MISTER SPEX

Half-year report **2023**

MISTER SPEX – At a glance

Key figures

in € k	Q2 (1 Apr – 30 Jun) 2023	Q2 2022	Q2 Change	H1 (1 Jan – 30 Jun) 2023	H1 2022	H1 Change
Results of operation						
Revenue	**67,059**	61,105	**10%**	**117,159**	108,291	**8%**
Revenue by segment						
Germany	50,173	43,893	14%	87,698	77,456	13%
International	16,887	17,211	-2%	29,461	30,835	-4%
Revenue by product category						
Prescription glasses	19,813	18,410	8%	44,509	39,228	13%
Sunglasses (incl. prescription sunglasses)	30,359	24,853	22%	40,709	34,586	18%
Contact lenses	15,659	16,649	-6%	29,707	32,426	-8%
Miscellaneous services	1,228	1,192	3%	2,234	2,051	9%
Gross profit margin[1]	48.7%	46.8%	189bp	50.8%	47.9%	293bp
EBITDA	532	-1,174	>-100%	-1,426	-6,326	-77%
Adjusted EBITDA	**2,300**	583	**>100%**	**663**	-4,003	**>-100%**
Other key figures						
Active customers (LTM) [3] (in k)	1,735	1,725	1%	1,735	1,725	1%
Number of orders[4] (in k)	696	692	1%	1,210	1,243	-3%
Average order value (LTM)[5] (in EUR)	94.64	86.00	10%	94.64	86.00	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

>1.7
MILLION
ACTIVE CUSTOMERS

Contents

Interim Group Management Report

340

Partner opticians

I. Background of the group

Group structure

Mister Spex is one of the leading digitally driven omnichannel optical brands in Europe with over 7.1 million customers[1].

Ever since the company was founded in 2007, it has enjoyed healthy revenue growth, consistently grown its customer base and continuously evolved its offering. Mister Spex is viewed as one of biggest optical retail brands in Germany, Austria and Switzerland.

The Mister Spex Group is managed by its ultimate parent company Mister Spex SE, which was founded in 2021. Mister Spex SE is registered in Berlin, Germany and bundles all management functions of the Mister Spex Group. In addition to the parent company, Mister Spex is comprised of seven subsidiaries that are active in Germany and abroad, in the areas of operating online shops and stores as well as software development and holding functions. Mister Spex SE has control over all subsidiaries.

As a European public limited company, Mister Spex SE has a dual management (Co-CEOs) and control structure. At the end of June 2023, the Management Board at Mister Spex consisted overall of two board members who are jointly responsible for managing the Group. Dirk Graber (founder and Co-CEO) is responsible for Operations, IT, Corporate Development, Data and ESG. At the same time, Dirk Graber assumed the responsibility of a Chief Financial Officer on an interim basis. Dr Mirko Caspar (Co-CEO) oversees Marketing, Product and Category Management, Retail, Public Relations and International Business. Jointly they share responsibility for Human Resources, following the departure of Maren Kroll in June 2023, who had previously held the position of Chief Human Resources Officer (CHRO).

Group structure

With more than 1,300 employees from 63 countries and more than 7.1 million customers to date, Mister Spex is one of the leading digitally driven omnichannel retail brands in the ophthalmic industry in Europe[2]. We offer our customers fashionable eyewear, including prescription glasses, sunglasses and contact lenses with ease, style and expertise. Our assortment includes seven own brands, as well as more than 100 premium and luxury brands. We also carry fashionable and high-quality independent labels and boast exclusive collaborations with fashion designers and influencers.

Thanks to our seamless omnichannel approach, we create an individual shopping experience and at the same time give our customers the freedom to decide for themselves when, where and how they want to purchase their glasses. Innovative technologies and smart, data-driven services that are provided by our team of more than 100 software and system engineers, data scientists, analysts, designers and product managers, focus on improving the customer journey.

We are present in 10 European markets (Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the UK) with our own online shops and operate 74 own brick-and-mortar stores in Germany, Austria, Sweden and Switzerland. Our market presence is supplemented by an extensive partner optician network with 340 opticians.

Mister Spex operates a production site in Berlin, where the lenses are cut and assembled with state-of-the-art machines. Our three logistics centers from which we serve customers in all markets are located in Berlin, Stockholm (Sweden), and Karmsund (Norway).

The Mister Spex Group is steered and reported regionally, with the German and International markets forming the Group's the two operating segments.

II. Economic report of the Group

General economic and industry development

At the beginning of 2022, Russia's war in Ukraine triggered a political and economic shock, resulting in an energy crisis in Europe that sharply increased the cost of living and weighed on consumer sentiment. Consequently, during the first half of the year, the global economy faced numerous uncertainties, including high inflation, rising interest rates, and ongoing geopolitical tensions. However, based on the latest estimates provided by International Monetary Fund (IMF) the expected global growth slowdown in 2023 is likely to be less severe than initially anticipated, partly due to the resilience of household spending in developed economies.

According to the International Monetary Fund (IMF), global economic growth is expected to be 3.0% for 2023 (2022: 3.5%). In the eurozone, economic growth is now expected to moderate towards 0.9% in 2023 (2022: 3.5%). The latest estimate follows three upward revisions of 0.1% in 2023[3].

1 The statement is unaudited
2. The statement is unaudited

3. https://www.imf.org/en/Publications/WEO

+8%

Revenue increase in H1

Germany

For Germany, the Federal Statistical Office (Destatis) reports that after falling in the two previous quarters, German GDP stagnated in Q2 as inflation eased, wages rose, and employment grew. According to the IMF, economic growth in Germany is expected to be -0.3% for 2023 (2022: 1.8%). The GfK [""Gesellschaft für Konsumgüterforschung"": Consumer Goods Research Company] Consumer Climate Index in Germany reached a historic low at the end of the second half of 2022, with a clearly positive development in the first quarter of 2023. The second quarter continued to follow the same trend; however, it is still materially below pre-pandemic levels at the end of June 2023.

