MISTER SPEX

Der Optiker deines Lebens

Quarterly Statement for Q3 2024

MISTER SPEX – At a glance

Key figures

in € k	Q3 (1 July – 30 Sep) 2024	Q3 (1 July – 30 Sep) 2023	Q3 Change	9M (1 Jan – 30 Sep) 2024	9M (1 Jan – 30 Sep) 2023	9M Change
Results of operation						
Revenue	**57,774**	**59,666**	**-3%**	**176,316**	**176,825**	**0%**
Revenue by segment						
Germany	45,251	44,546	2%	136,587	132,244	3%
International	12,523	15,120	-17%	39,901	44,581	-10%
Revenue by product category						
Prescription glasses	20,699	19,999	4%	67,109	64,508	4%
Sunglasses (incl. prescription sunglasses)	20,449	20,769	-2%	60,784	61,478	-1%
Contact lenses	15,414	17,720	-13%	45,216	47,427	-5%
Miscellaneous services	1,212	1,179	3%	3,378	3,413	-1%
Gross profit margin[1]	48.8%	45.8%	302bps	49.7%	49.1%	58bps[2]
EBITDA	-5,885	-2,007	>100%	-9,196	-3,433	>-100%
Adjusted EBITDA	**-1,422**	**239**	**>-100%**	**-2,226**	**902**	**>-100%**
Other key figures						
Active customers (LTM) [3] (in k)	1,630	1,741	-6%	1,630	1,741	-6%
Number of orders[4] (in k)	549	642	-15%	1,709	1,835	-7%
Average order value (LTM)[5] (in EUR)	99.37	96.75	3%	99.37	96.75	3%

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

Contents

Interim Group Management Report

In August 2024, the Supervisory Board of Mister Spex SE approved the “SpexFocus” transformation and restructuring program for 2024 and 2025 to significantly increase profitability and ensure sustainable cash generation for the company in the mid-term. The first phase of “SpexFocus” focuses on restructuring, with extensive measures such as reducing personnel costs, adjusting prices, optimizing operations, and closing all international stores.

The second phase emphasizes transformation, including a fundamental repositioning of the brand to enhance Mister Spex’s relevance and leadership in the optical industry and improve margin profile. This repositioning will deepen engagement with existing customers and expend the brand's reach to a discerning target group aged 40 to 60 who prioritize multifocal lenses and reliable optical advice. As part of this change, the brand also aims to reduce its reliance on advertising and discount campaigns.

Market Development

According to the German consumer confidence index “GfK” (Gesellschaft für Konsumforschung) the consumer sentiment continued to improve in the third quarter 2024.

While the optical retail market in Germany declined by 3% for prescription glasses in July and August, Mister Spex achieved a growth of 6% for the same period of time.

Q3 2024 Development

In the third quarter the revenues reached € 57,774 k, a decrease of 3% compared to last year’s third quarter revenues of € 59,666 k.

Compared to last year, revenues in **Germany** increased by 2%, driven by both online- and offline growth. From a product category perspective, the slight growth was mainly driven by prescription glasses and sunglasses, which offset the negative trend in contact lenses.

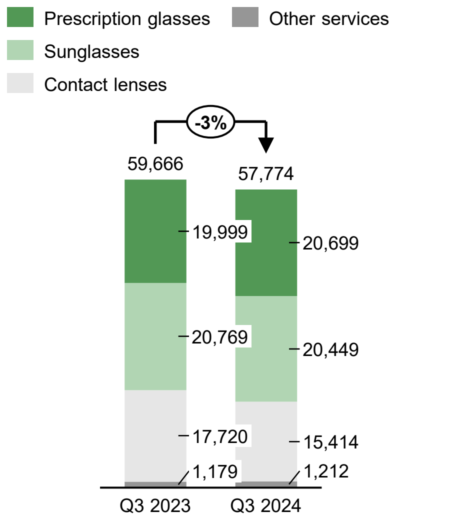
The revenues from the **International** segment decreased by 17% compared to last year, primarily driven by declines in the Scandinavian, Austrian, and Swiss market. The significant year-on-year decrease stems from the transformation and restructuring program announced in August, which includes the closure of all international stores. In early September 2024, the Swiss became the first to close under the “SpexFocus” program.

The revenues from **prescription glasses** increased by 4% in the third quarter compared to the previous year. In the German segment, the increase was 5%, while International segment saw a decline of 6%.

