Prospectus dated June 22, 2021

Prospectus
for the public offering

of

9,782,609 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021

and of

3,260,869 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Selling Shareholders

and of

1,956,521 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Lending Shareholders in connection with a possible over-allotment

and at the same time

for the admission to trading

on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 9,782,609 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions expected to be resolved by a shareholders' meeting of the Company
on or about June 29, 2021

and of

24,385,425 existing bearer shares with no par value (*Stückaktien*) (existing share capital),
each such share with a notional value of €1.00

of

Mister Spex SE

Price Range: €23.00 – €27.00

International Securities Identification Number (ISIN): DE000A3CSAE2
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A3CSAE
Ticker Symbol: MRX

Joint Global Coordinators and Joint Bookrunners

Barclays **Berenberg** **Jefferies**

Joint Bookrunners

Bryan Garnier **COMMERZBANK**

Co-Lead Manager

Quirin Privatbank

**THIS PROSPECTUS IS VALID UNTIL JULY 2, 2021.
THE OBLIGATION TO SUPPLEMENT THIS PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.**

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

This prospectus (the "**Prospectus**") relates to shares of Mister Spex SE (the "**Company**" and, together with its consolidated subsidiaries, "**Mister Spex Group**", "**we**", "**us**" or "**our**"), Greifswalder Straße 156, 10409 Berlin, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 391200SBGUML8UFGNW39, corporate.misterspex.com, each such share having the International Securities Identification Number ("**ISIN**") DE000A3CSAE2 (each share of the Company, a "**Share**").

The offerors are the Company, together with Barclays Bank Ireland PLC, One Molesworth Street, D02 RF29 Dublin, Ireland, LEI 2G5BKIC2CB69PRJH1W31 ("**Barclays**"), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany, LEI 5493004I3LZM39BWHQ75 ("**JEG**"), Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI S5THZMDUJCTQZBTRVI98 ("**JIL**" and, together with JEG, "**Jefferies**") (Jefferies together with Barclays and Berenberg, the "**Joint Global Coordinators**"), Bryan Garnier Securities SAS, 26 avenue des Champs Elysées, 75008 Paris, France, LEI 9695005983W1MLJ6EP34 ("**Bryan Garnier**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 ("**Commerzbank**") (together with the Joint Global Coordinators, the "**Joint Bookrunners**") and Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany, LEI 5299004IU009FT2HTS78 ("**Quirin Privatbank**") (together with the Joint Bookrunners, the "**Underwriters**"). The Company and the Underwriters will apply for the admission to trading of the Shares and assume responsibility for the contents of this Prospectus.

On June 22, 2021, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, www.bafin.de, approved this Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**").

This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the Shares on the consideration of this Prospectus as a whole. Investors in the Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Registration and Applicable Laws – Mister Spex SE has its registered seat in Berlin, Germany, and the LEI 391200SBGUML8UFGNW39. The Company is incorporated in Germany. As a European company (*Societas Europaea* (*SE*)) incorporated in Germany, the Company is subject to both European legislation on such companies as well as German law.

Principal Activities – We believe we are the leading digitally native omnichannel retail optical brand, *i.e.*, a brand that is focused on both online and offline retail channels for eyewear, in Europe, operating a platform for fashionable and corrective eyewear, including prescription glasses, sunglasses, contact lenses and contact lens care products. Our offering is based on a seamless and customer oriented omnichannel retailing strategy. Customers across Europe are able to buy our products via ten country-specific online stores and our fully self-operated physical retail stores at major shopping locations in certain countries.

The European eyewear market is an attractive consumer vertical, with sales of eyewear products to consumers amounting to approximately €32 billion in 2020 (*source*: *Euromonitor International Ltd, Eyewear 2021ed.)*. This market is characterized by resilient growth rates and consistently strong EBITDA margins, especially for prescription glasses, which have a non-discretionary, predictable replacement cycle and low product return rates. Growth of the European eyewear market is expected to continue, underpinned by a number of structural tailwinds, including an aging population, growing prevalence of myopia, increasing use of digital devices and eyewear becoming a fashion accessory. However, the eyewear market in Europe is highly fragmented, as even large retailers can only capture a small portion of the overall market. Moreover, online penetration in the European eyewear market, at just 12.6% in 2020 (*source*: *Euromonitor International Ltd, Eyewear 2021ed.)*, is relatively low compared to other categories, such as consumer electronics, consumer appliances and apparel and footwear, where European online penetration has reached, based on management estimates, in each case more than 25% in 2020. As the traditional offline shopping experience for eyewear is characterized by a lack of convenience, a low level of price transparency and a relatively limited selection, we believe there is significant potential for a new omnichannel retail model to disrupt this market and for online penetration to increase. As, by our own estimate, the leading online-driven omnichannel destination for eyewear in Europe, we seek to transform the way eyewear is purchased and customized, with the goal of becoming the preferred way and place to buy eyewear for all customer groups through a seamless on- and offline experience.

We offer our customers access to a multi-brand assortment (including third-party and own brand products) of frames (glasses and sunglasses), contact lenses and contact lens care products through platforms in Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom, via multiple channels. Through our websites, our customers are provided with personalized and demand-based content which facilitates a highly convenient shopping experience. Our customers can engage with our products online through our virtual try-on solutions based on augmented reality, *i.e.*, computer-based extension of reality perception, and order products in two different ways, either via direct order or home trial. When using the home trial, customers, as a first step, can order a selection of up to four of our unglazed frames, before submitting the final order. Furthermore, in order to provide customers with physical sales channels and comprehensive support in addition to our online sales channels, we operate 42 own stores under the Mister Spex banner, as well as engaging with customers through a network of over 400 partner opticians. This allows us to offer physical on-site advice and services related to our optical products in Germany, Austria, Switzerland, the Netherlands and Sweden. We cut lenses and assemble glasses in-house at one centralized facility in Berlin using state of the art, fully automatized edging machines (milling machines for customizing the lenses). Our logistics locations in Berlin, Germany, Stockholm, Sweden, and Karmsund, Norway, enable us to supply all customers throughout Europe. Fast delivery times and easy and free return shipping are part of our business model. From our distribution center in Berlin, we ship more than 20,000 orders per day with immediate capacities of up to 25,000, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.).

The core enabler to derive the maximum value from our disruptive (*i.e.*, disrupting the existing market) digital business model is our technology platform which reflects the data- and technology-driven nature of our business approach. We believe this platform will allow us to further scale our business and cement our position as, by our own estimate, the leading digitally native omnichannel destination for eyewear in Europe. Throughout our operations, we collect and analyze datapoints from customer transactions to help us improve our organizational decision making and marketing efficiency. We believe we are pioneers in the use of customer centric tech features such as virtual try-on based on augmented reality and online eye exams. Our operations are further backed by data-driven system-aided decision making across the value chain from sourcing to delivery, providing us with a key competitive advantage compared to traditional eyewear retailers, which we believe will help us capture a strong position in the eyewear market.

After launching our online offering in 2008, we were able to significantly expand our business, with revenue increasing at a compound annual growth rate ("**CAGR**") of 64.8% between 2008 and 2020. In 2020, despite the effects of the COVID-19 pandemic, which negatively affected the operations of our existing physical retail stores and those of our partner opticians, our revenue continued to grow significantly, increasing by 17.9% from 2019 to €164.2 million, clearly outperforming the European eyewear market and our major competitors. An increase in online sales as well as the addition of new physical stores contributed to this growth. During the same period, our gross profit increased from €64.8 million in 2019 to €81.2 million in 2020. From 2019 to 2020, our overall gross profit margin increased from 46.5% to 49.5% and our gross profit margin on prescription glasses, which make up a growing share of our product mix, increased from 69.0% to 71.0%. At the same time, through increased revenue and other effects, we improved our adjusted EBITDA margin by 1.1 percentage point to 4.1%.

We believe that the following points, which we consider our competitive strengths, have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

- A strong brand and leading market position vis-à-vis competitors in large and growing eyewear market in Europe with considerable online penetration upside potential;
- A scalable and seamless omnichannel platform providing superior customer value proposition combining convenience, fashion and broad multi-brand offering;
- Our highly advanced information technology platform, empowering data-driven decision making and automated processes, and state-of-the-art and scalable infrastructure;
- A strong financial track record with consistent high growth and proven profitability; and
- An experienced, founder-led management team with proven track record in delivering growth in internet, omnichannel and eyewear.

To achieve continued success, we have identified the following key elements of our strategy:

- leverage the large market opportunity in the growing online market for eyewear, which has historically had a low level of online penetration;
- continuously work on the further development of customer experience and product assortment;
- grow our omnichannel offering internationally;
- increase and improve our brand strength;
- continue to invest in innovation, technology and operational capabilities; and
- further improve our profitability.

Major Shareholders – As of the date of this Prospectus, SEP IV LP directly holds 16.6% of the Shares, Broad Street Equity Investments Europe Ltd. (an affiliate of Goldman Sachs) directly holds 15.4% of the Shares, Albert Büll GmbH directly holds 14.9% of the Shares, Luxottica Holland B.V. directly holds 7.9% of the Shares, Grazia Beteiligungen GmbH & Co.

KG directly holds 7.0% of the Shares, DN Capital Global Venture Capital II L.P. directly holds 6.8% of the Shares, Siparex XAnge Venture SAS indirectly holds 5.1%, High-Tech Gründerfonds GmbH & Co. KG directly holds 5.1% of the Shares, of the Shares and Co-Investor SPX GmbH & Co. KG directly holds 3.7% of the Shares.

Controlling Shareholders – The Company is not controlled by any of its direct or indirect shareholders.

Key Managing Directors – The members of the Company's management board are Dirk Graber, Dr. Mirko Caspar, Dr. Sebastian Dehnen and Maren Kroll.

Statutory Auditors – The Company's statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Germany.

B.2 – What is the Key Financial Information regarding the Issuer?

The key financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020, the Company's unaudited condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2021 and the Company's internal accounting records or reporting systems. The audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")). The unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2020 have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but has been taken from the unaudited condensed consolidated interim financial statements mentioned above, the Company's internal accounting records or reporting systems, or has been calculated based on figures from the aforementioned sources.

Selected Consolidated Financial Information of Mister Spex Group

Selected Data from the Consolidated Statement of Comprehensive Income

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Revenue	122.8	139.3	164.2	35.0	44.4
Own work capitalized	3.2	3.4	4.3	1.0	1.1
Other operating income	0.7	1.3	0.5	0.1	0.5
Total operating performance	**126.7**	**144.0**	**169.0**	**36.2**	**46.1**
Cost of materials	(66.6)	(74.5)	(83.0)	(18.6)	(21.5)
Personnel expenses	(24.3)	(27.8)	(35.7)	(8.4)	(10.3)
Other operating expenses	(36.9)	(38.4)	(44.4)	(10.1)	(15.2)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**(1.0)**	**3.3**	**5.8**	**(1.0)**	**(1.0)**
Amortization and depreciation	(4.2)	(8.3)	(10.9)	(2.2)	(3.4)
Earnings before interest and taxes (EBIT)	**(5.2)**	**(5.0)**	**(5.1)**	**(3.2)**	**(4.3)**
Financial result	(5.1)	(4.2)	(4.7)	(1.2)	(1.1)
Share in loss of associates	—	—	(0.1)	—	(0.1)
Earnings before taxes (EBT)	**(10.3)**	**(9.2)**	**(9.9)**	**(4.5)**	**(5.6)**
Income taxes	(0.4)	(0.1)	(0.4)	(0.2)	(0.1)
Loss for the period	**(10.7)**	**(9.3)**	**(10.3)**	**(4.6)**	**(5.7)**

Selected Data from the Consolidated Statement of Financial Position

	As of December 31,			As of March 31,
	2018	**2019**	**2020**	**2021**
		(audited)		**(unaudited)**
		(in € million)		**(in € million)**
Non-current assets	30.6	60.4	82.6	87.4
Current assets	30.1	60.2	40.2	44.9
Total assets	**60.7**	**120.6**	**122.7**	**132.3**
Equity	13.3	29.2	33.4	28.1
Non-current liabilities	26.7	53.0	33.5	37.0
Current liabilities	20.7	38.5	55.8	67.3

	As of December 31,			As of March 31,
	2018	2019	2020	2021
		(audited) (in € million)		(unaudited) (in € million)
Total equity and liabilities	**60.7**	**120.6**	**122.7**	**132.3**

Selected Data from the Consolidated Statement of Cash Flows

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Cash flow from operating activities	(3.4)	1.2	(1.6)	(11.8)	0.1
Cash flow from investing activities	(6.4)	(8.3)	(17.1)	(4.7)	(2.4)
Cash flow from financing activities	12.3	21.7	9.9	13.6	(1.4)
Cash and cash equivalents at the end of the period	8.8	23.3	14.5	20.4	10.8

Key Financial and Operating Data

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
	(unaudited, unless stated otherwise)			(unaudited)	
Revenue(in € million)	122.8[(1)]	139.3[(1)]	164.2[(1)]	35.0	44.4
Gross profit[(2)] (in € million)	56.2	64.8	81.2	16.4	22.9
Gross profit margin[(3)] (in %)	45.8	46.5	49.5	46.9	51.6
Adjusted EBITDA[(4)] (in € million)	2.9[(1)]	4.4[(1)]	6.8[(1)]	(0.9)	0.7
Adjusted EBITDA margin[(5)] (in %)	2.4	3.2	4.1	(2.6)	1.6

(1) Audited.
(2) Revenue less cost of materials.
(3) Gross profit as a percentage of revenue.
(4) Adjusted EBITDA is EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business. The following table sets forth a reconciliation of EBITDA to adjusted EBITDA for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
EBITDA	**(1.0)**	**3.3**	**5.8**	**(1.0)**	**(1.0)**
Adjustments:					
Share-based compensation expenses pursuant to IFRS 2	0.1	1.1	0.7	0.2	0.4
One-off transformation costs[(a)]	1.0	0.3	0.6	0.0	1.3
Other effects[(b)]	2.8	(0.3)	(0.3)	(0.1)	(0.0)
Adjusted EBITDA	**2.9**	**4.4**	**6.8**	**(0.9)**	**0.7**

(a) Includes costs relating to this Offering and other costs related to the change of corporate form, refinancing costs and severance costs.
(b) In 2018, includes primarily adjustment for the application of IFRS 16 in the amount of €2.9 million.

(5) Adjusted EBITDA as a percentage of revenue.

Segment Information

We manage our business based on two operating segments, Germany and International, which are also our reportable segments in accordance with IFRS 8. The segment measure of profitability monitored by our chief operating decision maker is adjusted EBITDA.

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018[(1)]	2019[(1)]	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Germany					
External revenue	88.7	99.5	117.8	25.2	31.3
Inter-segment revenue	5.1	4.9	5.8	1.3	1.9
Segment revenue	**93.9**	**104.5**	**123.5**	**26.4**	**33.3**
Adjusted EBITDA	2.7	4.7	7.6	(0.2)	1.2

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
	(audited) (in € million)			(unaudited) (in € million)	
Germany					
International					
External revenue	34.1	39.7	46.4	9.9	13.1
Inter-segment revenue	0.5	0.3	0.7	0.1	0.1
Segment revenue	**34.6**	**40.0**	**47.1**	**9.9**	**13.1**
Adjusted EBITDA	0.1	(0.3)	(0.9)	(0.7)	(0.4)

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2020.

B.3 – What are the Key Risks that are Specific to the Issuer?

- The continued growth and success of our business model depends on the continued growth of omnichannel commerce and e-commerce for eyewear, which may not develop as expected, as a result of which our business, financial condition and results of operations could be negatively affected.
- We operate in a highly competitive industry and the size, resources and expertise of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share.
- Medical vision aids, including prescription glasses and contact lenses, may be increasingly displaced by laser eye surgery or other eyecare treatments based on new surgery or other technologies in the mid- to long-term future, which could materially adversely affect our business and future growth.
- We have incurred significant losses with regard to our business since inception and there is no guarantee that we will be able to successfully grow and operate our business and achieve profitability in the future.
- The growth of our customer-oriented and technology-driven omnichannel business depends on our capability to adapt to evolving trends in consumer preferences and there is no guarantee that we can maintain our historical growth rates.
- Future growth presents us with the need to adapt our omnichannel business in line with such growth on many levels, and we may not be able to manage future growth efficiently.
- Our new product and services introductions, with which we try to serve a broad customer base, may not be as successful as we anticipate, as a result of which our business, financial condition and results of operations could be negatively affected.
- We depend on our reputation and our brand and any failure to maintain, protect and enhance our reputation and brand may harm our ability to retain or expand our base of active customers.
- We may be the subject of anti-competitive behavior, harassment or other detrimental conduct by third parties, including malicious assessments of our online-driven business published via the internet or media campaigns.
- We are dependent on the on-site services of opticians who work in our stores and optical labs or with whom we cooperate via our partner network. If they fail to provide the required performance, their capacity is exceeded or if their operations are disrupted, our business, financial condition and results of operations could be negatively affected.
- Given that we are a technology-driven company, difficulties in successfully implementing or using new technologies or adapting our websites, proprietary technology and transaction processing systems to customer requirements or emerging industry standards may have a material adverse effect on our business, financial condition and results of operations.
- Government regulation of the internet and e-commerce is evolving and may change in a manner that is unfavorable to our digitally native business model, and we may fail to comply with applicable regulations.
- We may fail to comply with applicable data protection regulations, in particular in connection with certain business practices to gain new, or retain existing, customers, which could materially adversely affect our business practices, financial condition and results of operations.
- We may not be able to adequately protect our intellectual property rights, which are critical to the success of our omnichannel platform, and any failure to do so could have a material adverse effect on our growth.

C. – Key Information on the Securities

C.1 – What are the Main Features of the Securities?