Industry development: Optical industry

For the optical industry, the first half of 2023 continued to be influenced by the persistently high level of macroeconomic and geopolitical uncertainty, along with continuously low consumer sentiment that became visible already in the second half of 2022. Consumer sentiment in Germany has improved in the first half of 2023, yet remains to be negative. Preliminary figures from GfK ["Gesellschaft für Konsumgüterforschung": Consumer Goods Research Company] on the development of independent optician retailers in Germany show revenue growth of approximately 6% for prescription glasses during the first half of 2023 compared with the same prior-year period. Both quarters have positively contributed to the overall development. According to the same research, the sunglasses business has contracted by 7% in first half of 2023.

Revenue by product category and segments

In the first half of 2023, the **revenue** increased by 8%, which is attributed to a notable 18% increase in sales of **sunglasses** and 13% growth in **prescription glasses**. This development can be attributed to several factors, including the strong competitive position of Mister Spex. This position is characterized by a comprehensive product range and a very attractive value-for-money offering. Furthermore, an increase in prices and a reduction in discounts, coupled with favorable sunny weather at the end of the second quarter and the opening of new stores, have contributed to the positive development.

Mister Spex continues to pursue the strategy of enhancing the product mix by steadily increasing the share of high-margin prescription glasses. Concurrently, the company remains committed to offering a leading omnichannel shopping experience, which is expected to yield greater profitability in the medium term.

The revenue from **contact lenses** has declined by 8% compared to last year's all-time high comparison of 13% in H1 2022. This decline was driven by the deliberate decision to reduce marketing and promotions for contact lenses. Additionally, the development was adversely affected by the exchange rate volatility of the Swedish and Norwegian Krona.

In the first half of the year, for the **Germany** segment, revenue increased by 13%, compared to 9% growth in H1 2022. The growth in 2022 was hampered by high sick rates of employees in stores related to COVID-19. In H1 2023, the revenue growth was mainly driven by a strong 21% increase in sunglasses sales, followed by a substantial 16% increase in prescription glasses sales. Both quarters have supported the development, while the second quarter has disproportionally contributed to the total growth.

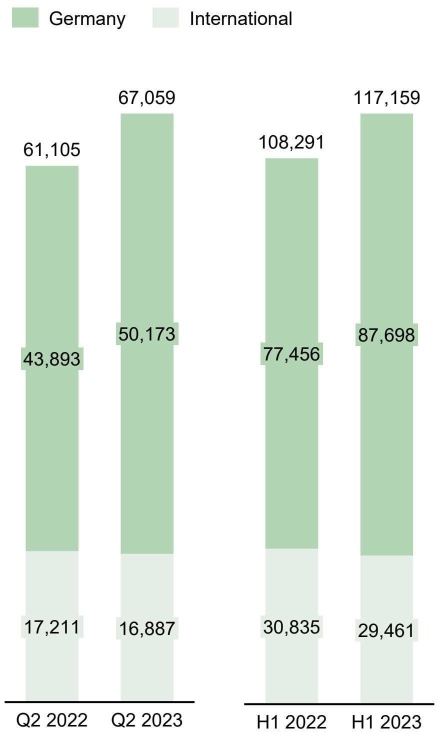
Revenue by product category (in € k)

+10%

Revenue increase in Q2

The revenue in the **International** segment declined by 4% in H1 2023, primarily driven by the Scandinavian entities and the UK, which could only be partially compensated by positive development in Switzerland and Austria. From the category perspective, the decline was fully driven by lower contact lenses revenues, which was only partially compensated by growing revenues in sunglasses. As part of “Lean 4 Leverage” efficiency program, the marketing budget for international segment has been reallocated towards Germany, where the Company benefits from higher awareness level.

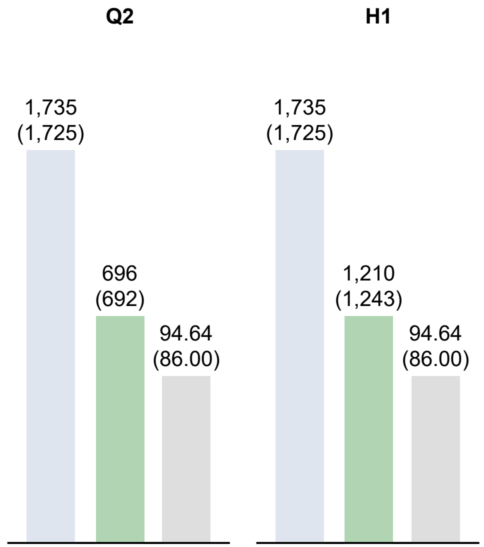
Revenue by segment (in € k)



Non-financial performance indicators

In the first half of 2023, the number of **active customers** increased by 1% to 1,735 k, mainly due to higher demand in our stores. For the same period, the **number of orders** decreased by 3% due to deliberate deprioritization of contact lenses in favor of prescription glasses and sunglasses. As a result of price increases and changes to the product mix in the first half of 2023, the **average order value** over the past 12 months increased by 10% to € 94.64, supported by a positive average order value development across all product categories.