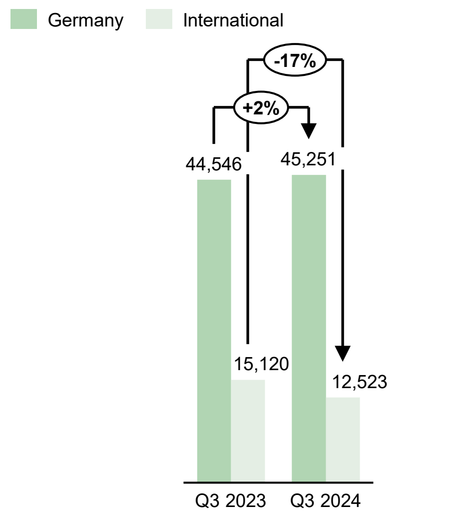
Sunglasses revenue decreased by 2% compared to previous year, mainly due to adverse weather conditions in August and September, as well as a reduction in advertising and discount promotions.

Contact lens revenues decreased by 13% in the third quarter compared to last year. Mister Spex remains committed to its strategic decision not to invest further in contact lens and prioritize margin accretive prescription glasses category.

Revenue by product category (in € k)



Revenue by segment (in € k)



Revenue by product category and segment

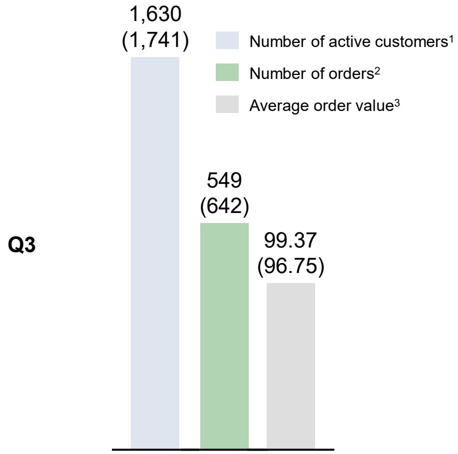
	Germany		International		Total	
in € k	**Q3'24**	**Q3'23**	**Q3'24**	**Q3'23**	**Q3'24**	**Q3'23**
Revenue						
Prescription glasses	17,921	17,039	2,778	2,960	20,699	19,999
Sunglasses	15,808	15,062	4,641	5,707	20,449	20,769
Contact lenses	10,572	11,449	4,842	6,271	15,414	17,720
Total products	**44,301**	**43,549**	**12,261**	**14,938**	**56,562**	**58,487**
Other services	950	997	262	182	1,212	1,179
Total	**45,251**	**44,546**	**12,523**	**15,120**	**57,774**	**59,666**

Non-financial performance indicators

In the third quarter of 2024, the **number of active customers** decreased by 6% to 1,630 thousand, and the **number of orders** dropped by 15% during the same period. This is primarily due to the new strategic direction, "SpexFocus," which includes adjustments to marketing channels and a reduction in price-sensitive customers in the online segment. Additionally, the announced store closures led to a disproportionate decline in the International segment.

Mister Spex achieved an increase in the **average order value**, which rose to € 99.37, driven mainly by prescription glasses and sunglasses.

This positive development in average order value is already a result of one of our initial measures from the program: a targeted reduction in advertising and discount promotions.



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

Financial performance in Q3 2024

The **gross margin** increased by 302 basis points to 48.8%, driven by a higher share of margin-accretive prescription glasses sold and a reduction in discounts and promotional activities.

The **personnel expenses** rose by 5% in the third quarter compared to last year. Due to measures taken in the transformation and restructuring program "SpexFocus", costs increased from garden leave and severance payments.