This offering (the "**Offering**") relates to (i) 9,782,609 newly issued Shares (the "**New Shares**") from a capital increase against cash contributions expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021 (the "**IPO Capital Increase**"), (ii) 3,260,869 existing Shares (the "**Existing Shares**") from the holdings of Graber Investment Limited, StrIntDex GmbH, Grazia Beteiligungen GmbH & Co. KG, Grazia Fonds MB GmbH & Co. KG, DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited, Co-Investor SPX GmbH & Co. KG, Christian Hoya, Tobias Streffer, Stefanie Budesheim-Wels, Katrin Kapteyn, and Dr. Mirko Caspar (together, the "**Selling**

Shareholders"), and (iii) 1,956,521 existing Shares from the holdings of DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited and Co-Investor SPX GmbH & Co. KG (together, the "**Lending Shareholders**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares and the Existing Shares, the "**Offer Shares**"). All Shares, including the Offer Shares, will be listed as part of the Listing (as defined in C.2).

Number and Nature of Shares – 24,385,425 Shares are outstanding. All Shares are bearer shares with no par value (*Stückaktien*), each such Share representing a notional value of €1.00.

ISIN and Denomination – The ISIN of the Shares is DE000A3CSAE2 and the Shares are denominated in Euros.

Rights Attached to the Shares, Relative Seniority and Transferability – All Shares carry full dividend rights. Each Share carries one vote at the Company's shareholders' meeting. The Shares are subordinated to all other securities and claims in case of an insolvency of the Company and freely transferable in accordance with the legal requirements for bearer shares.

Dividend Policy – The Company does not intend to pay dividends for the foreseeable future.

C.2 – Where will the Securities be traded?

All Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**").

C.3 – What are the Key Risks that are Specific to the Securities?

- Future offerings of equity or equity-linked securities and other capitalization measures could substantially dilute the interests of our then existing shareholders.

D. – Key Information on the Offer of the Securities and the Admission to Trading

D.1 – Under which Conditions and Timetable can I invest in this Security?

Scope of the Offering	The Offering consists of a public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America, the Offer Shares will only be offered and sold to qualified institutional buyers as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), pursuant to Rule 144A or another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States of America, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act.
Price Range	€23.00 to €27.00 per Offer Share (the "**Price Range**").
Offer Period	June 23, 2021 through June 30, 2021 (the "**Offer Period**"), provided that the Offer Period will not commence prior to the publication of this Prospectus and may be shortened or extended. Retail investors can make subscription offers in the Offering in Germany two days after the beginning of the Offer Period, *i.e.*, beginning on June 24, 2021, through the subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
Offer Price	The Offer Price is expected to be determined by the Company and the Selling Shareholders, after consultation with the Joint Bookrunners, on June 30, 2021. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest Offer Price.
Cornerstone Investment	Subject to certain termination rights and closing of the Offering, Luxottica Holland B.V., Henderson Global Investors Limited and M&G Investment Management Limited (together, the "**Cornerstone Investors**") have agreed to purchase Offer Shares with an aggregate value of €110.0 million at the Offer Price. The Cornerstone Investors have been guaranteed full allocation of such number of Offer Shares for which they have provided their purchase commitments.
Greenshoe Option .	The Selling Shareholders have granted Berenberg, acting for the account of the Underwriters, an option to acquire up to 1,956,521 Shares at the Offer Price, less agreed commissions (the "**Greenshoe Option**"), for the sole purpose of enabling the Berenberg to perform its redelivery obligation under the securities loan from the Lending Shareholders.
Closing	Delivery of the Offer Shares against payment of the Offer Price is expected to take place on July 6, 2021.
Dilution of New Shareholders	€17.46 per Share, or 69.9% (assuming completion of the Offering at the mid-point of the Price Range, execution of the IPO Capital Increase for the maximum number of New Shares, payment of

	the discretionary fee in full and a corresponding increase in the Company's net book value (not taking into account any tax effects).
Total Expenses......	Approximately €22.4 million (assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full).
Expenses Charged to Investors.........	Only customary transaction and handling fees charged by the investors' brokers.

D.2 – Who is the Offeror and the Person asking for Admission to Trading?

Offerors................	In addition to the Company, the Offer Shares are being offered by Barclays Bank Ireland PLC, a public limited company, incorporated in, and operating under the laws of, Ireland, and with its registered seat in Dublin, Ireland, Joh. Berenberg, Gossler & Co. KG, incorporated in, and operating under the laws of Germany, and with its registered seat in Hamburg, Jefferies GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated in, and operating under the laws of, Germany, and with its registered seat in Frankfurt am Main, Jefferies International Limited, a limited company, incorporated in, and operating under the laws of, England and Wales in the United Kingdom and with its registered seat in London, Bryan Garnier Securities SAS, a joint-stock company, incorporated in, and operating under the laws of, France, and with its registered seat in Paris, COMMERZBANK AG; a public limited company, incorporated in, and operating under the laws of, Germany, and with its registered seat in Frankfurt am Main, and Quirin Privatbank AG, a public limited company, incorporated in, and operating under the laws of, Germany, and with its registered seat in Berlin.
Admission to Trading	The Company, together with Berenberg, Hamburg, will apply for the admission of its shares to trading on the regulated market of the Frankfurt Stock Exchange on June 22, 2021. Listing approval is expected to be granted on July 1, 2021 and trading is expected to commence on July 2, 2021.

D.3 – Why is this Prospectus being Produced?

Reasons for the Offering and the Listing	The Company intends to pursue the Offering and the Listing to receive the net proceeds from the sale of the New Shares and to gain access to the capital markets. The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the sale of the Existing Shares, if any, and to diversify their investments.
Use of Proceeds	Assuming completion of the Offering at the mid-point of the Price Range and payment of the discretionary fee in full, the Company would receive net proceeds of approximately €229.4 million from the Offering. We currently intend to use these net proceeds in the following order of priority: (i) between €120 million and €140 million to fund our organic growth plan in the midterm including the market introduction and implementation (roll-out) strategy of our omnichannel model, investments in our technology platform and logistics automation and expansion, (ii) €30.0 to €35.0 million for the repayment of a bridge loan facility in the amount of €35.0 million (together with accrued (yet unpaid) interest, fees, costs and expenses) granted to the Company by Barclays and JIL, (iii) up to €30 million flexibility for strategic investments to drive current international market growth and expand tech leadership, (iv) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.
Net Proceeds.........	Approximately €229.4 million attributable to the Company and approximately €123.2 million attributable to the Selling Shareholders (assuming completion of the Offering at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full).
Underwriting Agreement..........	On June 22, 2021, the Company, the Selling Shareholders, the Lending Shareholders and the Underwriters entered into an underwriting agreement pursuant to which the Underwriters have undertaken to acquire the Offer Shares with a view to offering them to investors in the Offering, subject to certain conditions, in particular the execution of a pricing agreement.
Conflicts of Interest...............	There are no conflicting interests with respect to the Offering or the Listing.

II. PROSPEKTZUSAMMENFASSUNG

A. – Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**“) bezieht sich auf Aktien der Mister Spex SE (die „**Gesellschaft**“ und zusammen mit ihren konsolidierten Tochtergesellschaften „**Mister Spex Group**“, „**wir**“, „**uns**“ oder „**unser**“), Greifswalder Straße 156, 10409 Berlin, Bundesrepublik Deutschland („**Deutschland**“), Rechtsträgerkennung („**LEI**“) 391200SBGUML8UFGNW39, corporate.misterspex.com, wobei jede dieser Aktien die internationale Wertpapier-Identifikationsnummer („**ISIN**“) DE000A3CSAE2 hat (jede Aktie der Gesellschaft eine „**Aktie**“).

Die Aktien werden von der Gesellschaft zusammen mit der Barclays Bank Ireland PLC, One Molesworth Street, D02 RF29 Dublin, Irland, LEI 2G5BKIC2CB69PRJH1W31 (“**Barclays**”), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland, LEI 529900UC2OD7II24Z667 (“**Berenberg**”), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Deutschland, LEI 5493004I3LZM39BWHQ75 (“**JEG**”), Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, Vereinigtes Königreich, LEI S5THZMDUJCTQZBTRVI98 (“**JIL**” und zusammen mit JEG “**Jefferies**”) (Jefferies zusammen mit Barclays und Berenberg die “**Joint Global Coordinators**”), Bryan Garnier Securities SAS, 26 avenue des Champs Elysées, 75008 Paris, Frankreich, LEI 9695005983W1MLJ6EP34 (“**Bryan Garnier**”), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, LEI851WYGNLUQLFZBSYGB56 (“**Commerzbank**”) (zusammen mit den Joint Global Coordinators die “**Joint Bookrunners**”) und Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Deutschland, LEI 5299004IU009FT2HTS78 (“**Quirin Privatbank**”) (zusammen mit den Joint Bookrunners die “**Konsortialbanken**”) angeboten. Die Gesellschaft und die Konsortialbanken werden die Zulassung der Anteile zum Handel beantragen und übernehmen die Verantwortung für den Inhalt dieses Verkaufsprospekts.

Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, www.bafin.de, hat diesen Prospekt am 22. Juni 2021 als die zuständige Behörde unter der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG, in der jeweils gültigen Fassung (die “**Prospektverordnung**”), gebilligt.

Diese Zusammenfassung sollte als Prospekteinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Die Anleger könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.

B. – Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Sitz und geltendes Recht – Die Mister Spex SE hat ihren eingetragenen Sitz in Berlin, Deutschland, und die LEI 391200SBGUML8UFGNW39. Die Gesellschaft ist in Deutschland gegründet. Als Societas Europaea (SE), die in Deutschland gegründet ist, unterliegt die Gesellschaft europäischen Rechtsvorschriften sowie deutschem Recht.

Haupttätigkeiten – Wir glauben, dass wir die führende von Grund auf digital ausgerichtete Omnikanal-Einzelhandelsmarke, d.h. eine auf sowohl Online- als auch Offline-Vertriebskanäle ausgerichtete Marke, für Augenoptik in Europa sind, die eine Plattform für Mode- und Korrektionsbrillen, einschließlich Korrektionsbrillen, Sonnenbrillen, Kontaktlinsen und Kontaktlinsenpflegeprodukte betreibt. Unser Angebot basiert auf einer nahtlosen und kundenorientierten Omnikanal-Einzelhandelsstrategie. Kunden in ganz Europa können unsere Produkte über zehn länderspezifische Online-Shops, unsere vollständig selbst betriebenen stationären Einzelhandelsgeschäfte an wichtigen Einkaufsstandorten in bestimmten Ländern kaufen.

Der europäische Brillenmarkt ist ein attraktiver Verbrauchermarkt mit einem Umsatz von ca. €32 Milliarden in 2020 (*Quelle: Euromonitor International Ltd, Eyewear 2021ed.).* Dieser Markt zeichnet sich durch robuste Wachstumsraten und durchgängig starke EBITDA-Margen aus, insbesondere bei Korrektionsbrillen, die einen nicht-diskretionären, vorhersehbaren Austauschzyklus und niedrige Retourenraten haben. Es wird erwartet, dass sich das Wachstum des europäischen Brillenmarktes fortsetzen wird, unterstützt von einer Reihe struktureller Rückenwinde, darunter eine alternde Bevölkerung, die zunehmende Verbreitung von Kurzsichtigkeit, die steigende Nutzung digitaler Geräte und die Entwicklung von Brillen hin zu einem modischen Accessoire. Der Brillenmarkt in Europa ist allerdings stark fragmentiert, da selbst große Einzelhändler nur einen kleinen Teil des Gesamtmarktes abdecken können. Darüber hinaus ist die Online-Durchdringung im europäischen Brillenmarkt mit nur 12,6% im Jahr 2020 (*Quelle: Euromonitor International Ltd, Eyewear 2021ed*.) relativ gering im Vergleich zu anderen Kategorien wie Unterhaltungselektronik, Haushaltsgeräte sowie Bekleidung und Schuhe, wo die Online-Durchdringung in Europa im Jahr 2020 basierend auf Schätzungen des Managements jeweils mehr als 25% erreichte. Da das traditionelle Offline-Einkaufserlebnis für Brillen von mangelndem

Komfort, geringer Preistransparenz und einer relativ begrenzten Modellauswahl geprägt ist, sehen wir ein erhebliches Potenzial für ein neues Omnikanal-Einzelhandelsmodell, um diesen Markt aufzuwühlen und die Online-Durchdringung zu erhöhen. Als nach unserer eigenen Einschätzung führender online-getriebener Omnikanal-Einkaufsort für Brillen in Europa wollen wir die Art und Weise, wie Brillen gekauft und angepasst werden, verändern, mit dem Ziel, durch ein nahtloses On- und Offline-Einkaufserlebnis die bevorzugte Art und Weise und der bevorzugte Ort für den Brillenkauf aller Kundengruppen zu werden.

Wir bieten unseren Kunden über unsere Plattformen in Deutschland, Finnland, Frankreich, Großbritannien, den Niederlanden, Norwegen, Österreich, Spanien, Schweden, der Schweiz und über mehrere Einkaufskanäle Zugang zu einem Mehrmarkensortiment (einschließlich Produkten von Drittanbietern sowie auch Eigenmarken) an Brillenfassungen (Brillen und Sonnenbrillen), Kontaktlinsen und Kontaktlinsenpflegeprodukten. Über unsere Websites bieten wir unseren Kunden personalisierte und bedarfsorientierte Inhalte, die ein besonders angenehmes Einkaufserlebnis ermöglichen. Unsere Kunden können sich über unsere virtuellen Anprobierlösungen, die auf computergestützter Erweiterung der Realitätswahrnehmung (augmented reality) basieren, mit unseren Produkten online auseinandersetzen und diese dann auf zwei verschiedene Arten bestellen – entweder als Direktbestellung oder zur Zuhause-Anprobe. Bei der Heimanprobe können Kunden in einem ersten Schritt eine Auswahl von bis zu vier unserer unverglasten Brillengestelle bestellen, bevor sie eine endgültige Bestellung aufgeben. Um unseren Kunden zusätzlich zu unseren Online-Absatzkanälen auch physische Vertriebswege und umfassende Unterstützung zu bieten, betreiben wir unter der Mister-Spex-Marke 42 eigene Geschäfte und treten auch über ein Netzwerk von über 400 Partneroptikern mit unseren Kunden in Kontakt. Dies ermöglicht uns, in Deutschland, den Niederlanden, Österreich, Schweden und der Schweiz Beratung und Service rund um unsere Augenoptikprodukte vor Ort anzubieten. Wir schleifen die Gläser und montieren die Brillen hausintern an einem zentralen Standort in Berlin mit hochmodernen, vollautomatischen Kantenbearbeitungsmaschinen (Fräsmaschinen zur individuellen Anpassung der Gläser). Unsere Logistikstandorte in Berlin, Deutschland, Stockholm, Schweden, und Karmsund, Norwegen, ermöglichen es uns, alle Kunden in ganz Europa zu beliefern. Schnelle Lieferzeiten und ein einfacher und kostenloser Rückversand sind Teil unseres Geschäftsmodells. Von unserem Vertriebszentrum in Berlin aus versenden wir mehr als 20.000 Bestellungen pro Tag mit Sofortkapazitäten von bis zu 25.000 Bestellungen, wobei mehr als 85% aller Bestellungen noch innerhalb des Bestelltages ausgeliefert werden (im Fall von nicht verglasten, im Bestand vorrätigen Artikeln, bei denen die Zahlung bis 16 Uhr eingegangen ist).

Die zentrale Voraussetzung, um den maximalen Wert aus unserem disruptiven, das heißt den bestehenden Markt aufwühlenden, digitalen Geschäftsmodell zu schöpfen, ist unsere eigene, maßgeschneiderte Technologieplattform, die die daten- und technologiegetriebene Natur unseres Geschäftsansatzes widerspiegelt. Wir sind davon überzeugt, dass diese Plattform es uns ermöglichen wird, unser Geschäft weiter zu skalieren und unsere Position als nach unserer eigenen Einschätzung führender von Grunde auf digital ausgerichteter Omnikanal-Anbieter für Brillen in Europa zu festigen. Über unsere gesamte Geschäftstätigkeit hinweg sammeln und analysieren wir Datenpunkte aus Kundentransaktionen, um unsere organisatorische Entscheidungsfindung und Marketingeffizienz zu verbessern. Wir sind davon überzeugt, dass wir Pioniere bei der Nutzung kundenorientierter technischer Funktionen sind, wie z. B. der virtuellen Anprobe auf der Grundlage erweiterter Realität (augmented reality, das heißt die computergestützte Erweiterung der Realitätswahrnehmung) sowie Online-Sehtests. Unsere Geschäftsabläufe werden außerdem über die gesamte Wertschöpfungskette hinweg, von der Beschaffung bis zur Auslieferung, durch eine datengesteuerte, systemgestützte Entscheidungsfindung unterstützt. Dies verschafft uns einen entscheidenden Wettbewerbsvorteil gegenüber traditionellen Brillenhändlern, von dem wir glauben, dass er uns helfen wird, eine starke Position im Brillenmarkt einzunehmen.

Nach der Einführung unseres Online-Angebots im Jahr 2008 konnten wir unser Geschäft deutlich ausbauen, wobei die Umsatzerlöse zwischen 2008 und 2020 mit einer durchschnittlichen jährlichen Wachstumsrate (CAGR) von 64,8% stieg. Im Jahr 2020 wuchsen unsere Umsatzerlöse trotz der Auswirkungen der COVID-19-Pandemie, die sich negativ auf den Betrieb unserer bestehenden stationären Einzelhandelsgeschäfte sowie den unserer Partneroptiker auswirkte, weiterhin deutlich und stieg im Vergleich zu 2019 um 17,9% auf €164,2 Millionen und übertraf damit deutlich den europäischen Brillenmarkt und unsere Hauptwettbewerber. Ein Anstieg der Online-Verkäufe sowie die Eröffnung neuer stationärer Stores trugen zu diesem Wachstum bei. Im gleichen Zeitraum stieg unser Bruttogewinn von €64,8 Millionen im Jahr 2019 auf €81,2 Millionen im Jahr 2020. Von 2019 bis 2020 stieg unsere Gesamt-Bruttogewinnspanne von 46,5% auf 49,5% und unsere Bruttogewinnspanne bei Korrektionsbrillen, die einen wachsenden Anteil an unserem Produktmix ausmachen, von 69,0% auf 71,0%. Gleichzeitig verbesserten wir durch gestiegene Umsatzerlöse und andere Effekte unsere adjustierte EBITDA-Marge um 1,1 Prozentpunkte auf 4,1%.