Non-financial KPIs*



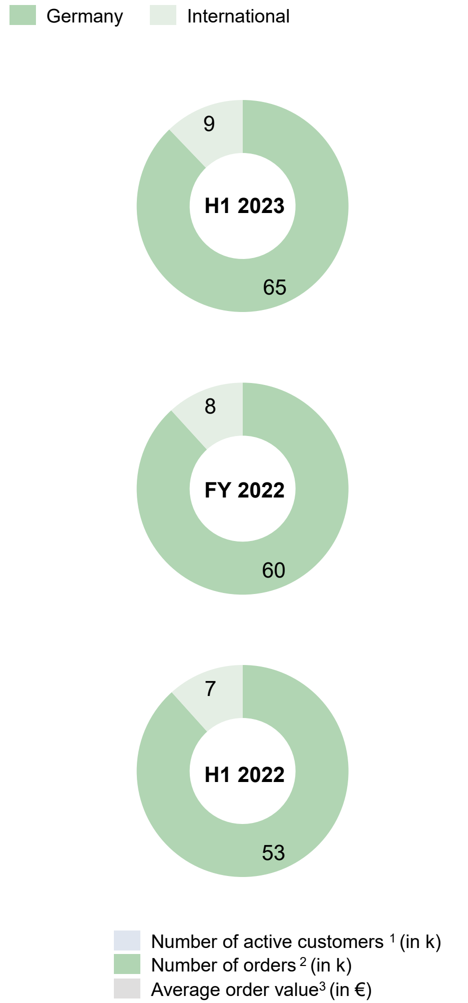
1 Customers who ordered in the last twelve months excluding cancellations (in k)
2 Orders after cancellations and after returns (in k)
3 Calculated as revenues divided by number of orders after cancellation and after returns, over the last twelve months (in €)

* Prior-year figures are in brackets

Network of retail stores

As of June 30, 2023, the number of retail stores amounted to 74, representing a 9% increase compared to December 31, 2022, and 23% increase year-on-year

Network



Financial performance in H1 2023

Following a noteworthy increase in **gross margin** during Q1 2023, a further increase was also attained in Q2 2023. The gross margin in Q2 increased by 189 basis points, reaching 48.7%. For the entire first half of 2023, the gross margin increased by 293 basis points, totaling 50.8%. Both quarters benefited from a reduction in discounts and a positive development in product mix.

Personnel expenses increased by 12% in the first half of 2023. The increase is due to new store openings and the new hires in this context, as well as expenses for severance and garden leave payments, which impacted the second quarter.

Other operating expenses decreased by 3% in the first half of 2023. The improvement is predominantly coming from lower marketing expenses. As a percentage of sales, they decreased in both quarters of 2023 compared with the respective prior-year quarters. In absolute terms, marketing expense in the first quarter has decreased by 15% year-on-year and overcompensated for an increase in other cost lines. In the second quarter, marketing expense has increased by 7% due to successful performance marketing and our 15-year anniversary campaign. These efforts resulted in a robust 22% growth and corresponding market share gains in a contracting sunglasses market as reported by GfK. Overall, for the second quarter, other operating expenses decreased by 2% year-on-year, as last year included expenses related to the acquisition of Tribe GmbH (€ 674 k).

Consolidated statement of profit or loss

	Q2 (1 Apr – 30 Jun)			H1 (1 Jan – 30 Jun)		
in € k	2023	2022	Change	2023	2022	Change
Revenue	**67,059**	**61,105**	**10%**	**117,159**	**108,291**	**8%**
Own work capitalized	1,590	2,074	-23%	3,085	3,675	-16%
Other operating income	223	159	40%	689	330	>100%
Cost of materials	-34,407	-32,506	6%	-57,647	-56,461	2%
Gross profit[1]	32,652	28,599	14%	59,512	51,830	15%
Gross profit margin[1]	48.7%	46.8%	189bp	50.8%	47.9%	293bp
Personnel expenses	-16,537	-14,251	16%	-31,807	-28,375	12%
Other operating expenses	-17,396	-17,755	-2%	-32,904	-33,787	-3%
EBITDA	**532**	**-1,174**	**>-100%**	**-1,426**	**-6,326**	**-77%**
Adjustments	1,768	1,757	1%	2,089	2,324	-10%
Adjusted EBITDA	**2,300**	**583**	**>100%**	**663**	**-4,003**	**>-100%**
Depreciation and amortization	-8,340	-4,752	76%	-14,061	-8,815	60%
EBIT	**-7,808**	**-5,926**	**32%**	**-15,487**	**-15,141**	**2%**
Financial result	-254	-1,146	-78%	-440	-1,928	-77%
Share in loss of associates	0	-307	-100%	0	-302	-100%
Income taxes	-317	-160	98%	-623	-454	37%
Loss for the period	**-8,379**	**-7,538**	**11%**	**-16,549**	**-17,824**	**-7%**

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.

In addition to higher amortization of intangible assets, the 60% increase in **depreciation and amortization** was mainly attributable to higher depreciation of right-of-use assets for the leases for the new stores in accordance with IFRS 16 and as a result of the impairment test performed on 30 June 2023. For some stores, the impairment loss of € 2,605 k had to be recognized. As a result of the current macroeconomic situation, which led to adjustments in projected cash flows and growth rates, the recoverable amount of some assets fell below their carrying amount.

Management assesses operating performance 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 the six months ended 30 June 2023 mainly comprise of **transformation costs** which is part of “Lean 4 Leverage” efficiency program and includes expenses for severance and garden leave payments (€ 1,436 k) mainly affecting the second quarter of 2023.

As a result of a 293bps improvement in gross margin coupled with lower other operating expenses which has overcompensated for higher personnel expense, the adjusted EBITDA has increased to € 663 k (H1 2022: € -4,003 k). In the second quarter of 2023, adjusted EBITDA increased to € 2,300 k (Q2 2022: € 583 k) due to margin accretive product mix and lower other operating expenses.

Total assets increased by € 28,021 k in the first half of 2023. The € 22,799 k increase in **non-current assets** is largely attributable to the opening of 6 new stores and the move into the new headquarter and the associated recognition of right-of-use assets in accordance with the provisions of IFRS 16. The impairments resulting from the ad hoc impairment tests for the remaining non-current assets as of 30 June 2023 had an offsetting effect of € 2,605 k.

