MISTER SPEX

Quarterly Statement Q3 2023

MISTER SPEX – At a glance

Key figures

	Q3 (1 Jul – 30 Sep)			9M (1 Jan – 30 Sep)		
in € k	2023	2022	Change	2023	2022	Change
Results of operation						
Revenue	**59,666**	58,262	**2%**	**176,825**	166,553	**6%**
Revenue by segment						
Germany	44,546	42,771	4%	132,244	120,227	10%
International	15,120	15,491	-2%	44,581	46,325	-4%
Revenue by product category						
Prescription glasses	19,999	20,699	-3%	64,508	59,927	8%
Sunglasses (incl. prescription sunglasses)	20,769	20,026	4%	61,478	54,611	13%
Contact lenses	17,720	16,537	7%	47,427	48,963	-3%
Miscellaneous services	1,179	999	18%	3,413	3,050	12%
Gross profit margin[1]	45.8%	47.1%	137bp	49.1%	47.6%	149bp
EBITDA	-2,007	-1,854	8%	-3,433	-8,180	15%
Adjusted EBITDA	**239**	-610	**>100%**	**902**	-4,612	**>100%**
Other key figures						
Active customers (LTM) [3] (in k)	1,741	1,752	-1%	1,741	1,752	-1%
Number of orders[4] (in k)	642	624	3%	1,850	1,846	0%
Average order value (LTM)[5] (in EUR)	96.75	87.71	10%	96.75	87.71	10%

1 Management defines gross profit margin as the ratio of gross profit to revenue
2 bp = basis points
3 Customers who ordered in the last twelve months excluding cancellations
4 Orders after cancellations and after returns
5 Calculated as revenues divided by number of orders after cancellation and after returns, over the last twelve months

Interim Group Management Report

At Mister Spex, we believe that finding the right glasses should be an easy, intuitive and enjoyable process for our customers. **Our brand promise** is aimed at “perfect frame for every face and perfect lens for every eye”. As part of Mister Spex’s strategy, the focus in the last 9 months has been on expanding our market share in high-margin prescription glasses and sunglasses. This category now constitutes 71% of our total revenue, a significant increase of 248 basis points from the previous year. The positive trend can be attributed to various factors, notably Mister Spex's robust competitive position. Which is defined by a diverse product range, encompassing boutique and own-brand items as well as continuous cost consciousness, which has been integral to our Lean 4 Leverage program. The management board is pleased with the progress on the program, the continued growth of high-margin prescription glasses in a challenging market, and the dramatically improved operating cash flow.

Implemented a year ago, the **Lean 4 Leverage** program has played a crucial role in increasing our Average Order Value (AOV). This increase in AOV has significantly supported an improvement in profitability compared to the previous year and offset the impact of reduced consumer sentiment.

Revenue by product category and segments

In Q3, despite the increasingly challenging geopolitical and macroeconomic landscape, Mister Spex achieved moderate **revenue growth** of 2%. This compares to the same period in 2022, when revenue had increased by a demanding 18%.

In the third quarter, revenue reached € 59.7 million compared to € 58.3 million in Q3 2022. Over a two-year period, Q3 revenues increased by 20%, indicating a slight acceleration compared to the previous quarter's two-year stack growth of 19%. The current quarter's performance was influenced by unseasonal weather patterns and reduced consumer sentiment, leading to unpredictable demand patterns in the retail sector.

Contact lenses were the fastest-growing product category in this quarter with revenues up by 7% compared to prior year. The strategic decision to shift focus away from contact lenses due to margin dilutive profile had already impacted Q3 of the previous year. Therefore, Q3 faced a lower comparison basis on which a growth of 7% was posted.

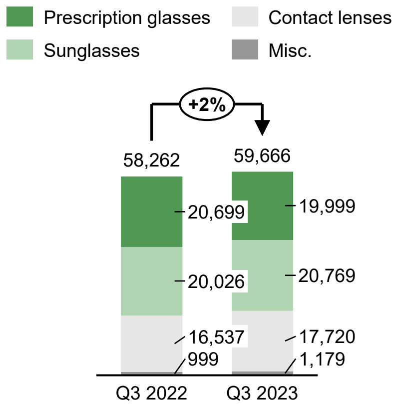
Revenue from **sunglasses** increased by 4% compared to the previous year, driven by worsening weather patterns in August. Both reporting segments Germany and International benefited from positive development in Q3.