Wir glauben, dass die folgenden Punkte, die wir als unsere Wettbewerbsstärken betrachten, in der Vergangenheit die Haupttreiber unseres Erfolgs waren und uns auch in Zukunft von unseren Wettbewerbern abheben werden:

- Eine starke Marke und eine führende Marktposition gegenüber Wettbewerbern im großen und wachsenden Augenoptikmarkt in Europa mit erheblichem Potenzial für die Online-Durchdringung;
- Eine skalierbare und nahtlose Omnikanal-Plattform, die einen überlegenen Kundennutzen bietet, indem sie Komfort, Mode und ein breites Mehrmarkenangebot kombiniert;
- Unsere hochmoderne Informationstechnologie-Plattform, die eine datengesteuerte Entscheidungsfindung und automatisierte Prozesse ermöglicht, sowie eine hochmoderne und skalierbare Infrastruktur;
- Eine starke finanzielle Erfolgsbilanz mit konstant hohem Wachstum und nachgewiesener Profitabilität; und

- Ein erfahrenes, von den Gründern geführtes Managementteam mit nachgewiesener Erfolgsbilanz bei der Erzielung von Wachstum in den Bereichen Internet, Omnikanal und Augenoptik.

Um weiterhin erfolgreich zu sein, haben wir die folgenden Schlüsselelemente unserer Strategie identifiziert:

- die Nutzung der großen Marktchance im wachsenden Online-Markt für Brillen, der historisch betrachtet eine geringe Online-Durchdringung hatte;
- die kontinuierliche Bestrebung zur Weiterentwicklung des Kundenerlebnisses und des Produktsortiments;
- der internationale Ausbau unseres Omnikanal-Angebots;
- die Steigerung und Verbesserung unserer Markenstärke;
- die weiteren Investitionen in Innovation, Technologie und operative Fähigkeiten; und
- die weitere Verbesserung unserer Profitabilität.

Hauptanteilseigner – Zum Datum dieses Prospekts hält die SEP IV LP unmittelbar 16,6% der Aktien, die Broad Street Equity Investments Europe Ltd. (ein mit Goldman Sachs verbundenes Unternehmen) hält unmittelbar 15,4% der Aktien, die Albert Büll GmbH hält unmittelbar 14,9% der Aktien, die Luxottica Holland B.V. hält unmittelbar 7,9% der Aktien, die Grazia Beteiligungen GmbH & Co. KG hält unmittelbar 7,0% der Aktien, die DN Capital Global Venture Capital II L.P. hält unmittelbar 6,8% der Aktien, Siparex XAnge Venture SAS hält mittelbar 5.1% der Aktien, die High-Tech Gründerfonds GmbH & Co. KG hält unmittelbar 5,1% der Aktien, und die Co-Investor SPX GmbH & Co. KG hält unmittelbar 3,7% der Aktien.

Beherrschende Anteilseigner – Die Gesellschaft wird durch keinen ihrer unmittelbaren oder mittelbaren Anteilseigner beherrscht.

Hauptgeschäftsführer – Die Mitglieder des Vorstands der Gesellschaft sind Dirk Graber, Dr. Mirko Caspar, Dr. Sebastian Dehnen und Maren Kroll.

Abschlussprüfer – Der Abschlussprüfer der Gesellschaft ist die Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Büro Berlin, Friedrichstraße 140, 10117 Berlin, Deutschland.

B.2 – Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die in den nachfolgenden Tabellen enthaltenen wesentlichen Finanzinformationen wurden den geprüften Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2018, 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre, dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2021 endenden Dreimonatszeitraum sowie der internen Buchhaltung oder dem internen Berichtswesen der Gesellschaft entnommen oder daraus abgeleitet. Die geprüften Konzernabschlüsse der Gesellschaft für die zum 31. Dezember 2018, 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre wurden in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind, („**IFRS**“) und den ergänzend nach § 315e Abs. 1 des Handelsgesetzbuches anzuwendenden handelsrechtlichen Vorschriften erstellt. Der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2021 endenden Dreimonatszeitraum wurde in Übereinstimmung mit den IFRS für Zwischenberichterstattung (IAS 34) erstellt.

Die Kennzeichnung von Finanzinformationen in den folgenden Tabellen mit „geprüft“ bedeutet, dass diese den entsprechenden oben angeführten geprüften Konzernabschlüssen entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzinformationen bezeichnet, die nicht den oben angeführten geprüften Konzernabschlüssen, sondern dem oben angeführten ungeprüften verkürzten Konzernzwischenabschluss, der internen Buchhaltung oder dem internen Berichtswesen der Gesellschaft entnommen oder auf Grundlage von Zahlen aus den vorhergenannten Quellen berechnet wurden.

Ausgewählte Konzernfinanzinformationen der Mister Spex Gruppe

Ausgewählte Daten aus der Konzern-Gesamtergebnisrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			**Für den zum 31. März endenden Dreimonatszeitraum**	
	2018	**2019**	**2020**	**2020**	**2021**
		(geprüft) **(in € Mio.)**		**(ungeprüft)** **(in € Mio.)**	
Umsatzerlöse	122,8	139,3	164,2	35,0	44,4
Andere aktivierte Eigenleistungen	3,2	3,4	4,3	1,0	1,1
Sonstige betriebliche Erträge	0,7	1,3	0,5	0,1	0,5
Gesamtleistung	**126,7**	**144,0**	**169,0**	**36,2**	**46,1**
Materialaufwand	(66,6)	(74,5)	(83,0)	(18,6)	(21,5)
Personalaufwand	(24,3)	(27,8)	(35,7)	(8,4)	(10,3)
Sonstige betriebliche Aufwendungen	(36,9)	(38,4)	(44,4)	(10,1)	(15,2)
Ergebnis vor Finanzergebnis, Ertragsteuern und Abschreibungen (EBITDA)	**(1,0)**	**3,3**	**5,8**	**(1,0)**	**(1,0)**
Abschreibungen	(4,2)	(8,3)	(10,9)	(2,2)	(3,4)

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2018	**2019**	**2020**	**2020**	**2021**
		(geprüft) **(in € Mio.)**		**(ungeprüft)** **(in € Mio.)**	
Ergebnis vor Finanzergebnis und Ertragsteuern (EBIT)	**(5,2)**	**(5,0)**	**(5,1)**	**(3,2)**	**(4,3)**
Finanzergebnis	(5,1)	(4,2)	(4,7)	(1,2)	(1,1)
Anteil am Ergebnis von assoziierten Unternehmen	–	–	(0,1)	–	(0,1)
Ergebnis vor Ertragsteuern (EBT)	**(10,3)**	**(9,2)**	**(9,9)**	**(4,5)**	**(5,6)**
Ertragsteuern	(0,4)	(0,1)	(0,4)	(0,2)	(0,1)
Periodenergebnis	**(10,7)**	**(9,3)**	**(10,3)**	**(4,6)**	**(5,7)**

Ausgewählte Daten aus der Konzernbilanz

	Zum 31. Dezember			Zum 31. März
	2018	**2019**	**2020**	**2021**
		(geprüft) **(in € Mio.)**		**(ungeprüft)** **(in € Mio.)**
Langfristige Vermögenswerte	30,6	60,4	82,6	87,4
Kurzfristige Vermögenswerte	30,1	60,2	40,2	44,9
Summe Vermögenswerte	**60,7**	**120,6**	**122,7**	**132,3**
Eigenkapital	13,3	29,2	33,4	28,1
Langfristige Schulden	26,7	53,0	33,5	37,0
Kurzfristige Schulden	20,7	38,5	55,8	67,3
Summe Eigenkapital und Schulden	**60,7**	**120,6**	**122,7**	**132,3**

Ausgewählte Daten aus der Konzern-Kapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2018	**2019**	**2020**	**2020**	**2021**
		(geprüft) **(in € Mio.)**		**(ungeprüft)** **(in € Mio.)**	
Cashflow aus der betrieblichen Tätigkeit	(3,4)	1,2	(1,6)	(11,8)	0,1
Cashflow aus der Investitionstätigkeit	(6,4)	(8,3)	(17,1)	(4,7)	(2,4)
Cashflow aus der Finanzierungstätigkeit	12,3	21,7	9,9	13,6	(1,4)
Zahlungsmittel und Zahlungsmitteläquivalente am Ende der Periode	8,8	23,3	14,5	20,4	10,8

Wesentliche Finanz- und operative Daten

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2018	**2019**	**2020**	**2020**	**2021**
	(ungeprüft, soweit nicht anders angegeben)			**(ungeprüft)**	
Umsatzerlöse (in € Mio.)	122,8(1)	139,3(1)	164,2(1)	35,0	44,4
Bruttogewinn(2) (in € Mio.)	56,2	64,8	81,2	16,4	22,9
Bruttogewinnspanne(3) (in %)	45,8	46,5	49,5	46,9	51,6
Adjustiertes EBITDA(4) (in € Mio.)	2,9(1)	4,4(1)	6,8(1)	(0,9)	0,7
Adjustierte EBITDA-Marge(5) (in %)	2,4	3,2	4,1	(2,6)	1,6

(1) Geprüft.
(2) Umsatzerlöse abzüglich Materialaufwand.
(3) Bruttogewinn als Prozentsatz der Umsatzerlöse.
(4) Das adjustierte EBITDA ist das EBITDA bereinigt um Aufwendungen für anteilsbasierte Vergütung nach IFRS 2, einmalige Transformationskosten und andere Effekte, die nicht zur normalen Geschäftstätigkeit gehören. Die folgende Tabelle zeigt die Überleitung vom EBITDA zum adjustierten EBITDA für die dargestellten Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2018	**2019**	**2020**	**2020**	**2021**
		(geprüft) **(in € Mio.)**		**(ungeprüft)** **(in € Mio.)**	
EBITDA	**(1,0)**	**3,3**	**5,8**	**(1,0)**	**(1,0)**
Bereinigungen:					
Aufwendungen für anteilsbasierte Vergütung nach IFRS 2	0,1	1,1	0,7	0,2	0,4
Einmalige Transformationskosten(a)	1,0	0,3	0,6	0,0	1,3

Andere Effekte[(b)]	2,8	(0,3)	(0,3)	(0,1)	(0,0)
Adjustiertes EBITDA	**2,9**	**4,4**	**6,8**	**(0,9)**	**0,7**

(a) Beinhaltet Kosten in Bezug auf dieses Angebot und Kosten im Zusammenhang mit der Änderung der Gesellschaftsform, Refinanzierungs-kosten und Abfindungskosten.
(b) Beinhaltet hauptsächlich eine Anpassung für die Anwendung von IFRS 16 für das Jahr 2018 in Höhe von €2,9 Millionen.

(5) Adjustiertes EBITDA als Prozentsatz der Umsatzerlöse.

Segmentinformationen

Wir steuern unsere Geschäftstätigkeit auf Basis von zwei Geschäftssegmenten, Deutschland und International, die auch unsere berichtspflichtigen Segmente gemäß IFRS 8 sind. Die von unserer verantwortlichen Unternehmensinstanz überwachte Segmentrentabilitätskennzahl ist das adjustierte EBITDA.

	Für das zum 31. Dezember endende Geschäftsjahr			**Für den zum 31. März endenden Dreimonatszeitraum**	
	2018[(1)]	**2019[(1)]**	**2020**	**2020**	**2021**
		(geprüft) (in € Mio.)		**(ungeprüft) (in € Mio.)**	
Deutschland					
Externe Umsatzerlöse	88,7	99,5	117,8	25,2	31,3
Umsatzerlöse zwischen Segmenten	5,1	4,9	5,8	1,3	1,9
Umsatzerlöse des Segments	**93,9**	**104,5**	**123,5**	**26,4**	**33,3**
Adjustiertes EBITDA	2,7	4,7	7,6	(0,2)	1,2
International					
Externe Umsatzerlöse	34,1	39,7	46,4	9,9	13,1
Umsatzerlöse zwischen Segmenten	0,5	0,3	0,7	0,1	0,1
Umsatzerlöse des Segments	**34,6**	**40,0**	**47,1**	**9,9**	**13,1**
Adjustiertes EBITDA	0,1	(0,3)	(0,9)	(0,7)	(0,4)

(1) Entnommen aus dem geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2020 endende Geschäftsjahr.

B.3 – Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Das weitere Wachstum und der Erfolg unseres Geschäftsmodells hängen vom anhaltenden Wachstum des Omnikanal-Handels und des E-Commerce mit Brillen ab, der sich möglicherweise nicht wie erwartet entwickelt, was negative Auswirkungen auf unsere Geschäftstätigkeit, Finanz- und Ertragslage haben könnte.
- Wir sind in einer wettbewerbsintensiven Branche tätig und die Größe, die Ressourcen und die Expertise einiger unserer Wettbewerber könnten es ihnen ermöglichen, effektiver als wir zu konkurrieren, was sich negativ auf unser Wachstum und unseren Marktanteil auswirken könnte.
- Medizinische Sehhilfen, einschließlich verschreibungspflichtiger Brillen und Kontaktlinsen, könnten in der mittel- bis langfristigen Zukunft zunehmend durch Augenlaseroperationen oder andere augenmedizinische Behandlungen, die auf neuen chirurgischen oder anderen Technologien basieren, verdrängt werden, was unsere Geschäftstätigkeit und zukünftiges Wachstum erheblich beeinträchtigen könnte.
- Wir haben seit unserer Gründung erhebliche Verluste mit unserer Geschäftstätigkeit erlitten, und es gibt keine Garantie dafür, dass wir in der Lage sein werden, unsere Geschäftstätigkeit erfolgreich auszubauen und zu betreiben und in Zukunft profitabel zu sein.
- Das Wachstum unserer kundenorientierten und technologiegetriebenen Omnikanal-Geschäftstätigkeit hängt von unserer Fähigkeit ab, uns an die sich entwickelnden Trends von Verbraucherpräferenzen anzupassen, und es gibt keine Garantie, dass wir unsere historischen Wachstumsraten beibehalten können.
- Künftiges Wachstum stellt uns vor die Notwendigkeit, unsere Omnikanal-Geschäftstätigkeit auf vielen Ebenen an dieses Wachstum anzupassen, und wir sind möglicherweise nicht in der Lage sein, künftiges Wachstum effizient zu bewältigen.
- Die Einführung neuer Produkte und Dienstleistungen, mit denen wir versuchen, einen breiten Kundenstamm zu bedienen, könnte nicht so erfolgreich sein, wie wir es erwarten, wodurch unsere Geschäftstätigkeit, Finanz- und Ertragslage negativ beeinflusst werden könnte.
- Wir sind von unserer Reputation und unserer Marke abhängig, und jedes Versäumnis, unsere Reputation und unsere Marke aufrechtzuerhalten, zu schützen und zu verbessern, könnte unsere Fähigkeit beeinträchtigen, unseren Bestand an aktiven Kunden zu halten oder zu erweitern.
- Wir könnten von wettbewerbswidrigem Verhalten, Belästigungen oder anderen nachteiligen Handlungen von Dritten betroffen sein, einschließlich böswilliger Bewertungen unserer online-getriebener Geschäftstätigkeit, die über das Internet oder Medienkampagnen veröffentlicht werden.
- Wir sind abhängig von den Vor-Ort-Leistungen der Augenoptiker, die in unseren Geschäften und optischen Laboren arbeiten oder mit denen wir über unser Partnernetzwerk zusammenarbeiten. Wenn diese nicht die erforderliche

Leistung erbringen, ihre Kapazitäten überschritten werden oder ihre Geschäftstätigkeit gestört wird, könnte dies negative Auswirkungen auf unsere Geschäftstätigkeit, Finanz- und Ertragslage haben.

- Da wir ein technologiegetriebenes Unternehmen sind, können Schwierigkeiten bei der erfolgreichen Implementierung oder Nutzung neuer Technologien oder bei der Anpassung unserer Websites, proprietären Technologien und Transaktionsverarbeitungssystemen an Kundenanforderungen oder neu aufkommenden Branchenstandards wesentliche negative Auswirkungen auf unsere Geschäftstätigkeit, Finanz- und Ertragslage haben.
- Die staatliche Regulierung des Internets und des Online-Handels entwickelt sich weiter und könnte sich in einer Weise ändern, die für unser digitales Geschäftsmodell ungünstig ist, und wir könnten die geltenden Vorschriften nicht einhalten.
- Wir könnten, insbesondere im Zusammenhang mit bestimmten Geschäftspraktiken zur Gewinnung neuer oder zur Bindung bestehender Kunden, gegen die geltenden Datenschutzbestimmungen verstoßen, was unsere Geschäftspraktiken, Finanz- und Ertragslage erheblich beeinträchtigen könnte.
- Wir könnten nicht in der Lage sein, unsere geistigen Eigentumsrechte, die für den Erfolg unserer Omnikanal-Plattform entscheidend sind, angemessen zu schützen, und wenn uns dies nicht gelingt, könnte dies unser Wachstum erheblich beeinträchtigen.

C. – Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Dieses Angebot (das „**Angebot**“) bezieht sich auf (i) 9.782.609 neu ausgegebene Aktien (die „**Neuen Aktien**“) aus einer Kapitalerhöhung gegen Bareinlagen, die voraussichtlich am oder um den 29. Juni 2021 von einer Hauptversammlung der Gesellschaft beschlossen werden wird (die „**IPO-Kapitalerhöhung**“), (ii) 3.260.869 bestehende Aktien (die „**Bestehenden Aktien**“) aus dem Bestand von Graber Investment Limited, StrIntDex GmbH, Grazia Beteiligungen GmbH & Co. KG, Grazia Fonds MB GmbH & Co. KG, DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE für XAnge Selection Fund II, SIPAREX XANGE VENTURE für FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited, Co-Investor SPX GmbH & Co. KG, Christian Hoya, Tobias Streffer, Stefanie Budesheim-Wels, Katrin Kapteyn, und Dr. Mirko Caspar (die “**Veräußernden Aktionäre**”) sowie (iii) 1.956.521 bestehende Aktien aus dem Bestand von DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE für XAnge Selection Fund II, SIPAREX XANGE VENTURE für FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited und Co-Investor SPX GmbH & Co. KG (zusammen die „**Verleihenden Aktionäre**“) in Verbindung mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**“ und zusammen mit den Neuen Aktien und den Bestehenden Aktien die „**Angebotsaktien**“). Alle Aktien, einschließlich der Angebotsaktien, werden im Rahmen der Börsennotierung (wie in C.2 definiert) zugelassen.

Anzahl und Art der Aktien – Es sind 24.385.425 Aktien ausgegeben. Alle Aktien sind Inhaberaktien (Stückaktien) mit einem rechnerischen Anteil am Grundkapital von je €1,00.

ISIN und Währung – Die ISIN der Aktien lautet DE000A3CSAE2 und die Aktien sind in Euro denominiert

Mit den Aktien verbundene Rechte, relativer Rang und Übertragbarkeit – Alle Aktien sind voll dividendenberechtigt. Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind im Falle einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig und sind nach den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Dividendenpolitik – Die Gesellschaft beabsichtigt auf absehbare Zeit nicht, Dividenden zu zahlen.

C.2 – Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden (die „**Börsennotierung**“).

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Zukünftige Emissionen von Aktien oder aktienähnlichen Wertpapieren und andere Kapitalisierungsmaßnahmen könnten die Interessen unserer dann bestehenden Aktionäre erheblich verwässern.

D. – Basisinformationen über das Angebot der Wertpapiere und die Zulassung zum Handel

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

***Umfang des Angebots*................	Das Angebot besteht aus einem öffentlichen Angebot in Deutschland und Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika werden die Angebotsaktien nur qualifizierten institutionellen Anlegern entsprechend und in Übereinstimmung mit und unter Berufung auf Rule 144A („**Rule 144A**") nach dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**") oder gemäß einer anderen anwendbaren Ausnahme von den Registrierungsanforderungen des Securities Act bzw. in Transaktionen, die diesen Registrierungsanforderungen nicht unterfallen, angeboten und verkauft. Außerhalb der Vereinigten Staaten von Amerika werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit der Regulation S des Securities Act angeboten und verkauft.
***Preisspanne*.............	€23,00 bis €27,00 je Angebotsaktie (die „**Preisspanne**").
***Angebotszeitraum*....	Vom 23. Juni 2021 bis zum 30. Juni 2021 (der „**Angebotszeitraum**"), wobei der Angebotszeitraum nicht vor der Veröffentlichung dieses Prospekts beginnen wird und verkürzt oder verlängert werden kann. Privatinvestoren können ihre Kaufangebote im Rahmen Angebots zwei Tage nach Beginn des Angebotszeitraums, d.h. ab dem 24. Juni 2021, über die Zeichnungsfunktionalität DirectPlace der Frankfurter Wertpapierbörse abgeben.
***Angebotspreis*..........	Der Angebotspreis wird von der Gesellschaft und den Veräußernden Aktionären nach Rücksprache mit den Joint Bookrunners voraussichtlich am 30. Juni 2021 festgelegt. Der Angebotspreis wird auf Grundlage der von den Anlegern während des Angebotszeitraums eingereichten Orders festgelegt, die in dem im Rahmen eines Bookbuilding-Verfahrens erstellten Orderbuch zusammengefasst wurden. Diese Orders werden anhand der angebotenen Preise und der erwarteten Anlagehorizonte der jeweiligen Anleger bewertet. Diese Methode zur Festlegung des Angebotspreises zielt grundsätzlich darauf ab, den höchsten Angebotspreis zu erreichen.
***Cornerstone Investition*.............	Vorbehaltlich bestimmter Kündigungsrechte und abhängig vom Vollzug des Angebots haben Luxottica Holland B.V., Henderson Global Investors Limited und M&G Investment Management Limited (zusammen die „**Cornerstone Investoren**") erklärt, dass sie Angebotsaktien mit einem Gesamtwert von €110.0 Mio. zum Angebotspreis erwerben werden. Den Cornerstone Investoren ist die vollständige Zuteilung einer solchen Anzahl von Angebotsaktien, für die sie ihre Kaufzusagen abgegeben haben, garantiert worden.
***Greenshoe-Option*....	Die Veräußernden Aktionäre haben Berenberg, die für Rechnung der Konsortialbanken handelt, eine Option zum Erwerb von bis zu 1.956.521 Aktien zum Angebotspreis abzüglich vereinbarter Provisionen eingeräumt (die „**Greenshoe-Option**"), ausschließlich damit Berenberg in der Lage ist, ihre Rücklieferungspflicht gegenüber den Verleihenden Aktionären zu erfüllen.
***Vollzug (Closing)*.....	Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird voraussichtlich am 6. Juli 2021 erfolgen.
***Verwässerung neuer Aktionäre*...............	€17,46 je Aktie oder 69,9% (unter der Annahme des Vollzugs des Angebots zur Mitte der Preisspanne, der Durchführung der IPO-Kapitalerhöhung für die maximale Anzahl an Neuen Aktien, der vollständigen Zahlung der Ermessensvergütung und einer entsprechenden Erhöhung des Nettovermögens der Gesellschaft (ohne Berücksichtigung etwaiger Steuereffekte).
***Gesamtkosten*...........	Rund €22,4 Mio. (unter der Annahme eines Angebotspreises zur Mitte der Preisspanne, der Platzierung der maximalen Anzahl an Angebotsaktien, vollständiger Ausübung der Greenshoe-Option sowie der vollständigen Zahlung der Ermessensvergütung).
***Kosten, die Anlegern in Rechnung gestellt werden*.......	Ausschließlich marktübliche Transaktions- und Abwicklungskosten, die durch die Broker der Anleger in Rechnung gestellt werden.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

***Anbieter*...................	Neben der Gesellschaft werden die Angebotsaktien von der Barclays Bank Ireland PLC, einer in Irland gegründeten und nach irischem Recht tätigen *public limited company* mit eingetragenem Sitz in Dublin, Joh. Berenberg, Gossler & Co. KG, einer in Deutschland gegründeten und nach deutschem Recht tätigen Gesellschaft mit eingetragenem Sitz in Hamburg, Jefferies GmbH, einer in Deutschland gegründeten und nach deutschem Recht tätigen Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in Frankfurt am Main, Jefferies International Limited, einer im Vereinigten Königreich gegründeten und nach dem Recht von England und Wales tätigen *limited company* mit eingetragenem Sitz in London, Bryan Garnier Securities SAS, einer in Frankreich gegründeten und nach französischem Recht tätigen Aktiengesellschaft mit Sitz in Paris, COMMERZBANK AG, einer in Deutschland gegründeten und nach deutschem Recht tätigen Gesellschaft mit Sitz in Frankfurt am Main, und Quirin Privatbank AG, einer in Deutschland gegründeten und nach deutschem Recht tätigen Gesellschaft mit Sitz in Berlin angeboten.

Zulassung zum Handel .... Die Gesellschaft wird mit Berenberg, Hamburg, am 22. Juni 2021 die Zulassung zum geregelten Markt der Frankfurter Wertpapierbörse beantragen. Die Zulassung zur Börsennotierung wird voraussichtlich am 1. Juli 2021 erteilt und der Handel wird voraussichtlich am 2. Juli 2021 aufgenommen.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Börsennotierung .... Die Gesellschaft beabsichtigt, das Angebot und die Börsennotierung durchzuführen, um die Nettoerlöse aus der Veräußerung der Neuen Aktien sowie Zugang zu den Kapitalmärkten zu erhalten. Die Veräußernden Aktionäre beabsichtigen, das Angebot durchzuführen, um die Nettoerlöse aus der Veräußerung der Bestehenden Aktien zu erhalten und ihre Investitionen zu diversifizieren.

Zweckbestimmung der Erlöse .... Unter der Annahme eines Angebotspreises zur Mitte der Preisspanne und der vollständigen Zahlung der Ermessensvergütung würde die Gesellschaft Nettoerlöse in Höhe von rund €229,4 Mio. aus dem Angebot erhalten. Diese Nettoerlöse beabsichtigen wir mit der folgenden Reihenfolge der Priorität zu verwenden: (i) zwischen €120 Mio. und €140 Mio., um unseren organischen Wachstumsplan mittelfristig vollständig zu finanzieren, einschließlich der Markteinführungs- und Implementierungs-Strategie (Roll-out) für unser Omnikanal-Modell, Investitionen in unsere Technologieplattform und die Automatisierung und Erweiterung unserer Logistik, (ii) €30,0 bis €35,0 Mio. für die Rückzahlung eines Überbrückungskredits in Höhe von €35,0 Mio. (zusammen mit aufgelaufenen (noch nicht bezahlten) Zinsen, Gebühren, Kosten und Auslagen), welcher der Gesellschaft von Barclays und JIL gewährt wurde), (iii) bis zu €30 Mio. Flexibilität für strategische Investitionen, um das aktuelle internationale Marktwachstum voranzutreiben und die Technologieführerschaft auszubauen und (iv) den Rest des Nettoerlöses aus dem Angebot, sofern vorhanden, für allgemeine Unternehmenszwecke.

Nettoerlöse .... Rund €229,4 Mio., die der Gesellschaft zustehen und rund €123,2 Mio., die den Veräußernden Aktionären zustehen (unter der Annahme eines Angebotspreises zur Mitte der Preisspanne, der Platzierung der maximalen Anzahl an Angebotsaktien, vollständiger Ausübung der Greenshoe-Option sowie der vollständigen Zahlung der Ermessensvergütung).

Übernahmevereinbarung .... Am 22. Juni 2021 haben die Gesellschaft, die Veräußernden Aktionäre, die Verleihenden Aktionäre und die Konsortialbanken eine Übernahmevereinbarung abgeschlossen, in der sich die Konsortialbanken verpflichtet haben, dass sie unter bestimmten Bedingungen, insbesondere dem Abschluss einer Preisfestsetzungsvereinbarung, die Angebotsaktien erwerben werden, um sie Investoren im Rahmen des Angebots anzubieten.

Interessenkonflikte .. In Bezug auf das Angebot oder die Börsennotierung bestehen keine Interessenkonflikte.

1. RISK FACTORS

*This prospectus (the "**Prospectus**") relates to an initial public offering (the "**Offering**") of shares in Mister Spex SE (the "**Company**" and, together with its consolidated subsidiaries, "**Mister Spex Group**", "**we**", "**us**", "**our**" or "**ourselves**") and the admission to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) of the Company's entire share capital.*

An investment in the shares of the Company is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to the Mister Spex Group and to the Company's shares and based on the Company's current assessment material for making an informed investment decision, and consequently do not cover general risks faced by any company operating in the markets in which the Mister Spex Group operates.

The following risk factors are categorized into subcategories based on their respective nature. Within each such subcategory, the order of risk factors is based on the Company's current assessment with respect to the probability of occurrence and expected magnitude of the adverse impact of such risk factors, with at least the two most material risk factors (i.e., those the Company believes are most likely to have a material adverse impact) mentioned at the beginning of each subcategory.

1.1 Risks Related to our Markets

1.1.1 The continued growth and success of our business model depends on the continued growth of omnichannel commerce and e-commerce for eyewear, which may not develop as expected, as a result of which our business, financial condition and results of operations could be negatively affected.

We are a multinational eyewear company with a focus on Europe. We sell prescription glasses, sunglasses, contact lenses and contact lens care products, based on an omnichannel retailing strategy, via our international, country-specific online stores, cooperations with our local partner opticians as well as our own stores. We launched our business in Germany in the year 2008 and later expanded to Austria, Finland, France, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom.

The continued growth and success of our online-driven omnichannel business model depends on the development of the macroeconomic environment, the growth of the overall eyewear market and the increased willingness of consumers to purchase eyewear online. There is, however, no guarantee that the eyewear market will continue to grow at rates experienced in the past or that the online penetration of this market will increase. Customers may not readily adapt to, or continue to adapt to the use of online channels for prescription glasses, sunglasses, contact lenses and eyecare products, particularly in regions where physical retail stores and face-to-face transactions remain or are expected to remain the predominant form of commerce. Competitors may provide alternatives or substitutes for our current omnichannel form of selling glasses and eyecare products both online and offline that could render our business obsolete. Moreover, the consumer demand for prescription glasses, sunglasses, contact lenses and eyecare products ordered online and delivered to their home may be not as high as we expect.

Our growth depends to a large extent on the growth of the internet and mobile devices as channels for online customer transactions of eyewear products and services. We believe that the online eyewear market will only continue to grow if customer acceptance of the internet, mobile devices and omnichannel as retail channels for eyewear increases, and if we can maintain the availability and user-friendliness of our platforms to gain new business partners and new customers. Even if customers desire to make use of the internet for e-commerce and other transactions in general, they might hesitate to use the internet and mobile infrastructure to purchase eyewear, given the traditionally analogue eyewear market, which could limit our growth opportunities.

In order for us to be successful in our markets and to grow, customers have to accept our value proposition. However, there is no guarantee that our existing customers will make repeat purchases or that we will be able to attract new customers. Customers we do attract may decide to interact directly with opticians in our network rather than purchasing eyewear from us. In addition, disruptive technological innovations may modify the sector and impact our current business model if we are not able to keep pace.

New generations of customers might expect different technological applications and solutions we may not be able to provide or successfully integrate into our business model. For example, our transition from a pure online platform business to an omnichannel retailer with our own stores has implied significant technological developments and challenges. Additionally, any innovative e-commerce or delivery business model or manufacturing process (*e.g.*, 3D printing) may require the Mister Spex Group to undergo new technological challenges and developments in the future, which we may not be able to implement successfully into our business model, potentially adversely impacting our operations, results of operations and our financial performance.

1.1.2 We operate in a highly competitive industry and the size, resources and expertise of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share.

We compete in a market that is highly competitive, and it is our expectation that competition will increase in the future. We compete with a variety of companies, some of which have significantly greater financial, technical, lobbying and marketing resources, with greater brand recognition. These competitors include: large optical chains, such as GrandVision and Fielmann, online retailers, drugstores, mass and general retailers, and independent opticians.

Some of these competitors, such as GrandVision and Fielmann, have a longer operating history, have greater financial resources, have established marketing relationships with leading suppliers and have secured a greater presence in certain distribution channels. Some of these companies operating in traditional distribution channels may also establish or expand their presence online and we cannot predict how successful such companies may be online. In addition, our online competitors can duplicate many of the services and content offered on our websites. If our competitors seek to gain or retain market share by reducing prices, we would likely be forced to reduce our prices on similar product offerings in order to remain competitive. In addition, some of our competitors offer cheaper product offerings and an expansion of such cheaper product offerings may also force us to reduce our prices. There can be no assurance that we will be able to effectively compete with present or future competitors and be able to increase or maintain market share. Such competition could, among other things, result in reduced growth and have a material adverse effect on our business, results of operations and financial condition.

We also compete directly and indirectly with opticians for the sale of prescription glasses, sunglasses and contact lenses and other eyecare products and services. Where we do not have own stores in place, opticians may hold a competitive advantage over us because many customers may find it more convenient or preferable to purchase these products directly from their optician at the time of a store visit. We also compete directly and indirectly with both online and traditional optical chains and eyecare retailers. In addition, we face growing competition from online and multichannel eyecare providers, as customers now routinely use computers, tablets, smartphones, and other mobile devices and mobile applications to shop online and compare prices and products in real time. In order to effectively compete in the future, we may be required to offer promotions and other incentives, which may result in lower profitability and in turn adversely affect our results of operations. We also face a significant challenge from our competitors holding significant market power or forming alliances with each other. These larger competitors or groups of competitors may negotiate better pricing and better terms from suppliers by aggregating the demand for products and negotiating volume discounts, which could be a competitive disadvantage to us.

We have experienced in the past, and expect in the future, that our competitors will view us as disruptive to the industry and will attempt to hinder our business and decrease consumer choice in numerous ways, including by challenging our practices, swaying public opinion, attempting to change or re-interpret rules and regulations, and taking legal actions. In Germany, for example, the German Central Association of Opticians and Optometrists (*Zentralverband der Augenoptiker und Optometristen – ZVA*) published a position paper in July 2020 in an effort to sway public opinion stating that the trade with prescription glasses on the Internet could not guarantee a professional manufacture and individual fitting of prescription glasses. These competitors' action(s) may have a material adverse effect on our business, results of operations and financial condition or subject us to regulatory or legal actions, penalties, fines or restrictions.

1.1.3 Any failure to contain the COVID-19 pandemic or any continued application of measures relating thereto with a negative effect on the economies of European countries could negatively impact consumer demand for eyewear and harm our growth prospects.

The outbreak of COVID-19 and its development into a pandemic has resulted in governmental authorities imposing social distancing measures, such as lockdowns and curfews, in countries in which we, our partner opticians and other business partners operate and in which our customers live. For various periods in 2020 and 2021, governments throughout most of Europe imposed lockdown and other social distancing measures, including the closure of non-essential shops, to combat the spread of COVID-19. These measures contributed to a general downturn in the economies of European countries, including Germany, whose gross domestic product (GDP) declined by 5% in 2020, with final household consumption expenditures also declining by 5% in price adjusted terms, the largest decline since 1970 (*source*: *destatis*). While the eyewear industry proved relatively resilient in the face of this economic downturn, we experienced a decline in traffic and sales of glasses and other eyecare products at our existing physical stores in Germany as a result of closures affecting other retail outlets. We also recorded a significant decline in sales of sunglasses, which we attribute to the fact that activities such as certain sports, *e.g.*, skiing, and travel were restricted in many countries in order to combat the pandemic. At the same time, we experienced an increase in online sales and, due to the opening of additional physical stores, in total offline sales as well. While this increase led to revenue growth of 18% in 2020 compared to 2019, this growth was lower than we had projected.