The change in **current assets** is attributed to several factors. Firstly, increase in inventories of € 8,998k. The increase is related to a seasonal uptick in sunglasses stock, a greater share of luxury and independent label products as well as strategic purchasing of contact lenses ahead

Assets, liabilities and financial position

in € k	30.06.2023	31.12.2022	Change
Assets			
Non-current assets	143,210	120,411	22,799
Current assets	178,043	172,821	5,221
Thereof: Cash and cash equivalents	124,322	127,792	-3,470
Total Assets	**321,253**	**293,232**	**28,021**
Equity and liabilities			
Equity	184,680	201,005	-16,325
Non-current liabilities	83,835	56,736	27,099
Current liabilities	52,738	35,491	17,247
Total equity and liabilities	**321,253**	**293,232**	**28,021**

Reconciliation from EBITDA to Adjusted EBITDA

	Q2 (1 Apr– 30 Jun)			H1 (1 Jan – 30 Jun)		
in € k	2023	2022	Change	2023	2022	Change
EBITDA	**532**	**-1,174**	**>100%**	**-1,426**	**-6,326**	**-77%**
Adjustments	1,768	1,757	1%	2,089	2,324	-10%
Thereof effects arising from the application of IFRS 2	475	699	-32%	426	865	-51%
Thereof transformation costs	1,340	1,020	31%	1,661	1,267	31%
Thereof other special effects	-47	38	>-100%	2	192	-99%
Adjusted EBITDA	**2,300**	**583**	**>100%**	**663**	**-4,003**	**>100%**

of price increases in 2023. Secondly, the seasonal increase in the provision for returns by € 2,427 k and lastly. These increases are offset by decreases in trade receivables, which mainly consist of year-end settlements with our suppliers, and decreases in other non-financial assets of €4,538 k and cash and cash equivalents of €3,470 k.

As of 30 June 2023, **non-current liabilities** stood at € 83,835 k and € 27,099 k above the value on 31 December 2022. The increase is mainly due to the increase in lease liabilities in connection with the opening of new stores and a new sale and leaseback agreement was concluded for the store fittings acquired to equip our stores with high-quality instruments and installations with the aim of spreading one-time expenses for investments in store fittings. The lease liability is related to the recognition of leases in accordance with IFRS 16. The increase in **current liabilities** by € 17,247 k to € 52,738 k is mainly due to an increase in trade payables by € 5,842 k to € 18,699 k, provisions as well as an increase in refund liabilities.

The change in **equity** is mainly due to the net loss for the period. The equity ratio as of 30 June 2023 was 57 %. Business activities are financed by a combination of equity and debt.

In the reporting period, Mister Spex recorded a positive **cash flow from operating activities** of € 8,558k (H1 2022: negative cash flow of € -3,155 k). The change is attributable to a narrower loss for the period, a decrease of other assets and an increase in trade payables and other liabilities. The seasonal increase in inventories compensated for these effects.

The **cash flow from investing activities** of € -8,754 k (H1 2022: € -40,728 k) largely due to investments in fixed assets such as fittings for new stores, logistics, internally developed software and other furniture and fittings. The **cash flow from financing activities** stood at € -3,274 k. The profit received in Q1 2023 from the conclusion of the Sale and Leaseback agreement from 2022 offsets the lease liability repayments for the stores. As a result, **cash and cash equivalents** decreased by € 3,740 k to € 124,322 k as of 30 June 2023.

Net Debt for the period amounts to € 12,251k versus € -35,565 k in 2022.

III. Overall assessment of assets, liabilities, financial position and financial performance

The Management Board is satisfied with the business development in the first half of 2023. Despite high inflation, raising interest rates and ongoing geopolitical tensions, the Group achieved revenue growth as well as improvement in profitability.

An efficiency program "Lean 4 Leverage" has significantly supported an overall positive development of the Group. As the result of the program, the gross margin has increased by 293 bps while the other operating costs have decreased by 3%, supporting a strong improvement in adjusted EBITDA of € 4,666 k to previous year. Overall, the management assesses the performance in the first half of the year as positive despite the challenging market environment and still depressed consumer sentiment.

€124m

Cash and cash equivalents in H1 2023

Consolidated statement of cash flows

	Q2 (1 Apr – 30 Jun)		**H1 (1 Jan – 30 Jun)**	
in € k	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities	17,716	-1,793	8,558	-3,155
Cash flows from investing activities	-4,156	-36,290	-8,754	-40,728
Cash flows from financing activities	-2,498	-2,035	-3,274	-3,480
Total cash flow	**11,061**	**-40,118**	**-3,470**	**-47,364**

IV. Risk and opportunities

While opportunities can have a positive impact on financial performance and shareholder value, risks are seen as negative deviations from planned developments and objectives. In the remaining months of 2023, Mister Spex will continue to place great importance on consciously weighing up opportunities and risks in its business activities.

Early detection and informed action will continue to be the focus in the year ahead. Internal monitoring and early warning systems will be continuously improved and adapted to market requirements.

Risks

The overall risk exposure of Mister Spex is made up of various individual risks. We present the risks on a net basis. The reported risks relate to the remaining months of the 2023 financial year.

Risk have been reviewed per end of June 2023, the risk situation is largely unchanged from the last reporting date and there is no indication of any threat to the Group's ability to continue as a going concern. The deterioration of the general economic situation in Germany, with its impact on consumer spending and inflation, because of the war in Ukraine, could further have a negative effect on customer demand in the ophthalmic industry and on our sales. For a detailed description of the principal risks, please refer to the Group Management Report.

Risks that may arise in connection with our corporate social responsibility and our handling of all ESG topics are comprehensively explained and assessed in our annual sustainability report.

Opportunities

Opportunities arising from changed market structures or improvements in the internal value chain should be identified early on and systematically leveraged to secure the Company's ongoing success.

The opportunities are unchanged compared with the last reporting date. Please see the Group management report for fiscal year 2022 for a description of the main opportunities.

V. Outlook

One of the factors influencing the economic development in 2023 will continue to be high inflation and the resulting efforts to mitigate it. Additional interest rate hikes by central banks will restrain the upward trajectory but will also curb some of the economic growth due to higher interest rates.