Revenues from **prescription glasses** were -3% in Q3 2023 compared to the prior year with both reporting segments posting a negative development in the quarter. While revenue in stores continued to grow every month, revenue from prescription glasses turned negative in September due to high sick rates.

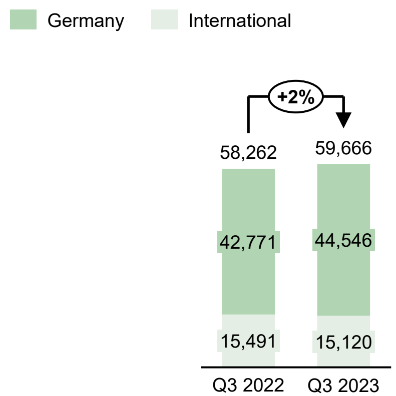
Revenues in **Germany** increased by 4% compared to prior year driven by both Online and brick-and-mortar retail business. From a product category perspective, the growth was mainly driven by contact lenses and sunglasses, which compensated for negative development in prescription glasses.

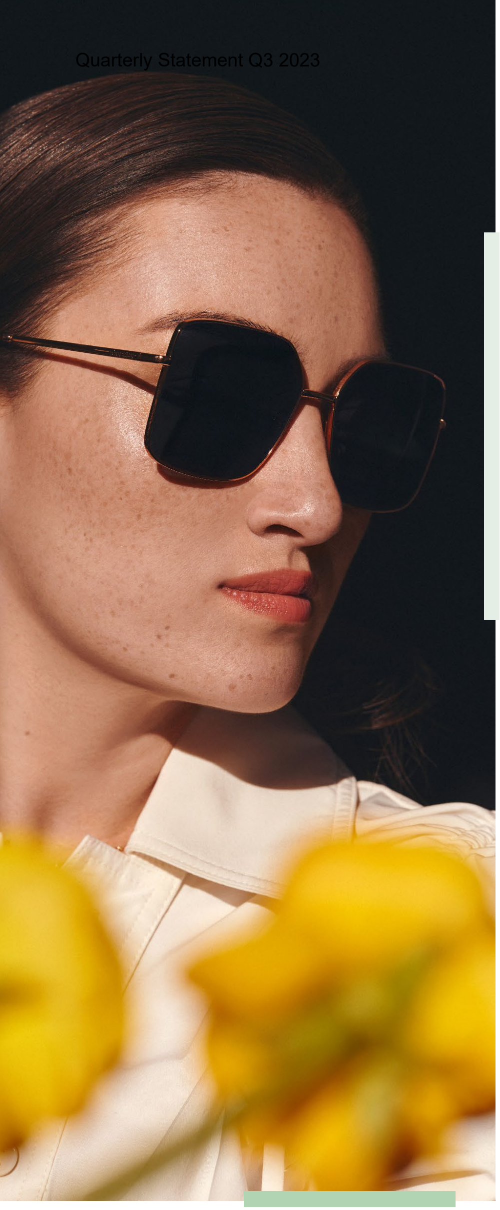
Revenue in **International markets** declined by 2%. The change is primarily driven by Scandinavian businesses and the UK, although partially compensated by positive development in Austria, Switzerland and the Netherlands. From a category perspective, the decline was driven by lower sales of prescription glasses and contact lenses, which were only partially compensated by growing revenues in sunglasses.

Revenue by product category (in € k)



Revenue by segment (in € k)

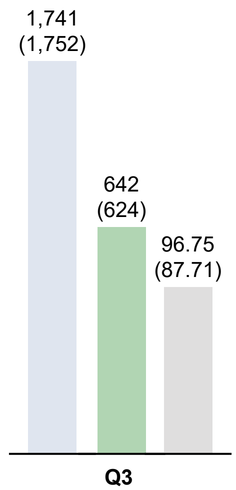




Non-financial performance indicators

Mister Spex continues to increase **Average Order Value** (AOV), which has increased by 10% to €96.75, driven by positive improvement across all product categories. This increase fully offsets the subdued demand from reduced consumer sentiment. In the third quarter of 2023, the number of **active customers** decreased by 1% to 1,741 k. However, **the number of orders** increased by 3%.