Although our business has benefited from the apparent willingness of consumers during the pandemic to shop for eyewear online, there can be no assurance that the increase of online demand, and the competitive advantage it gives us over traditional, purely offline eyewear retailers, will be sustained post-pandemic, which could weaken our future growth. The future impact of the COVID-19 pandemic on the industry and the markets in which we operate as well as on us will depend largely on future developments, including the success of vaccination efforts, the efficacy of available vaccines and the proliferation of more contagious or virulent variants of the virus, particularly if the available vaccines prove less effective against them. A failure to contain the pandemic or the continued application of measures taken for the purpose of containing it could significantly slow the future growth of the European eyewear market and test its resilience, increase pricing pressure and dampen overall consumer confidence and consumer spending. As a result, the growth and overall future prospects of our business could suffer.

1.1.4 Medical vision aids, including prescription glasses and contact lenses, may be increasingly displaced by laser eye surgery or other eyecare treatments based on new surgery or other technologies in the mid- to long-term future, which could materially adversely affect our business and future growth.

The market for laser eye surgery is expected to grow significantly in the future. It is possible that the number of laser eye surgeries will increase at a rate that will cause a decline in the sales of our prescription eyeglasses and contact lenses. While, according to the statistical database of the German Professional Association of Ophthalmologists (*statistische Datenbank des Berufsverbandes der Augenärzte*) defective vision is increasing in Germany, the willingness to correct defective vision through surgery is increasing at the same time. In 2002, the number of Laser-in-situ-Keratomileusis ("**LASIK**") surgeries, which is currently the most common method within refractive surgery for vision correction, in Germany was still around 90,000. In 2014, the number of LASIK surgeries in Germany was around 139,000. By 2015, the number of LASIK surgeries increased approximately seven percent over the prior year (*source: Medidate*). The global market for personalized LASIK surgeries is expected to grow from USD 2.39 billion in 2019 to USD 4.87 billion by 2027, at a compound annual growth rate ("**CAGR**") of 9.3% during the period from 2020 to 2027 (*source: Fior Markets*). While the prevalence of eyesight deterioration such as myopia is increasing globally and the number of people in the world suffering from myopia is expected to grow from 2.6 billion in 2020 to 4.8 billion people in 2050 (*source: Brien Holden Foundation*), technological advances and new, innovative surgical methods could fuel the trend towards surgeries to correct defective vision even further. As the safety and effectiveness of these procedures increase, prices may also drop, providing a further incentive for the surgeries to be performed, at least in cases where visual impairments reach a certain minimum level. As a result, the market for medical vision aids, including prescription glasses and contact lenses, may shrink significantly, and materially adversely affect our business and future growth.

1.2 Risks Related to our Business Activities

1.2.1 We have incurred significant losses with regard to our business since inception and there is no guarantee that we will be able to successfully grow and operate our business and achieve profitability in the future.

While we have grown significantly in terms of revenue and other key performance indicators in the past, our operations have never been profitable on a consolidated basis throughout a whole year on EBIT level. Although we were EBITDA positive in 2019 and 2020, we incurred a loss for the period of €10.3 million in 2020 and there is no assurance that the Mister Spex Group will ever become profitable.

Our losses for the period are primarily attributable to the costs associated with expanding our business, including marketing costs. We remain reliant on marketing to promote our brand and win new customers. Despite high loyalty and referral rates from existing customers, we plan to continue incurring significant marketing costs for the foreseeable future to sustain growth, which is not assured. In order to sustain continued growth, we have made and will continue to make significant investments into our business, as has happened in recent years with respect to investments in insourcing our lens cutting operations or the roll-out and establishment of our physical retail stores as part of our omnichannel strategy. For example, during 2021 to date, we have invested in the range and quality of our products to enhance customer experience and in large infrastructure projects (in particular the opening of new stores in Germany, Austria and Sweden) to increase capacity and improve operating efficiency over time. Moreover, we continuously invest in innovation, technology and our operational capabilities. For example, we recently invested in the automation of our picking and packing processes for contact lenses in order to speed up our delivery processes.

The investments in the expansion of our physical presence usually lead to a significant decline in margins at first, due to, in particular, higher lease and personnel expenses, which we believe will be offset in the future as we scale the business, assuming we are successful in doing so. There is, however, no guarantee that our investments will be successful and pay off. There can also be no assurance that continued growth will allow us to achieve the economies of scale required to become profitable. Similar initiatives are underway or planned for the future that will continue to put pressure on margins at least during the respective implementation phases.

We plan to expand our omnichannel platform by opening new stores, strengthening our international footprint, increasing personalization of our marketing efforts, customizing our products, automating our fulfilment and logistics centers, addressing new customer segments, improving the shopping experience on our websites, and providing virtual try-on and online vision testing as well as other online applications. Each of such initiatives, if successful, has the potential to enhance our financial results, but as with similar initiatives in the past, will require significant upfront investment. Moreover, these initiatives may, at least temporarily, put further pressure on margins. This pressure may be more pronounced than anticipated, if these initiatives prove more expensive than we currently expect. The implementation of such initiatives implies the risk that these initiatives may not be successful, may provide a lower benefit than anticipated or no benefit at all and that the investments made may not pay off or that, even if ultimately successful, we will encounter unexpected difficulties implementing them, such as temporarily lower service levels or production interruptions that could adversely affect our business in the execution phase. Even if we are able to grow the business and benefit from economies of scale, there is still no assurance that we achieve profitability over time. Many of the factors driving our cost base are beyond our control and we may not be able to recover increased costs through raising the prices charged to our customers.

1.2.2 The growth of our customer-oriented and technology-driven omnichannel business depends on our capability to adapt to evolving trends in consumer preferences and there is no guarantee that we can maintain our historical growth rates.

Since we launched our operations in 2008, we have experienced significant revenue growth. There can be no assurance, however, that our growth will be sustainable and that we will continue to experience significant growth or any growth at all in the future. We anticipate that our relative growth rate will decline over time as we achieve higher market penetration rates. Our overall revenue in 2020 increased by 18% compared to 2019, led by prescription glasses, which is our largest and fastest growing product type, while our revenue from contact lenses remained relatively stable compared to 2019. Slowing growth rates mean that our business performance will become increasingly dependent on our ability to, among other things, use our operating leverage, increase our fulfilment efficiencies and decrease marketing costs in relation to our revenue.

In order to grow, we have to constantly improve and expand our product and services offerings to increase the attractiveness of our business and have to adapt to evolving trends in the ways consumers search for, find, purchase and wear prescription glasses, sunglasses, contact lenses and other eyecare products and services. We may grow more slowly than we expect or than we grew in the past, if we fail to accurately assess the tastes and preferences of our customers or if our product assortment does not contain enough variety, which may make our offerings less appealing to new customers. We use smart technologies and data science to help analyze customers and provide them situationalized and demand-based content on our online-platforms in order to, for example, help them to find glasses which fit them best. Such software, which analyzes and evaluates customer profiles, enables us to structure and adapt our online platforms according to customer demand, with the goal of improving customer experience on our websites and a high conversion rate for our website visitors. We therefore rely on our technology and data to personalize and customize our customers' online-shopping experience. Any failure or inaccuracy of such intelligence technology could result in an incorrect analysis of customer profiles and preferences, which could result in lower conversion rates and customer satisfaction and an overall decline in our growth rates.

Our continued growth rates also depend on our ability to accurately assess, and adapt to, trends in the ways consumers interact with technology. Potential customers need to be open to the technology, through which we offer our products and services on our platform, and accept our value proposition in this regard. We may fail, for example, to adapt to potential customers' use of, or interaction with, online messaging applications and chatbots, which are utilized to engage individual customers into personalized conversations and enhance the shopping experience, or potential future electronic devices to make online purchases in connection with augmented reality, or any other trends in customer preferences and habits related to technology. If we fail to predict, and adapt to, consumers' future technological preferences, it could have a significant negative impact on our number of online visits and orders, which could negatively affect our revenue growth.

To the extent our merchandise planning, buying and inventory strategies differ from our customers' purchasing preferences, we may be faced with excess inventory for some products and/or shortages or missed opportunities for others.

1.2.3 Future growth presents us with the need to adapt our omnichannel business in line with such growth on many levels, and we may not be able to manage future growth efficiently.

Following several years of double-digit growth in revenue, we anticipate further growth in the future, which will present us with the risk resulting from the need to adapt our workforce, corporate structures, relationships with suppliers and infrastructure to a larger size of our business and new business operations.

With regard to our workforce, future growth will continue to pose challenges such as finding and/or retaining suitable personnel possessing a broad range of skills and expertise (*e.g.*, in particular, qualified IT and technology personnel or opticians). We are particularly dependent on a sufficient number of qualified opticians in our partner network as well as working in our own stores and mounting lab in order to manage the manufacture, fitting and repair of prescription glasses. The pool of available talent is limited and attracting it requires the offering of competitive compensation packages. Our existing teams may not be adequately staffed to handle an increase in the workload and we may not be able to hire a sufficient amount of new employees or hire them quickly enough.

In addition, our work force management may prove insufficient for our existing business and growth plans. The increase of our workforce and operations may force us to enter into works agreements or adhere to collective labor agreements, which could require us to provide our workforce with higher salaries and other benefits, thereby ultimately increasing our costs. The anticipated growth and expansion of our business will place significant demands on our management and operations teams and require significant additional resources to meet our needs, which may not be available in a cost-effective manner or at all.

We are also required to manage relationships with various suppliers and other third parties assisting our operations and expend time and effort to integrate new suppliers into our fulfilment operations. While we currently have significant spare capacity, if our business develops as expected, we may be required to expand and improve our fulfilment center infrastructure in the medium to long term. The expansion of our business could exceed the capacities of the third parties on which we rely in the course of our daily operations and who provide various services and assistance to us and if such third parties were unable to keep up with our growth levels, our operations could be negatively affected. If our suppliers and business partners are not able to grow at the same pace or service our demand, we will have to select and onboard new suppliers and business partners to meet growing demand, which we may find more difficult than initially expected or be unable to do.

Continued growth requires us to simultaneously expand and improve our operational, IT, financial, accounting, compliance and management controls, and enhance our reporting systems and procedures, which may not always be possible or prove lengthy or costly, particularly in combination with limited resources, local legislation and our desire to find tax efficient structures. There may be no structured scheme of delegation of labor in place, which clearly assigns responsibilities to staff and to senior management. In addition, our current regulatory compliance framework may be insufficient for the size of operations. We may not be able to scale and adapt our existing technology and network infrastructure to match our growth. In addition, we may incur losses or fail to identify or enter into new markets or new segments successfully. Any failure by us to successfully expand our operations, facilities, staff and infrastructure in line with our growth may have an adverse effect on our brand, business, results of operations or growth of our key performance indicators.

1.2.4 Our new product and services introductions, with which we try to serve a broad customer base, may not be as successful as we anticipate, as a result of which our business, financial condition and results of operations could be negatively affected.

We rely on customer demand from a variety of customer groups for the eyewear we offer, including both third-party brand and own brand glasses, as well as the services through which we offer our products. As part of our ongoing business strategy, we expect we will continue to introduce a broad assortment of innovative new products and models in our product types as well as new features on our online platforms, including our own brands and product lines, as well as new services, such as state-of-the-art and augmented reality-based virtual try-on and online eye exam and customization applications for prescription frames. With this broad-based strategy, we face the risk that we may not be able to offer the right product at the right time to the relevant individual customer groups. The consumer acceptance of new product launches and sales as well as services from the variety of customer groups we try to attract may not be as high as we anticipate, whether due to concerns to obtain medical eyewear and services online, as a result of lack of acceptance of the products or services themselves or their price, the strength of our competitors or limited effectiveness of our marketing strategies. Any introduction of new products may result in operational and financial constraints which could inhibit our ability to successfully accomplish such introduction and may also result in difficulties in manufacturing leading to lower than expected margins. There is also no guarantee that investment costs in new products will lead to higher sales, thus amortizing the investments made. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products or displays for new products. If we fail to offer the new eyewear products and services that certain of our numerous and diverse customer groups each demand, this could materially adversely affect our business, financial condition and results of operations could be negatively affected.

1.2.5 We depend on our reputation and our brand and any failure to maintain, protect and enhance our reputation and brand may harm our ability to retain or expand our base of active customers.

In particular due to our fashion focus and our many young customers, our reputation and the recognition of the third-party as well as our Mister Spex brands are of central importance to the growth and success of our business. E-commerce markets typically favor the market participants with the strongest brands. While it may be possible for less established brands to operate profitably, the best-performing and best-known market participant typically captures a very large share of the market. Limited visibility may make it more challenging for us to attract new customers and retain existing customers than for an established business, which, at the same time, may negatively affect our ability to grow the value of our brand and reputation, and vice versa.

Many factors, some of which are beyond our control, are important to maintaining and enhancing our omnichannel brand. These factors include our ability to:

- build and maintain a reputation for ourselves of offering and delivering fashionable eyewear and sunglasses as well as contact lenses and contact lens care products at favorable prices and also providing state-of-the-art virtual try-on and online vision testing as well as customization applications;
- maintain and improve the popularity, attractiveness, quality and value of our products and services;
- maintain and improve the efficiency, reliability and quality of our fulfilment services;
- maintain and improve customers’ satisfaction with our after-sales services;
- increase brand awareness through marketing and brand promotion activities in our target markets; and

- preserve our reputation and goodwill in the event of any negative publicity regarding customer service, internet security, payment and escrow services, product quality, price or authenticity, or other issues affecting the Company or other businesses in the same industry.

The recognition and reputation of our brand among (potential) customers are critical factors for the growth and success of our omnichannel business, affect our marketing spending and customer acquisition costs and are critical to maintaining our competitiveness in our markets. Any negative impact on the reputation of our brands may negatively affect our results. Any failure or misconduct by us or our suppliers, such as defective manufacture, offering poor customer service quality, late deliveries or systemic problems in the eyewear manufacturing industry could negatively affect the delivery and shopping experience of our customers and significantly damage our reputation and brand and result in a loss of customer confidence. We have devoted and will continue to devote significant time and resources to marketing and customer relations to build a positive reputation and brand recognition for our business. Nevertheless, there is no guarantee that our marketing efforts or other promotional activities achieve expected results and lead to the enhancement of our brand. Unfavorable publicity, particularly relating to the quality and fitting of our prescription glasses, sunglasses and other eyecare products, the violation of eyecare requirements, could damage our reputation, diminish the value of our brand and undermine the trust and credibility we have established. We rely heavily on social media such as Instagram and Facebook for brand promotion and marketing, and any negative publicity, negative customer feedback or other reputational damage may be accelerated through social media due to its immediacy and accessibility as a means of communication.

1.2.6 We may be the subject of anti-competitive behavior, harassment or other detrimental conduct by third parties, including malicious assessments of our online-driven business published via the internet or media campaigns.

We may be the target of anti-competitive behavior, harassment, cyber-attacks or other detrimental conduct by third parties and may be required to spend significant time and incur substantial costs to address such third-party conduct. Due to our strong online presence, including our online sales channels, our marketing on social media platforms, especially in cooperation with social media influencers, we are particularly exposed to this risk, as customers typically respond to offers on the same channels on which they are advertised and provided. Allegations against us may be posted on social media or on blogs or websites by anyone, whether or not related to us, and on an anonymous basis. Customers value readily available information concerning internet companies and their offerings and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their customers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate and spread rapidly without affording them an opportunity for redress or correction.

Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or demeaning statements about our business, even if these allegations or statements are unfounded. Our business may become the subject of negative media coverage and public attention due to various reasons such as the accidental dissemination of unsolicited emails or the alleged lack of customer information on our websites regarding the right to terminate one’s registration with us as well as our sales strategy. Such negative publicity may develop strong dynamics and may negatively affect our operations in affected markets. In addition, third parties may communicate complaints, anonymous or otherwise, to regulatory agencies and we may be subject to government or regulatory investigation as a result of such third-party conduct. There is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all.

1.2.7 We rely on email and other messaging services as well as the visibility of our websites in search engine results in our marketing efforts targeted at customers and daily operations, and restrictions on sending emails or messages, delays in their delivery, or an insufficient visibility of our online offering could adversely affect our business.

We depend upon email and other messaging services to promote our sites and products and communicate with our customers. We circulate emails and alerts to inform customers of our eyecare products and services. To us, email is therefore a tool for customer recruitment, customer reactivation, and order frequency management. If customers opt out of recurring emails under applicable data processing rules, or if we are unable to deliver emails or other messages to our customers, if such messages are delayed, or if customers do not receive such emails or decline to open them, our revenue and reputation could be adversely affected. Changes in how webmail apps organize and prioritize emails could reduce the number of customers opening our emails. For example, Alphabet

Inc.'s Gmail service provides a feature that organizes incoming emails into categories (for example, primary, social and promotions). Such categorization or similar inbox organizational features could result in our messages being shown as "spam" or lower priority to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on us in connection with them, could impair our ability to communicate with our customers using emails or other messages.

An error or malfunction within our email and messaging services could result in customers who do not or no longer want to receive messages from us, being sent messages. In addition, we rely on third-party service providers to deliver emails, and delays or errors in the delivery of such emails or other messaging could occur and are largely beyond our control. Also, our process to obtain consent from visitors to our website to receive newsletters and advertisements from us and/or to use their data may be insufficient or invalid. In addition, we may receive warning letters from individuals or companies alleging the unauthorized sending of advertisements. Our use of email and other messaging services could result in legal claims against us, which could increase our expenses and potentially expose us to liability.