Management expects to record 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, 28 August 2023

The Management Board

Dirk Graber
Founder and Co-CEO

Dr Mirko Caspar
Co-CEO

Consolidated statement of comprehensive profit and loss

Consolidated statement of profit and loss

in € k	Note	Q2 (1 Apr – 30 Jun) 2023	Q2 (1 Apr – 30 Jun) 2022	H1 (1 Jan – 30 Jun) 2023	H1 (1 Jan – 30 Jun) 2022
Revenue	1	67,059	61,105	117,159	108,291
Other own work capitalized		1,590	2,074	3,085	3,675
Other operating income		223	159	689	330
Total operating performance		**68,873**	**63,338**	**120,932**	**112,296**
Cost of materials		-34,407	-32,506	-57,647	-56,461
Personnel expenses	2	-16,537	-14,251	-31,807	-28,375
Other operating expenses	3	-17,396	-17,755	-32,904	-33,787
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**532**	**-1,174**	**-1,426**	**-6,326**
Depreciation, amortization and impairment	13	-8,340	-4,752	-14,061	-8,815
Earnings before interest and taxes (EBIT)		**-7,808**	**-5,926**	**-15,487**	**-15,141**
Financial result	4	-254	-1,146	-440	-1,928
Share of results of associates		0	-307	0	-302
Earnings before taxes (EBT)		**-8,062**	**-7,378**	**-15,926**	**-17,371**
Income taxes	5	-317	-160	-623	-454
Loss for the period		**-8,379**	**-7,538**	**-16,549**	**-17,824**
Thereof loss attributable to the shareholders of Mister Spex SE					
Basic and diluted earnings per share (in EUR)		**-0.25**	**-0.23**	**-0.49**	**-0.53**

Consolidated statement of other comprehensive income and loss

in € k	Q2 (1 Apr – 30 Jun) 2023	Q2 (1 Apr – 30 Jun) 2022	H1 (1 Jan – 30 Jun) 2023	H1 (1 Jan – 30 Jun) 2022
Loss for the period	**-8,379**	**-7,538**	**-16,549**	**-17,824**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign financial statements	-110	43	-295	125
Other comprehensive income / loss	-110	43	-295	125
Total comprehensive loss	**-8,489**	**-7,495**	**-16,844**	**-17,699**
Thereof loss attributable to the shareholders of Mister Spex SE	-8,489	-7,495	-16,844	-17,699

Consolidated statement of financial position

Consolidated statement of financial position

Assets

in € k	Note	30.06.2023	31.12.2022
Non-current assets		**143,210**	**120,411**
Goodwill		12,829	12,829
Intangible assets		22,598	21,738
Property, plant and equipment	6	24,601	23,922
Right-of-use assets	7	78,418	53,193
Other financial assets	8	4,764	8,729
Current assets		**178,043**	**172,821**
Inventories	10	39,039	30,041
Right of return assets	1	3,186	759
Trade receivables		701	2,742
Other financial assets	8	2,673	868
Other non-financial assets		8,122	10,619
Cash and cash equivalents		124,322	127,792
Total assets		**321,253**	**293,232**

Equity and liabilities

in € k	Note	30.06.2023	31.12.2022
Equity		**184,680**	**201,005**
Subscribed capital	10	33,891	33,866
Capital reserves	10	328,162	327,668
Other reserves		-1,388	-1,094
Accumulated loss		-175,984	-159,435
Non-current liabilities		**83,835**	**56,736**
Provisions		1,703	1,563
Lease liabilities	7	75,919	50,376
Liabilities to banks		1,120	1,120
Other financial liabilities	10	3,602	2,462
Other non-financial liabilities		23	42
Deferred tax liabilities		1,467	1,173
Current liabilities		**52,738**	**35,491**
Provisions	1	1,088	1,054
Trade payables		18,699	12,857
Refund liabilities	1	6,105	2,166
Lease liabilities	7	11,667	10,159
Other financial liabilities	1	2,052	1,433
Contract liabilities	1	1,628	1,121
Other non-financial liabilities	12	11,499	6,700
Total equity and liabilities		**321,253**	**293,232**

Consolidated statement of changes in equity

Consolidated statement of changes in equity (for the six months ended 30 June 2023)

in € k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2023		**34,864**	**-998**	**327,668**	**-1,094**	**-159,435**	**201,005**
Loss for the period						-16,549	-16,549
Other comprehensive loss					-295		-295
Total comprehensive loss							-16,844
Capital increase							
Issuance of treasury shares	10		25	68			93
Share-based payments	10			426			426
As of 30 Jun 2023		**34,864**	**-973**	**328,162**	**-1,388**	**-175,984**	**184,680**

in € k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2022		**34,769**	**-1,008**	**326,319**	**-787**	**-114,509**	**244,785**
Loss for the period						-17,824	-17,824
Other comprehensive loss					125		125
Total comprehensive loss							-17,699
Capital increase		95		103			197
Share-based payments				865			865
As of 30 Jun 2022		**34,864**	**-1,008**	**327,287**	**-662**	**-132,333**	**228,148**

Consolidated statement of cash flows

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

		H1 (1 Jan – 30 Jun)	
in € k	Note	2023	2022
Operating activities			
Loss for the period		**-16,549**	**-17,824**
Adjustments for:			
Finance income	4	-1,565	-367
Finance cost	4	2,005	2,294
Income tax expense	5	623	454
Amortization and Impairment of intangible assets		3,173	2,862
Depreciation and Impairment of property, plant and equipment		4,001	1,627
Depreciation of right-of-use assets		6,887	4,324
Non-cash expenses for share-based payments	10	426	865
Increase (+)/decrease (-) in non-current provisions		139	106
Increase (-)/decrease (+) in inventories		-8,997	-6,734
Increase (-)/decrease (+) in other assets		4,010	-2,355
Increase (+)/decrease (-) in trade payables and other liabilities		15,028	11,619
Share of results of associates		0	302
Income taxes paid		-491	0
Loss from the derecognition of shares in associates		0	674
Interest paid		-1,379	-1,005
Interest received		1,247	3
Cash flows from operating activities		**8,558**	**-3,155**