Non-financial KPIs*



1 Customers who ordered in the last twelve months excluding cancellations (in k)
2 Orders after cancellations and after returns (in k)
3 Calculated as revenues divided by number of orders after cancellation and after returns, over the last twelve months (in €)

* Prior-year figures are in brackets

- Number of active customers [1] (in k)
- Number of orders [2] (in k)
- Average order value[3] (in €)

Financial performance in Q3 2023

The **Gross margin** decreased by 137 basis points to 45.7%, mainly due to a lower contribution from margin-accretive prescription glasses to the overall product mix. In the same quarter, the gross margin in the prescription glasses category increased by 261 basis points to 72.5%.

Personnel costs increased by 4% despite the addition of 10 more stores in Q3 2023 compared to the previous year. As part of the 'Lean 4 Leverage' efficiency program, the company focused on higher productivity at brick-and-mortar locations, and the creation of a leaner organizational structure.

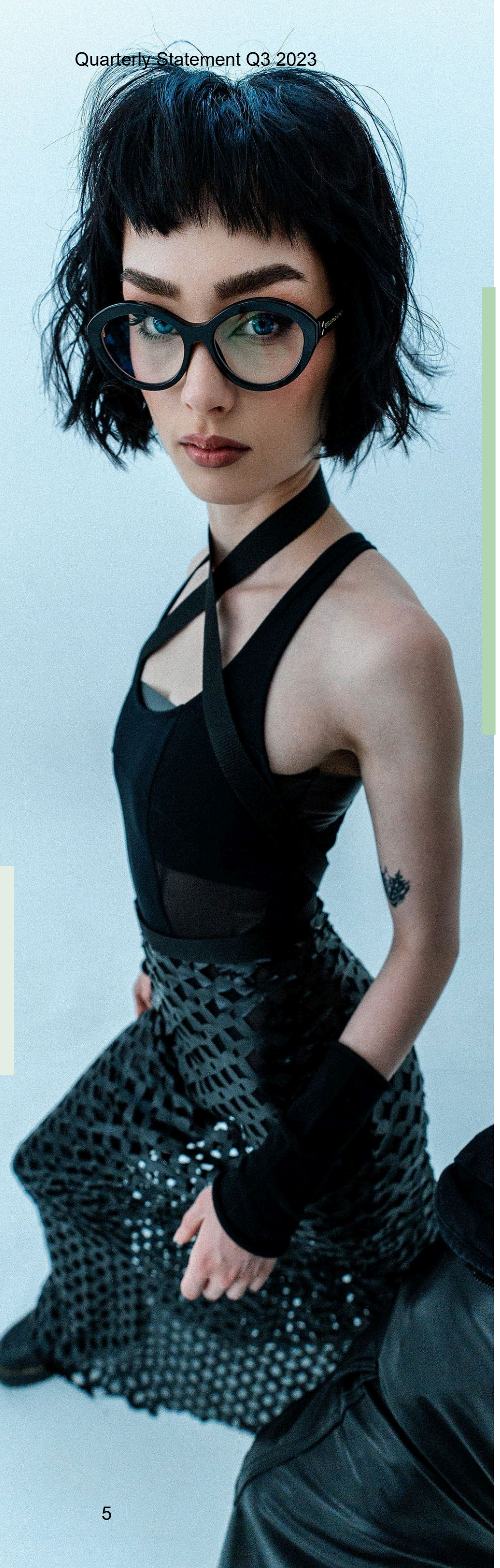
Other operating expenses decreased by 5% compared to prior year mainly due to lower expenses for External services, Marketing and other costs. Marketing expense in the third quarter decreased by 4% year-on-year, having already been significantly reduced in the previous year.

The primary reason for the 23% increase in **depreciation and amortization** in Q3 2023 compared to the prior year level is the rise in amortization of right-of-use assets in accordance with IFRS 16, linked to the lease of new stores and the new headquarters.