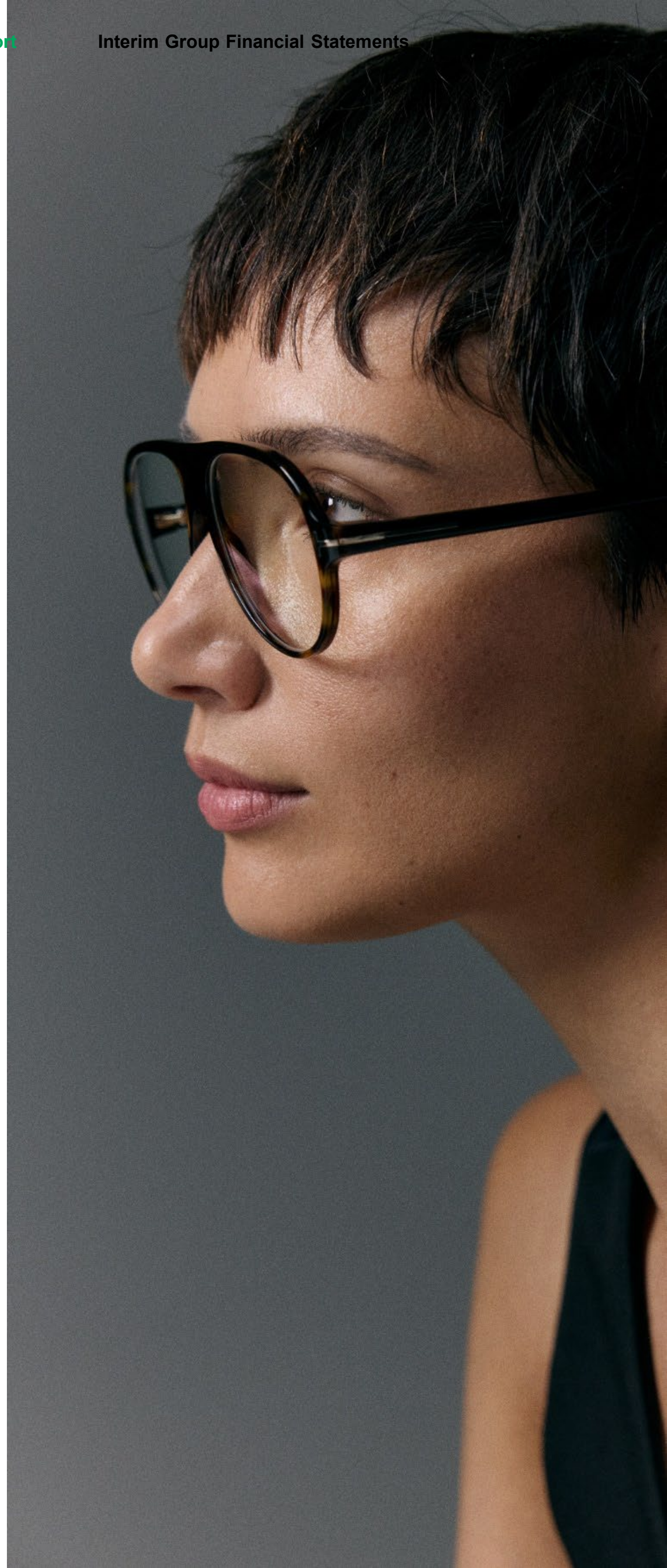
Other operating expenses increased by 21% compared to last year, mainly due to high legal and consulting fees related to the annual general meeting and the extraordinary general meeting. Additional costs for "SpexFocus" including rebranding and external consulting fees, also contributed to the increase.

Depreciation, amortization and impairments rose by 34% compared to last year are due to an increase in depreciation of right-of-use assets for lease under IFRS 16, as well as impairments.

The impairment of € 2,298 k (last year: € 0) is entirely from international stores, that will close in 2024.

Consolidated statement of profit or loss

	Q3 (1 July – 30 Sept)			9M (1 Jan – 30 Sept)		
in € k	2024	2023	Change	2024	2023	Change
Revenue	**57,774**	**59,666**	-3%	**176,488**	**176,825**	0%
Own work capitalized	640	1,120	-43%	2,696	4,205	-36%
Other operating income	93	396	-77%	849	1,085	-22%
Total operating performance	**58,507**	**61,182**	**-4%**	**180,032**	**182,115**	**-1%**
Cost of materials	-29,597	-32,366	-9%	-88,812	-90,013	-1%
Gross profit[1]	**28,177**	**27,299**	**3%**	**87,676**	**86,810**	**1%**
Gross profit margin[1]	48.8%	45.8%	302bp	50.1%	50.8%	58bp
Personnel expenses	-16,333	-15,574	5%	-47,772	-47,381	1%
Other operating expenses	-18,462	-15,249	21%	-52,643	-48,153	9%
EBITDA	**-5,885**	**-2,007**	> 100%	**-9,196**	**-3,433**	> 100%
Adjustments	4,463	2,246	99%	6,970	4,335	> 100%
Adjusted EBITDA	**-1,422**	**239**	>-100%	**-2,226**	**902**	>- 100%
Depreciation, amortization and impairments	-8,726	-6,512	34%	-21,945	-20,573	7%
EBIT	**-14,611**	**-8,519**	72%	**-31,140**	**-24,005**	30%
Finance result	-235	223	>-100%	-426	-217	96%
Income taxes	-426	-380	12%	-989	-1,003	-1%
Loss for the period	**-15,272**	**-8,675**	**76%**	**-32,554**	**-25,225**	**29%**



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

In the third quarter, **adjustments** of € 4,463 k were made, primarily from the transformation and restructuring program “SpexFocus”, with costs of € 2,974 k (previous year: € 493 k) and other one-time effects of € 1,274 k (previous year: € 109 k).