		H1 (1 Jan – 30 Jun)	
in € k	Note	2023	2022
Investing activities			
Acquisition of subsidiaries, net of cash acquisition		0	-1,000
Purchase of other financial assets		0	-30,000
Investments in property, plant and equipment		-4,720	-4,737
Investments in intangible assets		-4,034	-4,992
Cash flow from investing activities		**-8,754**	**-40,728**
Financing activities			
Cash received from capital increases, net of transaction costs		93	429
Cash from resolved capital increase		184	0
Borrowing of other financial liabilities		1,941	0
Repayments of liabilities to banks		-438	0
Payment of principal portion of lease liabilities		-5,054	-3,909
Cash flow from financing activities		**-3,274**	**-3,480**
Net increase (+)/decrease (-) in cash and cash equivalents		**-3,470**	**-47,364**
Cash and cash equivalents at the beginning of the period		127,792	149,644
Cash and cash equivalents at the end of the period		**124,322**	**102,280**

Notes to the interim condensed consolidated financial statements

I. Information on the Company

Mister Spex SE (the "Company") headquartered in Berlin, is a listed stock corporation. These interim condensed consolidated financial statements ("interim financial statements") for the six months ended 30 June 2023 include the Company and its subsidiaries (collectively, the "Group").

II. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

These unaudited interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and IAS 1 Presentation of Financial Statement and should be read in conjunction with the most recent consolidated financial statements for the fiscal year ended 31 December 2022 (the "most recent consolidated financial statements"). They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs). However, they include selected explanatory notes on events and transactions that are significant to an understanding of the changes in the Group's assets, liabilities, financial position and financial performance since the most recent consolidated financial statements.

These interim financial statements were approved and authorized for issue by management resolution dated 28 August 2023.

Due to rounding differences, figures in tables may differ slightly from the actual figures.

Presentation currency

The interim financial statements were prepared in euros (€), which is the functional and presentation currency of the Group and all values in the interim financial statements and the related notes are rounded to the nearest thousand (€ k) except where otherwise indicated. This may result in rounding differences in the tables of the notes to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of Mister Spex SE and its subsidiaries as of 30 June 2023.

The number of subsidiaries included in the scope of consolidation (7) has not changed as of 30 June 2023 compared to 31 December 2022.

Judgments and estimates

In preparing these interim financial statements, management made judgments and estimates concerning the application of financial reporting methods and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the most important sources of estimation uncertainty were identical to those in the most recent consolidated financial statements.

New standards, interpretations and amendments adopted by the Group

Apart from the new standards and amendments to standards or interpretations effective from January 2023, the accounting policies applied in these interim financial statements are consistent with those applied in the consolidated financial statements for the fiscal year ended 31 December 2022. Several amendments to standards and interpretations became effective from 1 January 2023, however, these do not have any material effects on the Group's interim financial statements.

The accounting policy applied to the measurement and recognition of income taxes in the interim period is described in note 5.

Effects of the Russia-Ukraine war

The war in Ukraine has had a negative impact on retail and private consumption. According to management, consumer uncertainty and increases in energy and commodity prices can also result in decreasing demand for ophthalmic services. The change in customer demand can result in declining revenue. However, any significant impacts on judgments, changes in estimates or valuation uncertainties are not expected at the moment.

III. Operating segments

Information about reportable segments

The tables below present information on revenue and adjusted EBITDA for the Group's reportable segments for the six months ended 30 June 2023 and 2022.

Operating segments

for the six months ended 30 June 2023

in € k	Germany	International	Reconciliation	Total
External revenue	87,698	29,461		117,159
Intersegment revenue	4,434	967	-5,401	
Segment revenue	**92,132**	**30,428**	**-5,401**	**117,159**
Adjusted EBITDA	**497**	**166**		**663**

for the six months ended 30 June 2022

in € k	Germany	International	Reconciliation	Total
External revenue	77,456	30,835		108,291
Intersegment revenue	4,739	187	-4,926	
Segment revenue	**82,195**	**31,022**	**-4,926**	**108,291**
Adjusted EBITDA	**-2,349**	**-1,654**		**-4,003**

Reconciliation of information on reportable segments to the amounts presented in the interim financial statements

For the six months ended 30 June 2023		
in € k	**2023**	**2022**
I. Segment revenue		
Revenue of the reportable segment	122,560	113,217
Elimination of intersegment revenue	-5,401	-4,926
Consolidated revenue	**117,159**	**108,291**
II. Adjusted EBITDA		
Adjusted EBITDA of the reportable segment	663	-4,003
Special effects	-2,089	-2,324
Thereof effects arising from the application of IFRS 2	-426	-865
Thereof transformational costs	-1,661	-1,267
Thereof other special effects	-2	-192
Finance income and costs	-440	-1,928
Depreciation and amortization	-14,061	-8,815
Share of results in associates	0	-302
Earnings before income taxes	**-15,926**	**-17,371**

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

The adjustments for the six months ending 30 June 2023 mainly comprise transformation costs that are part of the "Lean 4 Leverage" efficiency program and mainly include expenses for severance payments and garden leave (€ 1,436k).

The following table shows Mister Spex Group's revenue by product category.

