

Press release 19 November 2024

Synsam Group's Q3 report 2024

Continued organic growth by consistent strategy execution

1 July - 30 September 2024

- Net sales increased to SEK 1,559 million (1,450), up 7.6 percent. Organic growth totalled 9.5 percent (7.0)
- Net sales from spectacles subscriptions increased 11.0 percent (13.7)
- The gross margin was 73.9 percent (74.9)
- EBITDA increased to SEK 381 million (373) and the EBITDA margin was 24.1 percent (25.2)
- EBITA amounted to SEK 220 million (222) and the EBITA margin was 13.9 percent (15.0)
- EBIT increased to SEK 187 million (184) and the EBIT margin was 11.8 percent (12.4)
- Cash flow from operating activities increased to SEK 238 million (104)
- Net debt amounted to SEK 2,733 million (2,953) at the end of the period, compared with SEK 2,720 million at year-end 2023
- Profit after tax amounted to SEK 66 million (90)
- Earnings per share before and after dilution totalled SEK 0.44 (0.61)

1 January - 30 September 2024

- Net sales increased to SEK 4,804 million (4,427), up 8.5 percent. Organic growth totalled 8.9 percent (11.4)
- Net sales from spectacles subscriptions increased 12.6 percent (18.1)
- The gross margin was 74.6 percent (75.1)
- EBITDA increased to SEK 1,208 million (1,092) and the EBITDA margin increased to 24.9 percent (24.3)
- EBITA increased to SEK 738 million (650) and the EBITA margin increased to 15.2 percent (14.5)
- EBIT increased to SEK 633 million (535) and the EBIT margin increased to 13.0 percent (11.9)
- Cash flow from operating activities increased to SEK 890 million (746)
- Profit after tax increased to SEK 290 million (249)
- Earnings per share before and after dilution increased to SEK 1.96 (1.67)

President and CEO Håkan Lundstedt comments:

"Household purchasing power has fallen drastically in recent years, and although consumers now have a more positive view of the future, their purchasing habits remain highly cautious. We are also seeing that competition for consumers is generally more challenging while the market for optical retail and eye health in the Nordics remains competitive and campaign-driven.

In this challenging market, we are consistently executing our strategy and making tactical decisions, also in terms of rate of establishment, to drive growth. In this quarter, our tactical choices have negatively affected the gross margin and also operating costs in the short term, with a negative impact on the EBITDA margin. But our improved market position and growing customer base will have positive effects going forward.

Thanks to our strategy and actions, Synsam achieved organic growth of 9.5 percent in the third quarter, despite the prevailing market situation, and thereby a continued positive customer inflow. Price sensitivity has been an important factor for customers in this market, and campaigns to drive growth reduced the gross margin in the quarter. EBITDA increased to SEK 381 million (373) during the quarter and the EBITDA margin was 24.1 percent (25.2), with a higher rate of establishment impacting the margin. For the nine-month period, EBITDA rose to SEK 1,208 million (1,092) and the EBITDA margin increased to 24.9 percent (24.3).

Continued positive trend in subscriptions

Net sales from Synsam Lifestyle spectacles subscriptions increased 11 percent to SEK 809 million (729) during the quarter. The churn rate remained stable at 2.60 percent, compared with 2.51 percent in the preceding quarter, and the number of Lifestyle customers amounted to approximately 683,000 (approximately 595,000) at the end of the quarter. As of 30 September 2024, the total number of subscription customers (those who either have a Lifestyle subscription or who have a contact lens subscription) amounted to approximately 817,000, net sales from the cash business increased 4 percent to SEK 750 million (721) during the quarter.

High rate of establishment. Plan for 2024–2026 remains firm

Our goal for 2024–2026 is to establish 90 new stores, and Synsam established 32 new stores during the first nine months of 2024, 10 of which were established during the quarter. Between 14 and 16 new stores will be established in the fourth quarter, bringing the total number of stores established in 2024 to between 46 and 48, which means that we are deliberately well ahead of schedule. The recession has created more opportunities to establish stores, which we have acted on in 2024. Our new stores are quickly achieving profitability thanks to our strong concepts and our effective analysis and method for establishments. Through our focus on establishing a greater presence in smaller towns, we are also achieving strong demand directly and benefiting from lower rents.

Upgrades and relocations are also an essential part of our establishment strategy and for example, in the third quarter we launched Sweden's first spectacles center at Westfield Mall of Scandinavia in Solna outside Stockholm. The store is an eye health destination

with full access to clinical services from early morning to late into the evening. The store is the first in Sweden to offer eye examinations until 9:00 p.m.

Healthy trend in Denmark. Weaker earnings performance in Sweden. Stable organic growth in Norway and Finland

Denmark continues to display a positive trend and posted organic growth of 5.6 percent in the quarter and a strengthened gross margin and EBITDA margin. The measures that have been taken have positively impacted Denmark.

In the quarter, Sweden has slightly lower organic growth than previous quarters, but has further improved market shares, and Norway, in comparison, has a higher growth. The subscription business was the most important driver of growth in both Sweden and Norway. Organic growth remained strong in Finland, which has a highly competitive market.

The EBITDA margin in all countries except Denmark was negatively impacted by a lower gross margin due to planned campaigns to drive growth, by new establishments, as well as costs for rolling out Synsam EyeView in Sweden and Norway.

Continued focus on cost

The cost programmes introduced in 2023 have had a positive effect, and a third cost programme has now been launched with the aim of reducing the cost base for operating expenses and offsetting any inflation-driven cost increases. The total annual effect amounts to SEK 75 million, the majority of which is to be realised in 2025.

Consistent strategy execution

Our strategy – based on making the right types of establishments, focusing on Synsam Lifestyle, an efficient organization with a cost focus, being highly innovative and having a strong service offering – has strengthened Synsam’s position. During the quarter, we continued our investments in new establishments, rollout of Synsam EyeView and training programs, and decided on continued cost programs to secure our margins for the future.

We can also see that both Synsam and our industry will be positively impacted by the forthcoming interest-rate cuts that will result in greater consumer willingness to opt for higher price points.

In addition to the fact that we are getting older and living longer, we also see a clear trend of visual defects becoming more common among younger people. We therefore have an important role to play in supporting and improving eye health – not only to ensure that people can see well, but also look good.

Backed by Synsam’s strategy, which focuses on increasing accessibility through our stores and integrating technological tools, we are well equipped to tackle these challenges. Our aim is to raise awareness about eye health and to offer solutions that provide a better quality of life for everyone, regardless of age. By making it easier for people to access eye care and high-quality products, we will ensure profitable growth for many years to come. Synsam’s journey has only just begun.”

Live Q&A in Swedish, with possibility to ask questions

- **Date and time:** 19 November 2024, at 09.30 CET.
- **Place:** Webcast.
- **Speakers:** President and CEO Håkan Lundstedt and CFO Per Hedblom.
- **Link** to participate in the Q&A session: [SynsamGroup Q3](#)

Live Q&A in English, with possibility to ask questions

- **Date and time:** 19 November 2024, at 10.30 CET.
- **Place:** Webcast.
- **Link** to participate in the Q&A session: [SynsamGroup Q3](#)

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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 6.3 billion (rolling twelve months until September 2024) and has approximately 500 stores in the Nordics, operating under the brands Synsam, Synsam 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). <https://www.synsamgroup.com>