We also rely on social networking platforms such as Instagram, Facebook and Twitter as well as messaging services to communicate with our customers. Changes to the terms and conditions of these services could limit our promotional capabilities, and there could be a decline in the use of such social networking services by customers and potential customers. These services may change their algorithms or application programming interfaces without notice or explanation to us, which may reduce our visibility to potential and existing customers.

Furthermore, a significant number of customers access our websites by clicking on a link contained in search engines' organic search results. Transactions affected by these customers result in higher EBITDA margins as there are lower associated direct customer acquisition costs. Therefore, we endeavor to enhance the relevance of Mister Spex's websites to common customer search queries. For this reason, we always seek to improve the rankings of our websites in organic search results, a process known as "search engine optimization" ("**SEO**"). Search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair these SEO activities. These algorithms and ranking criteria may be confidential or proprietary information, and we may not have complete information on the methods used to rank our websites. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if the effectiveness of our SEO activities is affected for any other reason, we may need to increase our spending on other forms of marketing or may potentially suffer a significant decrease in traffic to our websites, as a result of which our sales targets and as a consequence our EBITDA margins could be compromised.

1.2.8 Mobile devices are widely being used to conduct commerce, and if our mobile app does not operate as effectively or as expected when accessed through these devices, for example as a result of outages or disruption, our customers may not be satisfied with our online offering and services, which could harm our business.

We are dependent on the interoperability of our mobile app with third-party mobile devices and mobile operating systems as well as web browsers that we do not control. Any changes in such devices, systems or web browsers that degrade the functionality of our mobile app or our website give preferential treatment to competitive services could adversely affect usage of our online platform. Effective mobile functionality is integral to our long-term development and growth strategy. Customer growth and activity on mobile devices depends on our effective use of mobile devices and channels, networks and standards, over which we have no control. It is critical to our success that all our existing and potential new customers within our geographic markets are able to access our mobile app and websites at all times. It may become increasingly difficult to maintain and improve the availability of our platform, especially during peak usage times and as products become more complex and customer traffic increases. If our mobile app or websites are unavailable when customers attempt to access them or they do not load as quickly as customers expect, customers may seek other services, and may not return to them as often or at all in the future. This would harm our ability to attract customers and decrease the frequency with which they use our mobile app or websites. We have previously experienced service disruptions, and in the future, we may experience further service disruptions, outages, or other performance problems due to a variety of factors, including infrastructure changes, human or software errors or capacity constraints due to an overwhelming number of users accessing our platform simultaneously.

We currently expect to continue to make significant investments to maintain and improve the availability of our mobile app and websites and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, respond adequately to service disruptions, upgrade our systems as needed or continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations would be harmed. Furthermore, since the mobile world and internet are characterized by rapid technological development and new advances in technology can increase competitive pressure, our success depends on our ability to continuously improve our current mobile app and technological platform and sustain their interoperability with popular operating systems. Any failure to adopt and apply new technological advances in a timely manner, to integrate mobile apps into mobile devices or problems with providers of mobile operating systems or download stores could decrease the attractiveness of our mobile app and our websites and thus limit our growth or even lead to declining revenue. Any changes in popular operating systems, such as iOS or Android, that degrade the functionality of our sites or give preferential treatment to competing sites, could adversely affect our mobile offering.

1.2.9 We currently depend upon Luxottica for a significant portion of the eyewear we sell. We may not be able to obtain sufficient quantities of glasses, lenses and contact lenses at competitive prices or at all from our key suppliers in the future to meet existing or anticipated demand.

Currently, all our prescription frames, contact lenses and raw lenses are manufactured by third parties. For the time being, we depend upon the eyewear manufacturer EssilorLuxottica SA ("**Luxottica**"), the world's largest company in the eyewear industry, for a, depending on product type, low to medium double digit portion of the eyewear we sell. While Luxottica, through a subsidiary, continues to own approximately 8% of our shares, we do not rely on long-term contractual relationships or benefit from any exclusivity or preferred trade terms with regard to their products. Luxottica has already established its own online retail operations (rayban.com, Oakley.com) and also expanded its business through recent acquisitions, such as brille24 or the MyOptique group. There is a risk that Luxottica or any other of our most relevant suppliers could increase or start their own retail operations (organically or via acquisitions) in the future. If Luxottica or another of our most relevant suppliers were to reduce or stop their sales to us, we may not be able to obtain sufficient quantities of spectacles or sunglasses at competitive prices from other suppliers in the future to meet existing or anticipated demand. This is especially relevant since the branded eyewear and contact lens market is dominated by a handful of manufacturers and, within this market, their proprietary brands or licensed brands. In the event that one or more of these key suppliers were no longer willing or able to supply us for whatever reason, we may not be able to secure other adequate sources of supply at all or on favorable terms. There might occur price increases for all branded and own brand products due to price increases in raw materials or transportation costs, which could have adverse effects on our business. Some frame manufacturers have their own direct-to-consumer channels which may compete with us. Furthermore, we have purchased in the past and may continue to purchase, to a limited extent, products from distributors, some of which may be subject to resale restrictions from manufacturers which are intended to try to limit their ability to sell to online retailers, including us.

1.2.10 We cannot control all of the various factors that might affect our timely and cost-effective procurement of products from our suppliers.

We are dependent on a limited number of key supply partners. If we are unable to expeditiously and cost-effectively obtain shipments of products from our suppliers, our business and results of operations may be harmed. We cannot control all of the various factors that might affect our timely and cost-effective procurement of products from our suppliers including export or import restrictions or higher export or import tariffs. If global supply chains are interrupted, or the planning or production facilities of the suppliers are at fault, we are risking low stock levels or outages.

We also rely on a number of third-party carriers for shipments of products to our fulfillment facilities. We are therefore subject to the risks, including increased fuel costs, security concerns, labor disputes, union organizing activity, and inclement weather, associated with our carriers' ability to provide product fulfillment and delivery services to meet our distribution and shipping needs. Failure to procure products and materials in a timely and accurate manner will harm our reputation, our business, and our results of operations.

In addition, any increase in freight and fulfillment costs could adversely affect our business and operating results. Our operating results could also be materially adversely affected if the governments of the various countries in which we sell our products implement or enforce stricter importation controls. If we are unable to maintain our relationships with our existing suppliers or cannot identify or enter into relationships with new partners or suppliers to meet the manufacturing and assembly needs of our own brand business, our own brand business may be disrupted and our business, financial condition, and results of operations may be materially and adversely affected.

Moreover, political and economic instability, the financial stability of our suppliers and outsourcing partners, their ability to meet our standards, labor problems, the availability and prices of raw materials, merchandise quality issues, currency exchange rates, transport availability and cost, transport security, inflation, natural disasters and epidemics, among other factors, are beyond our control and may materially and adversely affect our suppliers and outsourcing partners and, in turn, our business, financial condition, and results of operations.

1.2.11 Significant failures of product quality on the part of our suppliers and manufacturers could affect our reputation and impact our revenue from existing customers and our ability to grow our customer base.

The actions and business practices of our partners, suppliers and manufacturers may negatively impact our business. Even though we purchase the merchandise for sale from vendors located in the European Union, the majority of this merchandise is manufactured in Asia, and we do not directly supervise or control them. We are reliant on our suppliers to control the quality of both contact lenses and eyeglasses components with respect to both third-party brands and our Mister Spex brands, even though we have our own established quality checks at our facilities. Our reputation for delivering products of high quality to our customers quickly and efficiently is hence mainly dependent on their ability to control product quality and identify defects. Significant failures of product quality on the part of our suppliers could adversely affect our reputation and impact our revenue from existing customers and our ability to grow our customer base. We purchase our contact lens and eyeglass components both from manufacturers and a wide variety of suppliers and we could be supplied with products that are defective, that do not meet applicable quality standards and regulatory requirements, or that potentially violate EU or other laws which are applicable in the jurisdictions in which we operate. Sale of such defective or counterfeit products may expose us to legal claims and we cannot be certain that our insurance coverage would be adequate for any such liabilities actually incurred or that insurance would continue to be available to us on economically reasonable terms, or at all.

We have also occasionally received, and may in the future continue to receive, shipments of products that fail to comply with our specifications or that fail to conform to our quality control standards. We have also received, and may in the future continue to receive, merchandise that either meets our specifications but that is nonetheless unacceptable to us, or products that are unacceptable to some of our customers or to other members of the public. Under these circumstances, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenue resulting from the inability to sell such merchandise and related increased administrative and shipping costs. Additionally, if the unacceptability of our merchandise is not discovered until after it is purchased or viewed by our customers or members of the public, our customers or members of the public could form unfavorable opinions of our merchandise, we could face a merchandise recall, our results of operations could suffer and our reputation and brand could be harmed. For example, if frames or contact lenses contain a manufacturing defect or any other issue that is not discovered until after the customer has used the product.

Any failure by us or by our suppliers or manufacturers to maintain customer services levels, product quality and integrity, acceptable labor practices or ethical and socially responsible operations or operate in accordance with applicable laws, could adversely affect our brand image, reputation, customer trust, financial performance and operating results or subject us to regulatory or legal actions, penalties, fines or restrictions.

1.2.12 We are dependent on our distribution centers as well as mounting lab. If one or more of our distribution centers or our mounting labs becomes inoperable, capacity is exceeded, if operations are disrupted or if we fail to secure appropriate licenses or permits, our business, financial condition and results of operations could be negatively affected.

We conduct the majority of our operations in our distribution center (“**DC**”) in Berlin, Germany. At this site we also run our own edging and mounting lab, including numerous lens edging machines. Additional DCs are located in Stockholm, Sweden, and Karmsund, Norway. Any significant disruption of these centers’ operations will adversely affect our ability to ensure the timely delivery of our products. A natural disaster or other catastrophic or comparable event, such as a fire, server failure, power failure or systems failure, at these facilities could cause significant interruptions or delays in our business and loss of inventory and could render us unable to process or fulfill customer orders in a timely manner, or at all. Further, our insurance may not adequately compensate us for losses that may occur.

In order to enhance our distribution footprint, we may require additional fulfillment and lab facilities to lower shipping costs, increase delivery speed, and diversify our geographic footprint. We may not be successful in identifying and procuring suitable future fulfillment and mounting lab locations, making us dependent on our limited existing network. If we are unable to secure the appropriate licenses, permits or otherwise, the expectations of management with respect to the increased future processing capacity may not be borne out, which could detriment our growing operations. Further, the maintenance and expansion of our operations could also be negatively affected by construction delays or cost over-runs in respect of the build-out/development of a facility, howsoever caused. If we are unable to optimize management of our fulfillment centers and mounting labs, we may be unable to meet customer expectations. Because it is difficult to predict sales volume, we may be unable to manage our facilities in an optimal way, which may result in excess or insufficient inventory, warehousing, fulfillment or lab capacity. Any failure to effectively control product damage and shrinkage through effective security measures and inventory management practices could adversely impact our profitability. In addition, if we need to increase our fulfillment capacity more quickly than anticipated, that expansion would require additional financing that may not be available to us on favorable terms when required, or at all.

1.2.13 We are dependent on the on-site services of opticians who work in our stores and optical labs or with whom we cooperate via our partner network. If they fail to provide the required performance, their capacity is exceeded or if their operations are disrupted, our business, financial condition and results of operations could be negatively affected.

We conduct mounting, eye exams, glasses and contact lens fitting as well as other on-site services including advice around eyewear through opticians who work in our stores or optical labs as well as via opticians via our partner network in several countries. These physical on-site services are an important trust factor for our customers, who in many cases demand, in addition to our online offering, eye exams as well as individual advice and fitting services physically on site. If we lack a sufficient number of opticians to conduct our operations, if these opticians do not provide the required performance or their operations are disrupted, this may significantly affect our ability to sell prescription glasses and contact lenses. Furthermore, in all of the jurisdictions we operate in, the operation of each optician store selling prescription glasses and contact lenses requires the employment of at least one certified master optician. If we are unable to employ a sufficient number of opticians, to cooperate with a sufficient number of partner opticians via our network or if any of these opticians do not perform as required, this could have a significant adverse effect on the operation of our physical stores, the offering of any on-site services to our customers which we provide through our partner opticians from our partner network as well as own glasses manufacturing, lens cutting and adjustment operations.

1.2.14 We have entered into various service agreements with third parties and if these do not perform adequately or terminate their relationships with us, our costs may increase, our business could be interrupted and our results of operations could be harmed.

Due to the specific nature of our omnichannel business and as we use various sales and marketing channels to market our products, our success depends significantly on a variety of relationships with third parties who provide us with various services, which are necessary to conduct our business operations. These services include, in particular, the delivery of products, software, programming, payment processing and accounting, marketing and advertising, customer service, data host services as well as third-party technology partners for the licensing of certain components of our online eyewear platform, such as virtual try-on and online eye exam.

We rely on a number of third-party carriers for shipments of products to and from our fulfillment facilities and to customers. We rely on third-party payment processors and encryption and authentication technology licensed from third parties that is designed to effect secure transmission of personal information provided by our customers. We also rely on third-party data center hosts and network carriers to provide a reliable network backbone with the speed, data capacity, security and hardware necessary for reliable internet access and services and secure backup of data. Our revenue-generating platform is built on enterprise management and e-commerce software solutions, such as Microsoft Dynamics. We are thus exposed to the risk of product discontinuation, arbitrary increases in maintenance fees, increased problems or a lack of qualified engineers with knowledge and experience to develop these vendor products. If the relevant third parties terminate their relationships with us or refuse to renew their agreements with us on commercially reasonable terms, or simply do not perform adequately, we may have difficulty finding an alternate provider on similar terms and in an acceptable timeframe, our costs may increase, our business could be interrupted and/or our results of operations could be harmed. Our third-party service providers and licensors operate in both domestic and foreign jurisdictions and could breach our agreements, have their data integrity compromised, operate under different and/or conflicting regulatory regimes, or have cultural differences in practices and communication. These factors could lead to failures in or loss of our data, technology, processes, protocols or otherwise negatively impact our ability to comply with laws and regulations or our operations. Also, the rates charged for services by our third-party providers could increase and we may not be able to effectively pass such increases on to our customers. In addition, strikes or other service interruptions by service providers could adversely affect our ability to market, deliver and collect on our revenue on a timely basis.

1.2.15 We are subject to risks relating to the receipt and processing of online payments.

Customers who order through our websites may choose from a range of payment methods, including, among others, credit cards, PayPal, AfterPay, Klarna and invoice. Due to the variety and complexity of payment methods we offer, we face the risk of operational failures in our checkout process which could adversely affect the number of successful online purchases. For certain payment methods, including credit and debit cards, we pay bank and intermediary fees. These fees may increase over time and raise our operating costs and lower our margin.

We rely on third parties to provide these payment processing services in relation to credit and debit card payments as well as bank transfer. In addition, within the framework of factoring agreements with Arvato (Afterpay) and Klarna, we sell the entirety of our invoice- and direct debit-based receivables to those two factoring agencies. If any of these third-party companies become unwilling or unable to provide these services or increase the costs of providing such services, our operations may be disrupted or become unreliable and our operating costs, including payment processing fees, could increase. Furthermore, we are subject to payment card association operating rules, certification requirements, payment card industry data security standards, regulations concerning payment service providers and rules governing electronic funds transfers. Rules, requirements, standards or regulations with regard to providing payment services could change or be reinterpreted to make them more difficult or impossible to comply with, which could result in us becoming subject to fines or higher transaction fees and in extreme cases losing our ability to accept credit card payments from customers, process electronic funds transfers or facilitate other types of online payments. Moreover, if we offer new payment options to our customers, we may become subject to additional regulations and compliance requirements.

We face potential risks relating to customer claims if purchases or payments are not properly authorized or are transmitted in error, the risk that customers have insufficient funds and the risk of fraud. Any failure to avoid or limit losses from fraudulent transactions could negatively affect our operations and result in increased legal expenses and fees. High levels of payment card fraud could result in us having to comply with additional requirements or pay higher payment processing fees or fines. Furthermore, permitting further online payment options may increase the risk of fraud. In addition, our invoice and billing IT systems may malfunction due to new product implementations, data errors, faulty changes in the invoicing code or other IT configuration issues, which may also impair our ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in time or at all.

1.2.16 Any failure to offer high-quality customer service and support may adversely affect our relationships with our existing and prospective customers and, in this context, our results of operations and financial condition.

When purchasing our products and/or services, our customers depend on our customer service and support, including services which are provided by third-party partners. A satisfied, loyal and active customer base is crucial to our continued growth. Therefore, our customer service must perform well, ensuring customer complaints are dealt with in a timely manner and to each customer’s satisfaction. If we or our partners are unable to maintain a consistently high level of customer service, we may lose existing customers. In addition, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from our existing customers.

Other than in Germany and parts of Austria and Sweden, where we operate our own stores, we do not have the direct face-to-face interaction with customers which is provided in offline retail. Accordingly, the way we directly interact with customers is through our customer service team, which is paramount to maintaining customer relationships. We respond to customer requests and inquiries by email, through our hotlines and social media. Any actual or perceived failure or unsatisfactory response by our customer service team could negatively affect customer satisfaction and loyalty. We rely on third parties for certain telephone and software services related to our customer service operations, and any disruption in the services of these third parties may adversely affect our own customer service levels. Complaints on popular blogs or customer complaint websites are also out of our control and could have substantial negative impact on our reputation.

Moreover, with a significant number of our employees working from home in the context of the COVID-19 pandemic, certain of our office operations, which are usually conducted from central work stations, have been negatively impacted, including our customer service operations. As a result of this, customers may in the future, should certain of our employees or of our third-party suppliers’ employees be working from home, have a less positive experience in connection to our customer service due to a lower response rate.