Revenue by product category

for the six months ended 30 June 2023

in € k	Germany		International		Total	
	2023	2022	2023	2022	2023	2022
I. Revenue						
Prescription glasses	38,230	32,956	6,279	6,272	44,509	39,228
Sunglasses	29,482	24,405	11,227	10,181	40,709	34,586
Contact lenses	18,145	18,355	11,562	14,071	29,707	32,426
Total products	**85,857**	**75,716**	**29,068**	**30,524**	**114,925**	**106,240**
Marketing and other services	1,841	1,740	393	311	2,234	2,051
Total	**87,698**	**77,456**	**29,461**	**30,835**	**117,159**	**108,291**

IV. Notes to the interim condensed consolidated financial statements

1. Revenue

The Group's sunglasses product category is prone to seasonal fluctuations depending on weather conditions. Due to this product category's seasonality, higher revenue is usually expected in the second and third fiscal quarters. This information is provided to facilitate a better understanding of the results, however, management has concluded that this revenue is not "highly seasonal" within the meaning of IAS 34.21.

The following table contains information about assets and liabilities from contracts with customers:

in € k

	30 Jun 2023	31 Dec 2022
Right of return assets	3,186	759
Refund liabilities	6,105	2,166
Provisions for warranties	1,088	1,054
Contract liabilities	1,628	1,121

Right of return assets of € 3,186k (31 December 2022: € 759k) and refund liabilities of € 6,105k (31 December 2022: € 2,166k) are presented as separate items in the consolidated statement of financial position. Both the assets and the liabilities increased as of 30 June 2023 as compared to 31 December 2022, mainly due to seasonal effects.

Contract liabilities of €1,628k (31 December 2022: € 1,121k) arising from prepayments received are generally realized (settled) within a few weeks after the reporting date by delivery of the products to customers

2. Personnel expenses

Personnel expenses for the six months ended 30 June 2023 amounted to € 31,807k. This increase is primarily attributable to the opening of new stores and to corresponding new hires as well as expenses for severance payments and garden leave in the second quarter.

3. Other operating expenses

Other operating expenses decreased by € 883k to € 32,904k in the first half of 2023. While marketing expenses increased slightly due to performance marketing and the 15-year campaigns, other costs were reduced. In the previous year, expenses in connection with the takeover of Tribe GmbH (€ 674 K) were also included.

4. Financial result

The financial result for the interim period breaks down as follows:

in € k	For the six months ended 30 June	
	2023	**2022**
Finance income	1,565	367
Finance costs	-2,005	-2,294
Finance results	-440	-1,928

The increase in the financial result is mainly due to interest income from the investment of overnight deposits.

5. Income taxes

The recognized income tax expense is calculated by multiplying EBT for the interim period by the best estimate by management of the weighted average income tax rate expected for the full fiscal year.

The Group's effective tax rate for the six months ended 30 June 2023 was 1.8% (30 June 2022: 2.6%).

6. Property, plant and equipment

Property, plant and equipment comprises plant and machinery, furniture, fixtures and office equipment and assets under construction.

As of 30 June 2023, property, plant and equipment amounted to € 24,601k (31 December 2022: € 23,922k). The increase mainly stems from investments in furniture, fixtures and office equipment for our new headquarter in Berlin as well as newly opened stores in 2023.

7. Right- of-use-asset and lease liabilities

Right-of-use assets are recognized at a carrying amount of € 78,418k as of 30 June 2023, while lease liabilities are recognized at € 87,586k as of 30 June 2023, of which € 11,667k are non-current and € 75,919k are current. The increase is mainly due to the opening of new stores and the move into our new headquarter in Berlin.

8. Other financial assets

Other financial assets comprise receivables from rent deposits and collateral pledged, receivables from sales by invoice and direct debit sales and other financial assets. The change in non-current financial assets is due to a deposit repayment. The increase in current financial assets is essentially based on a higher volume of receivables from invoice and direct debit sales. The carrying amounts of the financial assets correspond to the fair values.

9.Inventories

Inventories, i.e. the stock of goods, which mainly consists of contact lenses, prescription glasses and sunglasses, amounted to € 39,039 k in the first half of the year, which is higher than the value as of 31 December 2022 (€ 30,041 k) due to seasonal factors. The share of luxury brands in the total inventory also continued to increase.

10. Equity

The change in equity results from the negative overall result for the period and from the issue of treasury shares in the amount of € 25 k due to the exercise of options from the previous stock option program (ESOP).

In addition, Mister Spex again granted long-term remuneration elements in the form of restricted share units (RSU) to selected managers and employees in the second quarter. As a result, the capital reserves increased by € 356 k. The remaining portion of the increase in the capital reserve of € 138 k is due to the changes in the previous stock option programs (ESOP).

11. Financial instruments – Fair values and risk management

The financial instruments used by the Group comprise cash and cash equivalents and other financial assets and liabilities, such as money market funds or trade receivables and trade payables stemming directly from its business activities.

The fair values of financial instruments are largely equivalent to the carrying amounts, which are assessed to be a reasonable approximation of the former. The carrying amounts of the financial assets and financial liabilities as of 30 June 2023 and 31 December 2022 are equivalent to their fair values.

In the ordinary course of business, the Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk). These risks remain unchanged and have been described in detail in the most recent consolidated financial statements.

Group management is responsible for managing the risks and develops principles for overall risk management.

12. Other current non-financial liabilities

As of 30 June 2023, other current non-financial liabilities increased by € 4,799 k to € 11,499 k (31 December 2022: € 6,700 k). This was largely attributable to the increase in liabilities from outstanding invoices by € 2,843 k to € 4,014 k, the increase of accrued personnel-related expenses by € 633 k to € 1,503 k as well as the increase in VAT liabilities by € 873 k to € 1,661 k.

13. Impairment test

The Mister Spex Group has performed an impairment test as of 30 June 2023 due to the continuing low market capitalization. For some assets, this has resulted in a lower recoverable amount compared to the carrying amount. The changed projected cash flows as well as changes in the interest rate and growth rate due to the current macroeconomic situation have led to this result.

The impairment test is based on cash flow projections for the CGUs and estimates concerning the future market development. The 5-year planning period reflects the medium-term business plan. After this period, the growth dynamic decreases and a steady state is assumed for the reporting units, which is the basis for the calculation of the perpetual annuity.