The **transformation and restructuring program** “SpexFocus” included costs for garden leave and severances of € 2,251 k, store closure expenses for Zürich of € 603 k and additional legal and consulting fees. Additionally, other special effects related to the annual general meeting and the extraordinary general meeting amounted to € 1,245 k.

In the third quarter, **adjusted EBITDA** reached € -1,422 k (previous year: € 239 k). Compared to the previous year, accumulated operating performance was only partially offset by margin improvements, as higher costs contributed to a significantly lower third-quarter result in 2024.

Reconciliation from EBITDA to Adjusted EBITDA

	Q3 (1.07– 30.09)		
in € k	**2024**	**2023**	**Change**
EBITDA	**-5,885**	**-2,007**	**>100%**
Adjustments thereof:	4,463	2,246	99%
Effects arising from the application of IFRS 2	**215**	**1,644**	**-87%**
Efficiency program "Lean 4 Leverage "	**0**	**493**	**-100%**
Severance payments and redundancies	0	349	-100%
Legal- and consulting fees	0	144	-100%
Transformation program "SpexFocus"	**2,974**	**0**	**100%**
Severance payments and redundancies	2,251	0	100%
Legal- and consulting fees	603	0	100%
Store closure	120	0	100%
Other special effects	**1,274**	**109**	>100%
Adjusted EBITDA	**-1,422**	**239**	**>-100%**

Total assets decreased by € 45,039 k compared to year-end December 31, 2023.

The decrease in **non-current assets** of € 18,382 k is largely attributable to regular amortization of right-of-use assets, as well as the disposal of right-of-use assets due to store closures, in accordance with IFRS 16 regulations.

The change in **current assets** is due to several factors. Despite a reduction in stock during fiscal year 2024, Inventories increased by € 1,972 k compared to December 31, 2023. This increase was offset by decreases in trade receivables of € 1,295 k and cash and cash equivalents of € 29,042 k. The decrease in cash and cash equivalents is primarily due to lower trade payables and the repayment of lease liabilities.

The change in **equity** is mainly due to the net loss for the nine-months reporting period. The equity ratio as of September 30, 2024, was 53 % down from 55 % at year- end 2023. Business activities are primarily financed by equity.

As of September 30, 2024**, non-current liabilities** totaled € 67,413 k, reflecting a decrease of € 9,755 k compared to December 31, 2023. This reduction primarily resulted from the repayment of lease liabilities in line with IFRS 16.

The decrease of **current liabilities** by € 4,616 k to € 43,187 k is mainly driven by two opposing effects: an increase in other non-financial liabilities by € 5,001 k to € 12,583 k, which primarily includes provisions for outstanding invoices, and a decrease in trade payables by € 8,824 k to € 9,111 k.

Assets, liabilities and financial position

in € k	30.09.2024	31.12.2023	Change
Assets			
Non-current assets	104,290	122,673	-18,382
Current assets	131,094	157,751	-26,657
Thereof: Cash and cash equivalents	81,612	110,654	-29,042
Total Assets	**235,384**	**280,424**	**-45,039**
Equity and liabilities			
Equity	124,784	155,453	-30,669
Non-current liabilities	67,413	77,168	-9,755
Current liabilities	43,187	47,803	-4,616
Total equity and liabilities	**235,384**	**280,424**	**-45,039**

In the reporting period Mister Spex recorded a **cash flow from operating activities** of € -12,068 k (9M 2023: € 7,339 k). The change is primarily due to a higher loss, smaller increase in trade payables and a decrease in other assets in the previous year from the conversion of rent deposits into bank guarantees.

The **cash flow from investing activities** of € 6,726 k compared to the previous year is mainly due to reduced investments in operating and office equipment and software under development. In 2023, investments were made for moving into the new headquarters and opening new stores.

The **cash flow from financing activities** amounted to € -11,812 k, primarily resulting from the repayment of lease liabilities. In the same period, a newly concluded sale-and-leaseback agreement led to cash inflows of € 1,941 k in H1 2023, which were offset by cash outflows for lease liabilities.