1.2.17 Given that we are a technology-driven company, difficulties in successfully implementing or using new technologies or adapting our websites, proprietary technology and transaction processing systems to customer requirements or emerging industry standards may have a material adverse effect on our business, financial condition and results of operations.

We use a variety of technologies and data to make our business processes more cost-effective, efficient and customer-friendly. As the internet and online commerce industry evolves, we must license technology useful in our business, enhance our existing services and develop new services and technologies that address the increasingly sophisticated and varied needs of our prospective customers and respond to technological advances and emerging industry standards and practices on a cost effective and timely basis. We may, however, not always be able to successfully implement or use new technologies or adapt our websites, proprietary technology and transaction processing systems to customer requirements or emerging industry standards. For example, we use highly advanced technology to automate our warehouse management and logistics centers in order to enable the fastest, smooth and efficient fulfillment processes possible, providing scalability to always meet demand. Any failure of this technology could result in significant disruptions to our order fulfillment processes, causing delivery delays, efficiency losses, and overall lower revenue. Interruptions or delays in our ability to use or access our technology, as well as issues with scaling and growing the technology we use, in particular, for example, our fulfilment technology platform, could lead to interruptions or delays in our operations.

Any failure of the technologies we use could materially adversely affect our operations could have a material adverse effect on our business, financial condition and results of operations. In addition, our technology team and legacy technology components could not be able to keep up with technology trends and lead to falling behind competitors. As we are continuously working on new technology, our skills and efforts might not be enough to ensure scalable service continuity and refreshing our technology platform.

1.2.18 Any software malfunction or disruption of our IT systems could adversely affect our business operations.

As business which is based to a significant extent on the internet, we rely on complex software and telecommunication systems to run our websites. Any software malfunction could disrupt the smooth running of our operations. Although we analyze our systems on a regular basis we may not be able to correctly assess how prone to errors or viruses our systems are and we might not have the know-how to fix any malfunctions. Our dependence on cloud provider’s infrastructure is a risk for service continuity, data protection, cost and fulfilling our order transactions. The contracts with our providers do not guarantee that services are available and provide the desired capacity.

We might then have to pay third parties to either fix the problems or we would have to license similar software available on the market. All these options could put a substantial financial burden on us. There is no assurance that our IT systems will not fail. Some malfunctions and downtimes have occurred in the past. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local web browsers, the use of default credentials or their reuse coupled with the use of cloud services, the use of unauthorized IT tools, which are not compliant with IT security standards (*i.e.*, Dropbox, GoogleDrive, etc.) the use of unprotected software, inadequate physical protection against unauthorized access and manipulation may result in vulnerability of our IT systems. The roll-out of new IT systems for our platform may be delayed or fail, resulting in insufficient scale to support the potential growth of our business. Our incident management, aiming at identifying operation problems, such as failures in IT programs, may be inadequate. Any failure of, disruptions to or cyber-attacks targeted at our IT systems may lead to significant downtimes of our websites and app, may adversely affect our performance and may lead to a loss of revenue. Should algorithms suffer from a programing failure or should our IT systems be subject to a disruption, this may leave us unable to deliver orders on time and may result in misallocations of orders, make our websites and app unavailable for our customers and may ultimately negatively affect our performance and reputation.

1.2.19 We may face online security breaches and service disruptions due to hacking, viruses, fraud and malicious attacks, which may materially and adversely affect our business and reputation.

We operate websites, networks, a mobile app and other data systems through which we collect, maintain, transmit and store information about our customers, suppliers and others, including credit card information and personal information, supplier details as well as other confidential and proprietary information through our mobile app, websites, networks and other data systems. We also employ third-party service providers that store, process and transmit proprietary, personal and confidential information on our behalf. Furthermore, we rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card details. Since the development of modern software products inherently relies on a large number of components, many of which are sourced from public sources based on the open-source model, we may be at risk of malware placed into components we might utilize. With our platform being cloud-based, cloud-operated, and comprised of several vendor solutions and a multitude of proprietary components that each depend on each other, we may face issues with regards to system and data integrity. Although we take steps to protect the security, integrity and confidentiality of the information we collect, store or transmit, we cannot preclude the risk of third parties breaking into our systems. Our platforms are, like online platforms in general, vulnerable to computer viruses, break-ins, phishing attacks, attempts of server overloading with "distributed-denial-of-service" attacks, misappropriation of data through website scraping or other attacks or similar disruptions due to unauthorized use of our computer systems.

We and our service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to our systems.

Our IT security systems may prove to be insufficient. Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to our IT systems or confidential information despite our efforts. Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships.

Security breaches may also result where our internal security practices are inadequate or where we have an inadequate IT architecture to prevent or limit the effects of external attacks. Our access management regarding our data systems may prove insufficient, resulting in, for example, misuse, unauthorized access to sensitive data and systems or manual inputs into systems leading to inaccurate data. The established procedure for amending supplier details in our data systems may prove to be inadequate resulting in unauthorized persons having access rights and being able to amend relevant supplier data, which implies the risk of unauthorized and fraudulent supply requests.

A leakage of customer or supplier data caused by hacking attacks, inadequate data protection or a former employee could lead to a misuse of data, *e.g.*, in the form of unsolicited emails, other communications based on spam lists fed with such data or blackmail attempts. Inefficient management of administrator and user accounts may increase the risk of fraud, disclosure and malfunctions. In addition, any such occurrence could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity and a loss of confidence in our security measures.

We may also need to devote significant resources to protect against security breaches or to address problems caused by breaches, diverting resources from the growth and expansion of our business. Since these techniques change frequently and often are not recognized until launched against a target, we may also not have the technical sophistication to provide adequate protection, at all. Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information despite our efforts. Any such breach or unauthorized access could violate applicable privacy, data security or other laws and result in significant legal and financial exposure, a loss of confidence in the security of the products and services offered by us, regulatory action against us by public authorities and may damage our reputation, including the reputation of the companies not directly affected by the security breach. Furthermore, we do not currently maintain a comprehensive business continuity plan to address such disruptions and we may not be able to adequately continue our business or become operational again within a reasonable period of time in the case of such an occurrence. Recovery of our IT systems may be additionally hampered where we have outsourced the operation of IT and data storage to third parties. In addition, although we insure ourselves against such losses to a level and at a cost we deem appropriate, our insurance policies are subject to exclusions and limitations, and we cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy. As a result, the amount of any costs, including fines or damages that we might incur in such circumstances, could substantially exceed any insurance we have to cover such losses. In addition, our insurance providers could become insolvent. Further, in some instances, we may decide not to take out insurance coverage with respect to a specific risk.

1.2.20 In the event of a partial or total loss of our customer database, we would experience disruptions in our ability to market our products, which may decrease sales.

We view maintaining and expanding our relationships with existing customers as key to our growth and ultimate profitability. Although our customer database is regularly replicated, and these backups are stored off-site, the customer database is still potentially at risk from fire, flood, earthquake, computer systems failure, corruption, theft and cybersecurity breach. In the event or partial or total loss of our customer database, we would experience disruptions in our ability to market our products to existing customers and to remind customers to re-order lenses, which may decrease sales. Any theft or misappropriation of our customer information could also subject us to liability, regulatory action and reputational harm. Additional costs may also be incurred in restoring our database, also decreasing our profitability.

1.2.21 We may be unable to successfully integrate, or achieve the expected benefits from, past or future acquisitions.

Since our inception, we have completed several acquisitions, comprising eyewear companies located in Sweden and Norway. In October and November 2020, we acquired a 48.17% stake in Tribe GmbH, a deep technology company in Germany focusing on artificial intelligence (AI)-based online solutions, for a total purchase price including incidental purchase costs of €3.2 million. These solutions can be used to measure head and face dimensions to help customers find a frame that fits their face and style and, overall, improve the customer experience when buying glasses on the internet. We may in the future selectively analyze and ultimately execute more actively acquisitions of existing companies. However, there can be no assurance that we will find suitable acquisition targets at reasonable prices or at all. To the extent we are successful in making acquisitions, we may have to spend substantial amounts of cash or shares, incur debt, assume loss-making divisions and incur other types of expenses. In particular, future acquisitions could result in increased indebtedness and significant commitment of management resources and in a dilution of our shareholders if the acquisition is structured fully or partially as a share for share deal. We might not achieve the cost savings, synergies or other benefits that we hope to achieve from acquisitions. We cannot guarantee that the integration of any future acquisitions will yield benefits to us that are sufficient to justify the expenses we will incur in completing such acquisitions. Any post-merger integration might be adversely affected by the loss of key personnel, negative changes in the course of ongoing business processes and relationships with customers and employees. Therefore, the integration process may require more time and resources than expected. We may not be in a position to carry out substantive due diligence and any failure by us to identify, or to correctly assess, all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, data protection, regulatory compliance, accounting practices or employee or customer issues could harm our business, and we could incur extraordinary or currently unexpected legal, regulatory, contractual, labor or other costs as a consequence of acquisitions. In particular, we cannot guarantee that the companies we may acquire hold all the necessary licenses and registrations for their operations.

1.2.22 We depend on the continued input of our founder and other key personnel. The inability to attract new, retain or replace key management or other key employees could harm our business and future prospects.

We are a founder-led business and depend heavily on the continued input of our Chief Executive Officers, Dirk Graber and Dr. Mirko Caspar. We also depend upon the continued services and performance of our other officers and other key personnel, in particular the other members of our management board and the managing directors of our local operating entities. The unexpected departure or loss of any of them could lead to material adverse effects on our running operations, and there can be no assurance that we will be able to attract or retain suitable replacements for such personnel in a timely manner or at all. We may also incur significant additional costs in recruiting and retaining suitable replacements. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. Our success and growth strategy also depends on our ability to expand our organization by attracting and hiring high-quality employees. Identifying, attracting, recruiting, training, integrating, managing and motivating talented individuals will require significant time, expense, and attention. Competition for talent is intense, particularly in technology-driven industries such as ours. Our ability to recruit talented employees may be adversely affected by changes in current immigration laws that would make it more difficult to attract talent from outside the European Union. Due to the fast pace of our operations, we may, in certain cases, hire employees who do not have the necessary qualifications or satisfy other requirements, such as the possession of up-to-date work permits from the first day of their activities or do not go through a proper selection or approval process. Also, if our senior management team fails to work together effectively and to execute our plans and strategies, then our business and our results of operations could be harmed. A meaningful portion of our employees have a short employment history with us and we may experience significant employee fluctuation which may challenge our ability to effectively integrate and align our workforce with our strategic goals. We may not be able to retain the services of any of our employees or other members of senior management in the future due to, for example, salaries which are below market average or very short bilateral termination periods with respect to their employment contracts. Some of our subsidiaries have a rather limited operating history, and if they grow and achieve better operating results in the future, salary expectations of key employees could rise, which would make personnel retention more difficult. In addition, we do not maintain or have only recently implemented succession plans with respect to the identification of and continuity for critical positions in several of our local companies, including management and certain IT positions. Any material loss of knowledge caused by a loss of key employees may negatively affect our business, especially if our founders or if the other members of our management board leave us. This could imply a significant loss of human resources, which we may not be able to compensate.

1.2.23 We may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.

While we are of the opinion that the Mister Spex Group is in a position to meet the payment obligations that will become due within at least twelve months from the date of this Prospectus, in the medium to long term, we will likely require additional capital, particularly due to the planned further growth and expansion of our Group, which may lead to a substantial increase in our indebtedness, and pay off our debt.

General economic disruptions and downturns as well as any deterioration in the performance, prospects or perceived value of our business, may have a material adverse effect on the Company's share price and valuation. This may lead to impairments of our assets and challenge our ability to raise capital when needed. Any liquidity concerns we encounter may require us to curtail or abandon our growth strategy. In addition, the agreements for external financing we may have to enter into may provide for collateral to be granted by us in favor of the lender subjecting us to strict contractual terms on the use and disposal of the collateral. Such contractual restrictions on our assets and covenants included in the relevant financing agreements may negatively affect our operations and ability to freely engage with third parties.

A breach of the relevant covenants underlying such external financing agreements or a breach of other contractual obligations contained in such external financing agreements may trigger immediate prepayment obligations or may force us to engage in renegotiations of relevant contractual terms. For example, the term loan and facilities agreement we entered into in April 2021 contains provisions of collateral to be provided and a number of covenants, such as a negative pledge, financial covenants relating to the financial condition of the Company and the Mister Spex Group, restrictions on substantial changes to the general nature of our business, the breach of which would require us to an early repayment of the loan and/or may have adverse consequences and may entail additional liabilities.

If we need capital but are unable to raise it on economically acceptable conditions or at all, we may be forced to limit operations, which, in turn, may negatively affect our reputation and finances. There is no guarantee that we will be able to obtain additional financing at favorable terms, or at all, in order to satisfy our need for capital. If we need capital and are unable to raise it, we may be required to take additional steps, such as borrowing money on unfavorable terms in order to raise capital, which could limit our growth and may negatively affect our market shares. We may also be forced to scale back operations or even cease to exist as a going concern. In addition, we may not have the same access to equity and debt capital as our competitors, and general economic disruptions and downturns may negatively affect our ability to raise capital when needed. We may also fail to accurately project our capital needs and may not have sufficient capital to continue to run our business in the medium to long term.

1.2.24 If we are unable to accurately assess our operating performance through certain key performance indicators, our ability to determine and implement appropriate business strategies may be impaired.

We assess our operating performance using a set of key performance indicators, which include the number of orders placed (which can be differentiated into home trial, *i.e.*, order for try-on, direct orders, *i.e.*, orders without a try-on beforehand, and follow-up orders), customers, that can be differentiated into new customers and return customers, the average order value as well as customer lifetime value (CLV) and customer acquisition costs (CAC). Capturing accurate data is subject to various limitations, also given the limited operating history of the Company, and there is no assurance that our data collection technologies and tools are always accurate. Such data is also not subject to a statutory audit. Furthermore, because financial reporting frameworks lack standardized definitions for key performance indicators, the key performance indicators we use may not be comparable to those of our competitors or even between our own reporting segments. There is no guarantee that the information we have collected thus far is accurate or reliable. As a result, the key performance indicators that we use may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenue. Potential investors in this Offering should therefore not rely on these indicators as a basis for their investment in the Company's shares. The management of our business and the development of our growth strategy depend on accurate measurement of the numbers of and trends in our key performance indicators, such as new and active customers and orders delivered. If our measurements of these key metrics are incomplete or inaccurate, our business and strategic decisions may be suboptimal or wrong. Furthermore, if a significant understatement or overstatement of our key performance indicators were to occur, the market might perceive us to have inadequate systems and lose confidence in the accuracy and reliability of the information we report.

1.2.25 We may not be able to establish or maintain an efficient system of internal controls over financial reporting, and our internal reporting and/or risk management procedures may not be adequate to meet the needs of our growing business.

The Company is in the process of conforming its system of internal controls as well as its internal reporting and risk management procedures to the requirements for a publicly listed company, but may be unable to implement adequate internal controls and/or internal reporting or risk management procedures in a timely manner or at all. Consequently, we may be unable to detect and react to risks arising in the course of our business. In addition, any failure to establish or maintain an effective system of internal controls over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud. Further, the Company and its affiliated companies conducted various restructuring measures (*e.g.*, changes of legal forms) and capital measures in the past. These changes in legal forms and capital measures increased the complexity of our financial reporting and were subject to various legal requirements. There is a risk that these measures could further complicate our ability to establish or maintain an effective system of internal controls over financial reporting, which could limit our ability to report accurately and in a timely manner or to detect and prevent fraud.

1.2.26 Changes in foreign exchange rates could have material adverse effects on our financial result.

The majority of our revenue and expenses is denominated euro and, to a lesser extent, the British pound, the US dollar, the Norwegian krone, the Swedish krona and the Swiss franc. Our expenses generally are incurred in euro and revenue is generated in the respective local currency, *e.g.*, in British pound, thus the foreign currency risks we face that could be material to our results at the Mister Spex Group level are primarily transactional. Adverse transaction effects may materially impact our margin and cash flow: If the manufacturing costs are incurred in euro and the product is sold abroad in another local currency and at an unchanged list purchase price, a strengthening of the euro may have a negative effect on our margin and cash flow. Adverse translation effects may materially impact our revenue reported in euro. Translation effects are caused by the translation of financial results of our consolidated subsidiaries prepared in the respective local currencies into euro, our reporting currency, in the course of preparing the Mister Spex Group's consolidated financial statements. Translation effects imply the risk, that, although the operations of a subsidiary may develop favorably, the contribution of the relevant subsidiary to the Mister Spex Group's financial position may decrease due to a decrease in the value of the local currency compared to the euro. Thus, a long-term weakening of the Norwegian krone, the Swedish krona, the Swiss franc or the British pound could reduce the euro-denominated amount of revenue generated in such currencies. Furthermore, currency fluctuations can also have an impact on our financial position and cash flow. For example, cash balances held by us are translated using the exchange rate as of the relevant reporting date and, accordingly, will be impacted by exchange rate fluctuations. Also, the value of dividends companies in the Mister Spex Group might upstream to the Company in the future, if any, would be dependent on foreign exchange rates, if the dividend-paying company pays its dividend in a currency other than the euro. Currency fluctuations can also have a significant impact on the Company's ability to recoup its investments in the operations of its subsidiaries outside the eurozone.

Currently, the Company's funding sources are predominantly denominated in euro, and any funds invested in the operations of its subsidiaries outside the eurozone must first be converted into the respective local currency. A long-term strengthening of the euro relative to other currencies could reduce the euro-denominated return on investments made when the euro was weaker. A long-term strengthening of the euro could also reduce the euro-denominated amount of any dividends paid to the Company by its subsidiaries outside the eurozone.

1.2.27 Our employees may temporarily be unable or unwilling to work due to strikes, labor disputes or the effects of the COVID-19 pandemic.

