,574,747	2.38%	2.38%	–	0.00%
Total	150,000,000	100.00%	100.00%	10,395	100.00%

Ownership breakdown by holding

Size class	Number of shares	Capital	Voting rights	Number of known owners	Proportion of known owners
1–500	990,509	0.66%	0.66%	9,043	86.99%
501–2,000	925,103	0.62%	0.62%	998	9.60%
2,001–5,000	519,601	0.35%	0.35%	164	1.58%
5,001–20,000	907,968	0.61%	0.61%	90	0.87%
20,001–50,000	1,332,668	0.89%	0.89%	40	0.38%
50,001–100,000	1,381,862	0.92%	0.92%	18	0.17%
100,001–500,000	6,175,827	4.12%	4.12%	24	0.23%
500,001–1,000,000	5,976,558	3.98%	3.98%	8	0.08%
1,000,001–5,000,000	4,805,329	3.20%	3.20%	4	0.04%
5,000,001–	123,409,828	82.27%	82.27%	6	0.06%
Unknown holding size	3,574,747	2.38%	2.38%	–	0.00%
Total	150,000,000	100.00%	100.00%	10,395	100.00%

Source List of owners, Types of ownership, Ownership breakdown by holding: Modular Finance

The Synsam history – over 50 years of development

Synsam's journey began in 1968, when ten independent opticians decided to merge into one chain under the common brand name Synsam. The local venture soon took off, and the business grew with both directly owned stores and franchise stores around Sweden.

In 1971, three years after the start, the Danish optical chain Profil Optik was founded, initially named Optik Køb, and in the following years more and more stores joined Synsam, both in Sweden and in the Danish operations. Expansion continued in the 1990s, not only in the first two markets, but also in Norway and Finland. The local optical chain grew into a nationwide player in Sweden, Denmark, Finland and Norway.

From 2007, Synsam began to focus on becoming a consolidated group where stores shared working methods and experience. Efforts began to centralise purchasing, marketing, IT and finance functions, in parallel with continued acquisitions and new stores.

In 2014, Synsam was acquired by CVC Capital Partners. New owners, a new management team and a new CEO in Håkan Lundstedt, who became CEO in 2015, led to a new strategy being developed. The strategy, based on customer and employee surveys, questionnaires and interviews, focused on the customer experience and on building a lifestyle concept. A more affordable offering of spectacles and a new store concept were introduced, and Synsam made major investments in many of its stores.

In 2016, Synsam launched its Lifestyle subscription, allowing customers to combine spectacles, sunglasses, contact lenses and services for a fixed monthly fee. Synsam was the

first of the major Nordic optical chains to launch such a service. To complement the constantly evolving subscription offer, the Group has since introduced its own brands, including Synsam Sport, which brings together the sports spectacle offering, and Circular Collection, which is made from recycled spectacles. 2018 also saw the launch of the Ai Eyewear store concept, which allows customers to create their own unique spectacles. Ai Eyewear is aimed at all age groups, but especially at those somewhat younger than the typical Synsam customer. In 2020, the store concept Synsam Recycling Outlet was established.

Today, Synsam has more than 500 stores and over 900 opticians, and focuses on developing and maintaining its leading position in the Swedish market and on strengthening its positions in Denmark, Finland and Norway. An important part of this is further development of Synsam's Omnichannel platform, which aims to provide the customer with the same overall experience of Synsam, whether the contact is made physically or digitally.

In 2021, Synsam also reached a further milestone, namely its listing on Nasdaq Stockholm's Mid Cap list on 29 October.

In 2022, Synsam opened its own production unit and innovation centre in Östersund. In connection with the opening, the first collection produced in the facility was also presented – Jämtö.





Synsam Group
Annual and Sustainability Report 2022
Production: Synsam together with Milton