As a result, **cash and cash equivalents** decreased by € 29,042 k from December 31, 2023, to € 81,612k as of September 30, 2024.

Net Debt for the reporting period amounts to € 28,988 k compared to the previous period of € 6,015 k.

Guidance

Due to the implementation of the transformation and restructuring program, “SpexFocus”, impacting the second half of 2024, the company has adjusted its forecast for 2024.

On August 14, 2024, the Management Board of Mister Spex adjusted its guidance for the year. For 2024, the company targets net revenue between € 230 and € 210 million (growth from 3% to -6% for the year) and an adjusted EBITDA margin between +1% and -4% for the full year. The company will continue to increase average order value, focusing on prescription glasses and sunglasses and doesn’t plan to open additional stores in 2024.

Berlin, 12. November 2024

The Management Board

Stephan Schulz-Gohritz

Consolidated statement of cash flows

	9M (1 Jan – 30 Sept)	
in € k	2024	2023
Cash flows from operating activities	-12,068	7,339
Cash flows from investing activities	-5,161	-11,887
Cash flows from financing activities	-11,812	-5,873
Total cash flow	**-29,042**	**-10,421**

Consolidated statement of profit and loss

in € k	Note	Q3 (1 July – 30 Sept) 2024	Q3 (1 July – 30 Sept) 2023	9M (1 Jan – 30 Sept) 2024	9M (1 Jan – 30 Sept) 2023
Revenue		57,774	59,666	176,488	176,825
Other own work capitalized		640	1,120	2,696	4,205
Other operating income		93	396	849	1,085
Total operating performance		**58,507**	**61,182**	**180,032**	**182,115**
Cost of materials		-29,597	-32,366	-88,812	-90,013
Personnel expenses		-16,333	-15,574	-47,772	-47,381
Other operating expenses		-18,462	-15,249	-52,643	-48,153
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-5,885**	**-2,007**	**-9,196**	**-3,433**
Depreciation, amortization and impairment	2.	-8,726	-6,512	-21,945	-20,573
Earnings before interest and taxes (EBIT)		**-14,611**	**-8,519**	**-31,140**	**-24,005**
Finance income		904	1,209	2,880	2,775
Finance expense		-1,139	-986	-3,305	-2,992
Earnings before taxes (EBT)		**-14,845**	**-8,296**	**-31,566**	**-24,222**
Income taxes		-426	-380	-989	-1,003
Loss for the period		**-15,272**	**-8,675**	**-32,554**	**-25,225**
Thereof loss attributable to the shareholders of Mister Spex SE		-15,272	-8,675	-32,554	-25,225
Basic and diluted earnings per share (in EUR)		**-0.47**	**-0.28**	**-0.98**	**-0.77**

Consolidated statement of other comprehensive income and loss

in € k	Q3 (1 July – 30 Sept) 2024	Q3 (1 July – 30 Sept) 2023	9M (1 Jan – 30 Sept) 2024	9M (1 Jan – 30 Sept) 2023
Loss for the period	**-15,252**	**-8,675**	**-32,554**	**-25,225**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign financial statements	-10	148	273	-147
Other comprehensive income / loss	**-10**	**148**	**273**	**-147**
Total comprehensive loss	**-15,282**	**-8,527**	**-32,282**	**-25,371**
Thereof loss attributable to the shareholders of Mister Spex SE	-15,282	-8,527	-32,282	-25,371

Consolidated statement of financial position

Assets

in € k	30.09.2024	31.12.2023
Non-current assets	**104,290**	**122,673**
Goodwill	4,669	4,669
Intangible assets	20,108	21,412
Property, plant and equipment	18,040	22,845
Right-of-use assets	57,846	69,126
Other financial assets	3,627	4,620
Current assets	**131,094**	**157,751**
Inventories	34,470	32,498
Right of return assets	914	783
Trade receivables	899	2,213
Other financial assets	2,270	975
Other non-financial assets	9,614	9,790
Tax refund claims	1,315	838
Cash and cash equivalents	81,612	110,654
Total assets	**235,384**	**280,424**

