

Press release 16 May 2023

Synsam Group's Q1 report 2023

Stronger organic growth (17.5 percent) and improved EBITDA margin compared with Q4 2022 - "Cost programme starting to deliver according to plan"

1 January - 31 March 2023

- Net sales amounted to SEK 1,411 million (1,186), up 19.0 percent. Organic growth totalled 17.5 percent (12.3)
- Net sales from spectacles subscriptions increased 27 percent (18)
- The gross margin was 76.6 percent (79.3)
- EBITDA¹ rose to SEK 318 million (293) and the EBITDA margin was 22.3 percent (24.4)
- EBITA amounted to SEK 171 million (178) and the EBITA margin was 12.0 percent (14.7)
- EBIT amounted to SEK 133 million (142) and the EBIT margin was 9.4 percent (11.8)
- Cash flow from operating activities amounted to SEK 257 million (-53)
- Net debt amounted to SEK 2,919 million (2,635) at the end of the period, compared with SEK 2,969 million at year-end 2022
- Profit after tax amounted to SEK 19 million (99)
- Earnings per share before and after dilution totalled SEK 0.13 (0.66)

President and CEO Håkan Lundstedt comments:

Synsam posted its strongest growth to date for a first quarter. Net sales increased 19 percent in the first quarter of 2023, organic growth amounted to 18 percent and like-for-like growth totalled 14 percent. Thanks to our attractive customer offering, with high-quality products at an attractive price, an advantageous eye health offering, the continued strengthening of our store network and omnichannel offering, and our focus on profitable sustainability, we have successfully advanced our market position in the Nordics.

Synsam's spectacles subscription business is an important growth driver, and sales for Synsam Lifestyle increased 27 percent compared with the year-earlier period. At the same time, the churn rate for the first quarter was a low 2.17 percent. The business provides added value for our customers during these times of economic uncertainty by providing options at several price levels and predictable monthly fees, enabling consumers to spread their costs out over time. Synsam Lifestyle represents a unique CRM tool that creates long-term customer relationships and frequent customer contact, since customers are notified annually for eye examinations and given the opportunity to exchange their frames.

Profitability – EBITDA – increased in three of Synsam’s four segments in the first quarter. Our focus on increasing our EBITDA margin in Sweden, Denmark and Finland has been successful at the same time as growth has been robust. This was particularly gratifying to see in Denmark, which reported organic growth of 9 percent and an EBITDA margin of 27 percent for the first quarter in a highly competitive market. Synsam Sweden posted strong organic growth of 19 percent for the first quarter and an EBITDA margin of 29 percent. Finland continued to deliver very strong organic growth – 45 percent for the first quarter – and the EBITDA margin increased to 10 percent. Organic growth in Norway amounted to 14 percent, while the EBITDA margin declined to 16 percent in the first quarter. Changes to the management group were carried out in Norway and an action programme was launched to strengthen the EBITDA margin. The EBITDA margin for Synsam Group as a whole increased compared with the fourth quarter of 2022.

The cost and restructuring programme, which is expected to reduce the cost base for operating expenses by SEK 102 million in 2023 and by SEK 129 million in 2024 compared with 2022, is proceeding according to plan. The aim is to enable the Group’s strong growth to continue while also strengthening the EBITDA margin in line with Synsam’s financial target.

The establishment of new, innovative technological solutions to create greater business value, known as Synsam EyeView, is continuing. These solutions include new software and hardware for carrying out eye examinations, which in combination with changes to our processes and ways of working will increase our optician capacity, improve customer accessibility, and reduce the need for and costs associated with consultants. Through increased capacity, we will be able to better meet demand from our customers, which will lead to growth and better customer satisfaction. The roll-out of Synsam EyeView means that we can continue to expand into areas where the lack of opticians had previously been an obstacle to store establishments.

Despite high inflation, the Group’s gross margin is stable, demonstrating the quality of our underlying operations when it comes to the products and services included in our customer promise. Measures were taken in autumn 2022 to strengthen the gross margin, which began to yield results starting in the fourth quarter of 2022. The gross margin for the first quarter was higher than both most recent 12-month period and for the full year 2022. We are also working to ensure that our offerings remain affordable, which meant that our gross margin was lower than in the corresponding quarter last year, but was also a contributing factor to our strong increase in sales. At the same, the fact that we offer affordable solutions is particularly important in this market and our price guarantee allows customers to feel secure.

Our rate of investment is declining slightly. In 2022, Synsam established 37 stores in order to capitalise on the opportunities that presented themselves in target locations for store openings. Our goal of establishing 90 new stores between 2021 and 2023 remains firm. However, we have chosen to reduce our rate of establishment in the first half of 2023 and instead focus on upgrades and relocations. Combined with a lower rate of investment in the production facility in Östersund, since that the majority of the investments were made in 2022, this resulted in lower overall investments and improved cash flow compared with the year-earlier period.

In the first quarter of 2023, we exceeded our medium-term growth target of organic growth of 8–12 percent, and following the measures we are currently

implementing, our aim is to also achieve our target EBITDA margin of 25 percent or higher.

I would like to thank our employees for their outstanding work during the first quarter, during which we continued to meet our customers' needs. Synsam is stronger than ever.

Presentation of the report in Swedish at 09.00 CEST today

- **Place:** Webcast with teleconference.
- **Speakers:** President and CEO Håkan Lundstedt and CFO Per Hedblom.
- Registration for participation in webcast with teleconference:
<https://financialhearings.com/event/46149>

Presentation of the report in English at 10.30 CEST today

- **Place:** Webcast with teleconference.
- Registration for participation in webcast with teleconference:
<https://financialhearings.com/event/46607>

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

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This information is such that Synsam AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 a.m. CEST on 16 May 2023.

*Synsam Group is a leading optician group in the Nordic region, with a differentiated and affordable subscription offering. Synsam Group offers a wide range of products and services for eye health and eye fashion, catering to the customer's different lifestyles and needs. The group has approximately 4,000 employees, net sales of approximately SEK 5.5 billion (rolling twelve months until March 2023) and has approximately 500 stores in the Nordics, operating under the brands Synsam, Synsam Recycling Outlet and Profil Optik in Denmark. Through digitalization, subscription services and other innovative concepts, Synsam Group is at the forefront of innovation in the Nordic optical retail market across multiple dimensions including customer journey, product offering and ESG. Synsam Group's share is traded on Nasdaq Stockholm (SYNSAM).
www.synsamgroup.com*