Consolidated statement of profit or loss

	Q3 (1 Jul – 30 Sep)		
in € k	**2023**	**2022**	**Change**
Revenue	**59,666**	**58,262**	**2%**
Own work capitalized	1,120	1,720	-35%
Other operating income	396	76	>100%
Cost of materials	-32,366	-30,809	5%
Gross profit[1]	27,299	27,453	-1%
Gross profit margin[1]	45.8%	47.1%	-137bp
Personnel expenses	-15,574	-14,999	4%
Other operating expenses	-15,249	-16,104	-5%
EBITDA	**-2,007**	**-1,854**	**8%**
Adjustments	2,246	1,244	81%
Adjusted EBITDA	**239**	**-610**	**>-100%**
Depreciation and amortization	-6,512	-5,279	23%
EBIT	**-8,519**	**-7,133**	**19%**
Financial result	223	-1,318	>-100%
Income taxes	-380	-221	72%
Loss for the period	**-8,675**	**-8,672**	**0%**

1 Management defines gross profit as net revenue less cost of materials and the gross profit margin as the ratio of gross profit to revenue.



Management assesses the operating performance of the business on the basis of adjusted EBITDA. This is defined as earnings before interest, taxes, depreciation and amortization, adjusted for expenses for share-based payments in accordance with IFRS 2, one-time transformation costs and other special effects that are not part of ordinary business.

The **adjustments** for third quarter 2023 mainly consist of non-cash IFRS 2 adjustments. In Q3 2023 amounts from share-based payments in accordance with IFRS 2 of € 1,644k were adjusted. This adjustment primarily results from the introduction of new management options. During Q3, each VSOP-eligible member received a new allocation of virtual stock options (VSO) from the remuneration system approved in 2022. The transformation costs mainly include costs for the "Lean 4 Leverage" efficiency program and expenses for severance and garden leave payments.

In Q3 2023, **adjusted EBITDA** significantly increased compared to the previous year. This improvement predominantly stems from higher adjustments related to IFRS 2. Operationally, the company has continued to achieve positive sales growth despite reduced consumer sentiment. This is the second quarter in a row of a positive adjusted EBITDA.

Reconciliation from EBITDA to Adjusted EBITDA

	Q3 (1 Jul – 30 Sep)		
in € k	**2023**	2022	Change
EBITDA	**-2,007**	**-1,854**	**8%**
Adjustments	2,246	1,244	81%
Thereof effects arising from the application of IFRS 2	1,644	-189	>-100%
Thereof transformation costs	493	734	-33%
Thereof other special effects	109	699	-84%
Adjusted EBITDA	**239**	**-610**	**>-100%**

As of 30 September 2023, **total assets** have increased by € 8,135 k compared to 31 December 2022. The increase in **non-current assets** by € 18,409 k is mainly due to the opening of new stores, our move to new headquarters and the corresponding recognition of right-of-use assets in accordance with the provisions of IFRS 16.

Current assets have decreased by € 10,273 k compared to 31 December 2022. This primarily relates to a decrease in cash and cash equivalents by €10,420 k, driven primarily by financing the overall business growth and the opening of new stores. This is offset by a slight increase in other assets such as inventories and other financial assets.

The change in **equity** is mainly due to the net loss for the period. The capital reserve increased in connection with the exercise of options. In addition, amounts from share-based payments in accordance with IFRS 2 of € 1,644k were added in the financial year 2023. Activities are financed by a combination of equity and debt.

As of 30 September 2023, the total of current and non-current liabilities was € 31,160 k higher than the value on 31 December 2022. The increase in **non-current liabilities** to € 80,343 k is mainly due to the rise in lease liabilities associated with the opening of new stores and the leasing of our new headquarters. The increase in **current liabilities** by € 7,553 k to € 43,044 k is mainly due to an increase in current lease liabilities relating to IFRS 16 short-term liabilities as well as an increase in other non-financial liabilities

Assets, liabilities and financial position

in € k	30 Sep. 2023	31 Dec. 2022	Change
Assets			
Non-current assets	138,820	120,411	18,409
Current assets	162,547	172,821	-10,273
Thereof: Cash and cash equivalents	117,372	127,792	-10,420
Total Assets	**301,367**	**293,232**	**8,135**
Equity and liabilities			
Equity	177,981	201,005	-23,024
Non-current liabilities	80,343	56,736	23,607
Current liabilities	43,044	35,491	7,553
Total equity and liabilities	**301,367**	**293,232**	**8,135**

In the first nine months of 2023, Mister Spex generated a positive **cash flow from operating activities** of € 7,339 k (prior-year period outflow of € 12,842 k). The positive development is mainly attributable to an increase in non-cash expenses for share-based payments, depreciations and amortisations of assets, as well as the decrease in inventories and a positive change of other assets and liabilities.