Equity and liabilities

in € k		30.09.2024	31.12.2023
Equity		**124,784**	**155,453**
Subscribed capital	1.	34,176	34,075
Capital reserves		331,462	329,951
Other reserves		-981	-1,254
Accumulated loss		-239,874	-207,319
Non-current liabilities		**67,413**	**77,168**
Provisions		1,942	1,839
Lease liabilities		60,318	70,161
Liabilities to banks		940	1,120
Other financial liabilities		2,295	3,059
Other non-financial liabilities		41	21
Deferred tax liabilities		1,878	969
Current liabilities		**43,187**	**47,803**
Provisions		903	1,006
Trade payables		9,111	17,935
Refund liabilities		2,181	1,974
Lease liabilities		15,213	15,328
Other financial liabilities		1,648	2,157
Contract liabilities		1,548	1,821
Other non-financial liabilities		12,583	7,582
Total equity and liabilities		**235,384**	**280,424**

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

in € k	9M (1 Jan – 30 Sept) 2024	9M (1 Jan – 30 Sept) 2023
Operating activities		
Loss for the period	-32,554	-25,225
Adjustments for:		
Finance income	-2,880	-2,775
Finance cost	3,305	2,992
Income tax expense	989	1,003
Amortization and impairment of intangible assets	5,287	4,848
Depreciation and impairment of property, plant and equipment	5,294	5,272
Depreciation and impairment of right-of-use assets	11,363	10,452
Non-cash expenses for share-based payments	1,796	2,070
Increase (+)/decrease (-) in non-current provisions	103	172
Increase (-)/decrease (+) in inventories	-1,972	-1,605
Increase (-)/decrease (+) in other assets	2,013	6,514
Increase (+)/decrease (-) in trade payables and other liabilities	-4,634	4,324
Income taxes paid	-687	-677
Interest paid	-1,914	-2,333
Interest received	2,423	2,306
Cash flows from operating activities	**-12,068**	**7,339**

in € k	9M (1 Jan – 30 Sept) 2024	9M (1 Jan – 30 Sept) 2023
Investing activities		
Investments in property, plant and equipment	-1,179	-6,083
Investments in intangible assets	-3,983	-5,805
Cash flow from investing activities	**-5,161**	**-11,887**
Cash proceeds from issuing shares or other equity instruments	-183	0
Cash received from capital increases, net of transaction costs	0	277
Cash received from liabilities to banks	0	1,941
Repayments of liabilities to banks	-935	-681
Payment of principal portion of lease liabilities	-10,694	-7,409
Cash flow from financing activities	**-11,812**	**-5,873**
Net increase (+)/decrease (-) in cash and cash equivalents	**-29,042**	**-10,421**
Cash and cash equivalents at the beginning of the period	110,654	127,792
Cash and cash equivalents at the end of the period	**81,612**	**117,371**

Explanations to the interim condensed consolidated financial statements

1. Equity

The change in equity results from the negative total comprehensive income for the period, the change of the capital reserve as well the exercise of restricted share units (RSU) and ESOP, which are off set by the issue of treasury shares of € 101 k and cash settlement of € 183 k.

The capital reserve increased due to the granted long-term remuneration elements in the form of restricted share units (RSU) of € 824 k and the granting of stock option programs (ESOP) and virtual stock options (VSO) of € 972 k and the exercise of restricted share units (RSU) and ESOP.

2. Impairment test

The Mister Spex Group has performed an impairment test as of 30 September 2024 due to the continuing low market capitalization, which is lower than the carrying amount of the equity. The impairment test result in any impairment in the cash generating units (CGUs).

The recoverable amount was determined on the basis of the value in use as part of a discounted cash flow calculation and in some cases on the basis of the fair value less costs to sell. The impairment test was based on the current business plan for the financial years 2024 to 2028, using weighted average cost of capital (WACC) between 8.13% p.a. and 13.70% p.a. after taxes.

The impairment test is based on cash flow projections for the CGUs and estimates concerning the future market development. The 4.5-year planning period reflects the medium-term corporate planning. 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. The growth rate for the terminal value period is 1.33%.

In the reporting period, an impairment loss of € 2,287 k (prior year: € 2,605 k) was determined for the retail stores cash-generating units and recognized in “Depreciation, amortization and impairment” € 2,287 k (prior year: € 799 k)) of the impairment loss is attributable to the International reporting segment.

The recoverable amount of the impaired retail stores cash-generating units is € 60,556 k (prior year: € 22,008 k), comprising a value in use of € 58,309 k (prior year: € 9,910 k) and a fair value less costs of disposal of € 2,246 k (prior year: € 12,097 k).

Imprint

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Financial calendar

Date	
27 March	Annual Report FY 2024

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.

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