Goodwill

The Mister Spex Group reports goodwill of € 12,829 k from three corporate acquisitions (Lensit, Nordic Eyewear and Tribe). As in the previous year, the online business of Lensit with an allocated goodwill of € 5,259 k (previous year: € 5,259 k) and the online business of Nordic Eyewear with an allocated goodwill of € 4,696 k (previous year: € 4,696 k) represent separate cash-generating units to which the respective goodwill is directly allocated.

The goodwill from the acquisition of Tribe GmbH (€ 2,874 k) was allocated to several cash-generating units in the online business. The major part of the carrying amount of the goodwill of Tribe GmbH was allocated to the cash-generating unit Online Retail Germany (€ 2,185 k) in the reportable segment Germany.

The following basic assumptions were made for all impairment tests:

Assumptions	Weighted average cost of capital (WACC)	Growth in perpetuity
Lensit	11,02% (Previous year: 11,02%)	1,33% (Previous year: 1,33%)
Nordic Eyewear	10,06% (Previous year: 9,72%)	1,33% (Previous year: 1,33%)
Tribe	7,12 – 12,98% (Previous year:9,1 – 12,7 %)	1,33% (Previous year: 1,33%)

In addition to the impairment test, the sensitivity analysis for all reporting units tested whether changes in the assumptions made above (WACC increase by 1%, long-term growth rate at 1%, decrease in future cash flows in the detailed planning period by -10%) would result in the carrying amount of the units exceeding their respective recoverable amount. For all cash-generating units and groups of cash-generating units, the changes in assumptions would also not result in an impairment.

Other non-current non-financial assets

The impairment test for intangible assets, property, plant and equipment and rights to use leased assets was performed based on the existence of an indication for all cash-generating units or groups of cash-generating units.

The intangible assets of the Mister Spex Group amounting to € 22,598 k are allocated to several groups of cash-generating units, as they are mostly assets (including IT systems used throughout the Group) that contribute to the future cash flows of several cash-generating units.

After impairment, intangible assets of € 1,419 k, property, plant and equipment of € 15,722 k and rights of use on leased assets of € 50,667 k could be directly allocated to the retail shops. Of this amount, € 6,851 k is attributable to the International reporting segment, the remaining € 60,958 k is attributed to retail shops in the Germany segment.

In the 2023 financial year, an impairment result of € 2,605 k was determined for these cash-generating units and recognized in total in depreciation, amortization and impairment. Of this amount, € 799 k is attributable to the International reporting segment, the remaining € 1,805 k is attributed to retail stores in the Germany segment.

The recoverable amount for the cash-generating units retail stores, which were subject to impairment, amounts to € 22.1 M and corresponds partly to the value in use of € 9,910 k and partly to the fair value less costs to sell of € 12,097 k.

To estimate the value in use, the expected future cash flows per cash-generating unit were estimated and discounted over the term of the respective agreed rental period of the retail shops. The discount rate used was 10.23% for the retail shops in Germany, 10.99% in Austria, 7.12% in Switzerland and 10.34% in Sweden.

The determination of the fair value of the assets of the cash-generating units was classified in measurement hierarchy level 3 (IFRS 13). The fair value for the rights of use for leased assets included observable rental rates as at the reporting date. For property, plant and equipment consisting of shop fittings and other operating and office equipment, the usual market resale value was used to determine the market price. The fair value of the rights of use for leased assets was determined using the discounted cash flow method. The discount factor used for the retail shops was the country-specific weighted average cost of capital in Germany 10.23%, Austria 10.99%, for Switzerland 7.12% and for Sweden 10.34%.

14. Related parties

All transactions with related parties were conducted at market conditions and are to be considered as arm's length transactions. There were no new contracts with related parties in the first half year ended 30 June 2023.

15. Events after the reporting date

In June 2023, holders of share options exercised a total of 183,938 of these option rights. The capital increase was carried out in connection with the exercise of these options by issuing 183,938 new registered shares. The capital increase was entered in the commercial register in July 2023. Each share represents a notional share of € 1.00 in the subscribed capital and grants the holder one vote at the company's Annual General Meeting. All shares grant the same rights and obligations.

Apart from the above, no further events of particular significance occurred after the reporting date (30 June 2023) and the date of approval of the publication by the Board of Management that have a material impact on the Group’s assets, liabilities, financial position and financial performance.

Responsibility statement by the management board

We assure to the best of our knowledge and in accordance with the applicable reporting principles for half-year financial reporting, that the condensed consolidated interim financial statements give a true and fair view of the assets, financial, and earnings position of the Group, and that the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Berlin, 28 August 2023

The Management Board

Dirk Graber
Founder and Co-CEO

Dr Mirko Caspar
Co-CEO

Financial calendar

Date	
9 November	Q3 2023 financial results
27 March	Annual Report FY 2023

Imprint

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DISCLAIMER

This report also contains forward-looking statements. These statements are based on the current view, expectations and assumptions of the management of Mister Spex SE ("Mister Spex"). Such statements are subject to known and unknown risks and uncertainties that are beyond Mister Spex's control or accurate estimates, such as the future market environment and the economic, legal and regulatory framework, the behaviour of other market participants, the successful integration of newly acquired entities and the realisation of expected synergy effects, as well as measures by public authorities.

If any of these or other uncertainties and imponderables materialise, or if the assumptions on which these statements are based prove to be incorrect, actual results could differ materially from those expressed or implied by such statements. Mister Spex does not warrant or assume any liability that the future development and future actual results will be consistent with the assumptions and estimates expressed in this report. Mister Spex does not intend or assume any obligation to update forward looking statements to reflect events or developments after the date of this report, except as required by law.

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.

This report is also published in German. In the event of any discrepancies, the German version of the report shall prevail over the English translation.

Mister Spex SE

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