The **cash outflow from investing activities** of € -11,887 k (prior-year period: € -84,745 k) mainly comprises of investments in the logistics infrastructure, fittings and furniture for our new headquarters and retail stores, as well as investments in software developed in-house. In 2022, cash outflows arose from the acquisition of term deposits (€ 70,000 k).

The **cash flow from financing activities** resulted in an outflow of funds amounting to € 5,873 k (prior-year period outflow of € 2,341 k). This outflow was primarily due to the payment of lease liabilities.

Outlook

In the first nine months of 2023, Mister Spex achieved a 6% revenue growth and improved adjusted EBITDA by more than € 5.5 million, reaching a cumulative total of € 902 k. For the same period, the operating cash flow stood at € 7.3 million with improvement of € 20.2 million resulting in € 117 million in cash and cash equivalents at the end of September 2023. This was accomplished through the consistent and meticulous execution of the ‘Lean 4 Leverage’ program, coupled with continued delivery on the brand promise.

While Mister Spex continues to deliver on its brand promise and its strategic objectives, it is continuously harder to navigate a progressively challenging geopolitical and macroeconomic landscape. Ongoing conflicts in the Ukraine and recently in the Middle East, inflation, and the looming recession risk, have reduced consumer sentiment, leading to unpredictable demand patterns in the retail sector.

Management confirms 2023 guidance and continues to expect **a revenue growth in the mid to high single-digit percentage range** in fiscal year 2023. The expansion of the store network by up to 10 new stores, a slight increase in the number of orders, a slight increase in the average order value and a slight increase in active customers should contribute to revenue growth.

The Management Board expects **positive adjusted EBITDA margin** in the low single-digit percentage range in fiscal year 2023, as compared to −4% in 2022. As a result of the “Lean 4 Leverage” efficiency program launched in the second half of 2022, the Germany segment is expected to make a significant contribution to the overall improvement in 2023. Under the program, the focus is on increasing operating efficiency in order to reduce the cost base.

Berlin, 6 November 2023

Management Board

Dirk Graber
Founder and Co-CEO

Dr Mirko Caspar
Co-CEO

Consolidated statement of cash flows

	9M (1 Jan – 30 Sep)	
in € k	**2023**	**2022**
Cash flows from operating activities	7,339	-12,842
Cash flows from investing activities	-11,887	-84,745
Cash flows from financing activities	-5,873	-2,341
Total cash flow	**-10,421**	**-99,928**

Consolidated statement of comprehensive profit and loss

Consolidated statement of profit and loss

	Q3 (1 Jul – 30 Sep)		9M (1 Jan – 30 Sep)	
in € k	**2023**	**2022**	**2023**	**2022**
Revenue	59,666	58,262	176,825	166,553
Other own work capitalized	1,120	1,720	4,205	5,396
Other operating income	396	76	1,085	406
Total operating performance	**61,182**	**60,058**	**182,115**	**172,355**
Cost of materials	-32,366	-30,809	-90,013	-87,270
Personnel expenses	-15,574	-14,999	-47,381	-43,374
Other operating expenses	-15,249	-16,104	-48,153	-49,891
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-2,007**	**-1,854**	**-3,433**	**-8,180**
Depreciation, amortization and impairment	-6,512	-5,279	-20,573	-14,094
Earnings before interest and taxes (EBIT)	**-8,519**	**-7,133**	**-24,005**	**-22,274**
Financial result	223	-1,318	-217	-3,246
Share of results of associates	0	0	0	-302
Earnings before taxes (EBT)	**-8,296**	**-8,451**	**-24,222**	**-25,822**
Income taxes	-380	-221	-1,003	-675
Loss for the period	**-8,675**	**-8,672**	**-25,225**	**-26,497**
Thereof loss attributable to the shareholders of Mister Spex SE	-8,675	-8,672	-25,225	-26,497
Basic and diluted earnings per share (in EUR)	**-0.28**	**-0.25**	**-0.77**	**-0.78**

Consolidated statement of other comprehensive income and loss

	Q3 (1 Jul – 30 Sep)		9M (1 Jan – 30 Sep)	
in € k	**2023**	**2022**	**2023**	**2022**
Loss for the period	**-8,675**	**-8,672**	**-25,225**	**-26,497**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign financial statements	148	121	-147	247
Other comprehensive income / loss	**148**	**121**	**-147**	**247**
Total comprehensive loss	**-8,527**	**-8,551**	**-25,371**	**-26,250**
Thereof loss attributable to the shareholders of Mister Spex SE	-8,527	-8,551	-25,371	-26,250

Consolidated statement of financial position

Consolidated statement of financial position

Assets

in € k	30.09.2023	31.12.2022
Non-current assets	**138,819**	**120,411**
Goodwill	12,829	12,829
Intangible assets	22,738	21,738
Property, plant and equipment	24,676	23,922
Right-of-use assets	75,037	53,193
Other financial assets	3,539	8,729
Current assets	**162,548**	**172,821**
Inventories	31,646	30,041
Right of return assets	1,223	759
Trade receivables	893	2,742
Other financial assets	1,864	868
Other non-financial assets	9,550	10,619
Cash and cash equivalents	117,372	127,792
Total assets	**301,367**	**293,232**

Equity and liabilities

in € k	30.09.2023	31.12.2022
Equity	**177,981**	**201,005**
Subscribed capital	34,075	33,866
Capital reserves	329,806	327,668
Other reserves	-1,241	-1,094
Accumulated loss	-184,660	-159,435
Non-current liabilities	**80,343**	**56,736**
Provisions	1,736	1,563
Lease liabilities	72,488	50,376
Liabilities to banks	1,120	1,120
Other financial liabilities	3,352	2,462
Other non-financial liabilities	21	42
Deferred tax liabilities	1,627	1,173
Current liabilities	**43,044**	**35,491**
Provisions	996	1,054
Trade payables	12,173	12,857
Refund liabilities	2,661	2,166
Lease liabilities	12,931	10,159
Other financial liabilities	1,892	1,433
Contract liabilities	2,397	1,121
Other non-financial liabilities	9,993	6,700
Total equity and liabilities	**301,367**	**293,232**

Consolidated statement of cash flows

Consolidated statement of cash flows (for the nine months ended 30 June)

in € k	9M (1 Jan – 30 Sep) 2023	9M (1 Jan – 30 Sep) 2022
Operating activities		
Loss for the period	-25,225	-26,497
Adjustments for:		
Finance income	-2,775	-659
Finance cost	2,992	3,905
Income tax expense	1,003	675
Amortization and Impairment of intangible assets	4,848	4,658
Depreciation and Impairment of property, plant and equipment	5,272	2,558
Depreciation of right-of-use assets	10,452	6,878
Non-cash expenses for share-based payments	2,070	1,054
Increase (+)/decrease (-) in non-current provisions	172	149
Increase (-)/decrease (+) in inventories	-1,605	-8,474
Increase (-)/decrease (+) in other assets	6,514	2,591
Increase (+)/decrease (-) in trade payables and other liabilities	4,324	911
Share of results of associates	0	302
Income taxes paid	0	674
Loss from the derecognition of shares in associates	-677	0
Interest paid	-2,333	-1,573
Interest received	2,306	6
Cash flows from operating activities	**7,339**	**-12,842**

in € k	9M (1 Jan – 30 Sep) 2023	9M (1 Jan – 30 Sep) 2022
Investing activities		
Acquisition of subsidiaries, net of cash acquisition	0	-1,000
Purchase of other financial assets	0	-70,000
Investments in property, plant and equipment	-6,083	-6,673
Investments in intangible assets	-5,805	-7,072
Cash flow from investing activities	**-11,887**	**-84,745**
Financing activities		
Cash received from capital increases, net of transaction costs	277	429
Cash from resolved capital increase	0	10
Cash received from liabilities to banks	1,941	3,350
Repayments of liabilities to banks	-681	-114
Payment of principal portion of lease liabilities	-7,409	-6,016
Cash flow from financing activities	**-5,873**	**-2,341**
Net increase (+)/decrease (-) in cash and cash equivalents	**-10,421**	**-99,928**
Cash and cash equivalents at the beginning of the period	127,792	149,644
Cash and cash equivalents at the end of the period	**117,371**	**49,716**

Financial calendar

Date	
27 March	Annual Report FY 2023

Imprint

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Due to the effects of rounding, some figures in this and other reports or statements may not add up precisely to the sums indicated, and percentages presented may not precisely reflect the exact figures to which they relate.

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