If relationships with our employees were to deteriorate, we could experience strikes, potentially also supported by unionization efforts, or other types of conflicts. As a result, our operations could be interrupted and our reputation could suffer. This risk could be exacerbated by the temporary introduction of short-time work (*Kurzarbeit*) with respect to parts of our German workforce as well as our use of similar schemes in other European countries. These measures were introduced in connection of the slowdown of our operations caused by the spread of the COVID-19 pandemic across Europe. Outbreaks of COVID-19 or a spread of other viruses among our workforce may deprive us of key employees as they are required to isolate and may even force us to shut down facilities and stores once a significant share of the workforce is affected. Isolation may also be required where employees return from business or leisure trips to areas particularly affected by the COVID-19 pandemic. As a result, our operations may be interrupted and we would still be required to pay the affected employees their full salary, while not receiving any labor in return.

1.2.28 Our profit forecast for the fiscal year 2021 could differ materially from our actual results of operations.

We published a profit forecast for the fiscal year ending December 31, 2021 which is included in this Prospectus (the "**Profit Forecast**"). This Profit Forecasts reflects numerous assumptions made by our management board. Assumptions which are beyond our control include eyewear market development, demand for online and offline sales of eyewear, the general economic environment in the eurozone, consumer confidence and consumer spending, availability of financing, and unforeseen events as well as the impact of the COVID-19 pandemic. In addition, our Profit Forecast is also based on assumptions, which may be influenced by the COVID-19 pandemic, such as further lockdown and other social distancing measures imposed by governments throughout Europe, including the closure of non-essential shops, to combat the spread of COVID-19. These measures would also affect our stores and stores of our partner opticians if they result in limiting customer traffic in these stores. Such assumptions are inherently subject to significant business, operational, economic and other risks, many of which are outside of our control.

Such assumptions made in our Profit Forecast may change or may not materialize at all. Should one or more of the assumptions underlying the Profit Forecast prove to be inappropriate or incorrect, our actual results of operations for the fiscal year ending December 31, 2021 could differ materially from such forecast and projections. As a result, investors should not place undue reliance on the Profit Forecast included in this Prospectus.

1.3 Risks related to Regulatory, Legal and Tax Matters

1.3.1 Government regulation of the internet and e-commerce is evolving and may change in a manner that is unfavorable to our digitally native business model, and we may fail to comply with applicable regulations.

Government regulation and legal uncertainties may place administrative and financial burdens on our business. We are subject to a number of regulations and laws that apply generally to businesses, as well as regulations and laws specifically governing the internet and e-commerce and the marketing, sale and delivery of goods and services over the internet. These laws and regulations cover taxation, tariffs, privacy and data protection, data security, anti-bribery, pricing, content, copyrights, trademarks, distribution, mobile and other communications, advertising practices, electronic contracts, sales procedures, automatic subscription renewals, credit card processing procedures, consumer protections, the provision of online payment services, unencumbered internet access to our services, the design and operation of websites, and the characteristics and quality of goods and services that are offered online. Furthermore, as the internet continues to transform commercial relationships on a global scale, and as the use of the internet and mobile devices in everyday life becomes more prevalent, these laws and regulations continue to evolve. Existing and future regulations and laws relating to the internet may impede the growth and availability of the internet and online services, inhibit our ability to grow our business, or adversely affect our business by increasing costs and administrative burdens. In addition, privacy-related regulation of the internet could interfere with our collection and use of personal information as part of our business operations.

A number of other European Union directives and national laws impose additional duties and responsibilities on online retailers. For example, online retailers must comply with extensive and formalized information requirements, providing current and potential customers detailed and accurate information, including information regarding price and payment details, the company's return policy and the customer's right to withdraw from a contract. We must comply with all privacy-related regulations in the European Union as well as in other countries where we may do business. Additionally, we may choose to comply with, or may be required to comply with, self-regulatory obligations or other industry standards with respect to our collection, use, retention, sharing or security of customer data.

Although we strive to comply with all applicable laws, regulations, self-regulatory requirements, policies and legal obligations relating to privacy, data usage, and data protection, it is possible that these laws, regulations and other obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and which may conflict with other rules or requirements or our practices. We cannot guarantee that our practices have complied, comply, or will comply fully with all such laws, regulations, requirements and obligations.

In addition, the growth and development of the e-commerce market may prompt calls for more stringent consumer protection laws, both in the European Union and abroad. The continued growth and development of the market for e-commerce may lead to more stringent consumer protection laws, which may impose additional burdens on us. Changes in privacy-related laws, regulations, self-regulatory obligations and other legal obligations, or changes in industry standards or consumer sentiment could raise compliance costs or other costs of doing business, increase liability risks and require us to change our business practices, including changing, limiting or ceasing altogether the collection, use, sharing, or transfer of data relating to customers.

1.3.2 We may fail to comply with applicable data protection regulations, in particular in connection with certain business practices to gain new, or retain existing, customers, which could materially adversely affect our business practices, financial condition and results of operations.

We may fail to comply with applicable data protection regulations, which could prohibit certain business practices to gain new, or retain existing, customers or result in claims, proceedings or actions against us by governmental entities, customers or others, or other liabilities as well as material fines being imposed on us.

The General Data Protection Regulation (Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016, the "**General Data Protection Regulation**") which came into effect in May 2018 imposes new and stricter conditions and limitations on the processing, use and transmission of personal data within the European Union. Further, other data protection related laws impose additional restrictions on our operations. For example, subject to certain exceptions, email advertisements may only be sent to addressees who have given their explicit prior consent. Similarly, the use of cookies is regulated by the Directive on Privacy and Electronic Communications, which provides for an opt-in regime requiring the informed consent of the app or website user. In the course of our marketing efforts via emails we rely on email distribution-tools, which automatically filter out individuals who have not given their consent to email advertisements. However, we cannot guarantee that individuals who have not given their consent do not receive advertisement emails due to malfunctions and errors in our systems or human misconduct, which could lead to governmental investigations and/or sanctions.

We are constantly in the process of enhancing our data protection standards and procedures, but this process may take longer and require more resources than originally planned. Any noncompliance by us with the applicable regulations, for example, if we save data that we should not save, could lead to fines and other sanctions. For example, the General Data Protection Regulation provides that violations of data protection rules can be fined, depending on the circumstances, by up to the higher of €20 million and 4% of the annual global turnover of the infringing person. More generally, as e-commerce continues to evolve, increasing regulation and enforcement efforts by numerous government agencies and the prospects for private litigation claims related to our data collection, privacy policies or other e-commerce practices become more likely. We have posted our privacy policy which describes our practice related to the collection, use and disclosure of customer data on our website and in our mobile application. Any failure, or perceived failure, by us to comply with our posted privacy policy or with any laws, regulations, self-regulatory requirements, industry standards, or other legal obligations could result in claims, proceedings or actions against us by governmental entities, customers or others, or other liabilities, or could result in a loss of customers.

1.3.3 Higher labor costs due to statutory and regulatory change, in particular with respect to the profession of optician, could materially adversely affect our business, financial condition and results of operations.

Various federal and state labor laws govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, workplace health and safety standards, payroll taxes, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. In particular, we are subject to the special rules and licenses that apply to the profession of optician, as in all of the jurisdictions we operate in, the operation of each single store selling medical devices such as prescription glasses requires the employment of at least one certified master optician. Therefore, any regulatory admission restrictions, which could, for example, result in a shortage of qualified opticians available, or certain minimum wage affecting this profession could have a material adverse effect on our labor costs and overall business development. Furthermore, as our employees are paid at rates set above, but related to, the applicable minimum wage, further increases in the minimum wage or other additional government regulations in this area could increase our labor costs. Additionally, as only a small share of our employees, in particular in Sweden, is currently unionized, several of our employees may elect to be represented by labor unions in the future. If a significant number of our employees were to become unionized the collective bargaining agreement terms may deviate significantly from our current compensation and benefits structure. In addition, a labor dispute involving some or all of our employees may harm our reputation, disrupt our operations and reduce our revenue, and the resolution of labor disputes may increase our costs.

1.3.4 As we continue to expand our business, we may face compliance requirements from numerous, complex and sometimes conflicting legal and regulatory regimes.

As of the date of this Prospectus, we ship orders to customers across Europe, with our operations located in Austria, France, Finland, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. As a result, we incur, and expect to continue to incur, substantial costs and expenditures and to commit a significant amount of management's time and resources to comply with increasingly complex and restrictive laws and regulations. If we expand our operations to target customers in even more countries, the number of laws and regulatory regimes to which we are subject will further increase, potentially resulting in insecurities due to rapidly changing laws, conflicting interpretation of laws, administrative bypassing of legal frameworks and lack of market precedents to rely on.

Laws which are applicable to our international business in such a scenario include health, packaging and labelling, local employment, privacy, data security, telecommunications, online content, intellectual property protection, corporate, tax, finance, money laundering, online payment, anti-corruption and international sanctions laws as well as competition and consumer protection law. These various laws and regulations are often evolving and sometimes conflict with each other. Furthermore, operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing foreign laws and regulations. While we are not aware of any material breach by us of applicable laws and regulations, there can be no assurance that we have been in full compliance with these laws and regulations in the past or will be able to continue complying with all such laws and regulations going forward. Allegations that we did not comply with applicable laws and regulations, even if unfounded, may negatively impact our reputation. If we expand into jurisdictions where we are not already present, compliance will become more complex and expensive, and the risk of noncompliance will increase. As the application of foreign direct investment laws and regulations, license rules and similar rules and regulations is often unclear, they are subject to multiple interpretations, particularly by different courts, regulators and other players in the legal community, which may differ from the interpretations we choose.

The risk of noncompliance may also arise from the rapid, highly standardized process by which we identify and enter a target market and from the pressures to scale our local operations up to a market leadership position before our competitors do so. In order to allow for swift execution, we sometimes have to make executive decisions in which taking a risk may have to be weighed against the advantages of moving forward quickly. For example, given that in all of the jurisdictions we operate in, the operation of each of our physical stores requires the employment of at least one certified master optician, we cannot always ensure that we always employ a master optician from the very beginning in each case we open a new physical store. As a result we may, in particular, be subject to fines under the German Crafts Code (*Handwerksordnung*). While we seek to clear any remaining risks as quickly as possible, we may not have enough time to analyze each legal risk in detail. Furthermore, our international operations typically require governmental licenses and approvals in the relevant markets, such as registration certificates for entities, tax identification numbers, licenses under applicable eyewear safety and quality frameworks, etc. at various degrees of complexity and cost and the authorities in the countries where we operate may require new and additional licenses, permits and approvals from us. There is no assurance that any required licenses, permits and approvals can be obtained, and if so, in a timely or cost-effective manner. In addition, authorities may revoke existing licenses, and we may not be made aware of or be able to appeal any such revocations in a timely manner, if at all.

1.3.5 The organizational set up of our compliance system may not have been sufficient to detect violations.

Since our inception, we have grown our business rapidly by focusing primarily on growth and expansion rather than the development of internal compliance guidelines, manuals and procedures and our compliance and control environment may not be adequately sophisticated to ensure compliance with all relevant laws and regulations. Accordingly, as a consequence of our fast-moving and entrepreneurial culture, it is conceivable that actions were taken that were not in compliance with applicable corporate governance, antitrust or other laws and regulations or that actions that should have been taken to comply with such legal and regulatory requirements were not taken in a timely manner or at all. Our existing compliance structures may be insufficient to address the changing regulatory environment and changing expectations from government regulators regarding our business model. This may result in gaps in compliance coverage or the omission of necessary new compliance activity. We may have to take further action to make our compliance organization more comprehensive, which will likely require some investments and attention of management. There can, however, be no assurance that our efforts will prove successful. Any past or future violations of applicable laws and regulations may have a material adverse effect on our reputation, assets, financial condition, cash flows and results of operations.

1.3.6 We may not be able to adequately protect our intellectual property rights, which are critical to the success of our omnichannel platform, and any failure to do so could have a material adverse effect on our growth.

We regard our customer data, trademarks, copyrights, design rights, trade secrets, proprietary technology and similar intellectual property as critical to our success. As of the date of this Prospectus, we hold more than 30 trademarks and more than 400 internet domains in various countries. In addition, we have developed, and we anticipate that we will continue to develop, a substantial number of programs, processes and other know-how, also on a proprietary basis, that are of key importance to the successful functioning of our business. Our proprietary business-to-consumer omnichannel e-commerce platform, which includes various software components, forms the backbone of our business operations. As of December 31, 2020, we recognized intangible assets of €13.9 million which is mainly referring to capitalized software development.

We may not be able to obtain effective intellectual property protection covering all relevant aspects and/or every country in which we are active or in which such protection is relevant, and we cannot be sure that the law might not change in a way that would affect the nature or extent of our intellectual property ownership and/or the rights granted under such intellectual property. Similarly, we cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights. We cannot be sure that our intellectual property portfolio will not be infringed, violated or otherwise challenged by third parties, or that we will be successful in enforcing, defending or combatting any such infringements, violations, or challenges. Furthermore, our efforts to protect our intellectual property could require the expenditure of significant financial, managerial and operational resources.

We rely on trademark, copyright and trade secret protection and other intellectual property protections under applicable law to protect our proprietary rights. However, we cannot guarantee that our common law, applied-for, or registered rights are valid and/or enforceable, and provide us with adequate protection (in particular that our core business activities are protected by our trademarks against other similar trademarks or other intellectual property rights) that our trademark registrations and applications or use of our trademarks will not be challenged by known or unknown third parties, or that any pending trademark applications will issue or provide us with any competitive advantage. The same applies to other intellectual property and/or the use of proprietary data, technology etc. Additionally, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. For example, the nature of internet business results in our intellectual property and other property rights being exposed in considerable detail to our competitors. Regulations governing, among others, domain names, use on the internet and social media may not, or not adequately, protect our trademarks and other proprietary rights that may be displayed on or in conjunction with our website and other marketing media, and we may be unable to prevent third parties from acquiring or retaining domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights.

We also rely on confidentiality, supplier, license, and other agreements with our employees, suppliers and others. There is no guarantee that these third parties will comply with these agreements and refrain from misappropriating our proprietary rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. We may initiate claims, administrative proceedings or litigation against others for infringement, misappropriation or violation of our intellectual property rights or proprietary rights or to establish the validity of such rights. Any legal dispute especially any litigation, whether or not it is resolved in our favor, could result in significant expense and divert the efforts of our technical and management personnel. Failure to adequately protect our intellectual property could lead to a loss of portions of our intellectual property or a loss. Additionally, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. These steps may be inadequate to protect our intellectual property, and it may be possible for unauthorized third parties to use information that we regard as proprietary to create product offerings that compete with ours. Furthermore, failure to adequately protect our intellectual property could lead to a loss of active customers to competitors with a corresponding loss in revenue and may render us unprofitable or unable to effectively compete in the market.

1.3.7 We may be accused of infringing the intellectual property rights of third parties. Any such accusations could harm our reputation and materially adversely affect our business, financial condition, and results of operations.

Third parties may claim that we infringe or violate their trademarks, patents, copyrights, design rights, domain names, publicity rights or other proprietary rights as well as use unfair business practices. Our business model is based on the omnichannel offering of a comprehensive brand assortment, including prescription and sunglasses from various well-known larger brands, such as prestigious luxury brands, as well as young and innovative independent brands and own-label brands. In this context, the third-party brands as well as the own-label brands we offer online and offline are central to our growth and the success of our business. In this regard, there is a particular risk that our product offering and our marketing and sales initiatives could infringe third-party trademark rights associated with the brands we offer and we could become subject to trademark claims. Such claims, regardless of their merit, could result in litigation or other proceedings that could harm our reputation, require us to expend significant financial resources and attention by our management and other personnel that otherwise would be focused on our business operations, require us to pay damages to third parties or result in injunctions against us that would prevent us from using material intellectual property rights, in particular trademarks, which are decisive for our brand offering.

We may need to obtain licenses from third parties who allege that we have infringed or violated their rights, but such licenses may not be available on terms acceptable to us or at all. Similarly, we may not be able to obtain or use on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property that we do not own. If we cannot obtain a necessary third-party license, we may be forced to change our name and/or logo, goals, operations or strategies or develop alternative intellectual property as well as recall goods and pay damages. It is possible that we could become subject to infringement actions based upon certain content that we already license from third parties. Additionally, to the extent we rely on open source software, we may face claims from third parties that claim ownership of the open source software or derivative works that were developed using such software, or otherwise seek to enforce the terms of the applicable open source license. Similar claims might also be asserted regarding our in-house software. These risks have been amplified by the increase in intellectual property claims in the United States by third parties whose sole or primary business is to assert such claims. While this trend originated in the United States it is not limited anymore to that territory.

As our business continues to expand, we are likely to be subject to intellectual property claims against us with increasing frequency, scope and magnitude and we cannot guarantee that we will not become liable for damages or other claims. We may also be obligated to indemnify affiliates or other partners who are accused of violating third parties' intellectual property rights by virtue of those affiliates or partners' agreements with us, and this could increase our costs in defending such claims and our damages. Furthermore, such affiliates and partners may discontinue their relationship with us either as a result of injunctions or otherwise. Finally, if intellectual property claims were asserted against us, we may be required to provide detailed business information, including business secrets, to the claimants. Any such claim can also result in significant expense and divert the attention of our technical and management personnel from other matters.

1.3.8 We may be unable to acquire, use or maintain domain names for our websites in our targeted markets.

We are the registrants of word and figurative trademarks as well as internet domains in many of the jurisdictions in which we operate and a number of other jurisdictions. Domain names are generally regulated by internet regulatory bodies and are subject to trademark laws and other related laws of each jurisdiction. If we do not have or cannot obtain or maintain on reasonable terms the ability to use our registered trademarks or other trademarks that we may need in the future in a particular country, or to use or register our domain name or new domain names that we may require, we could be forced either to incur significant additional expenses to market our platforms and products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or to choose not to operate in that country. Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brand. In addition, we may not be able to prevent third parties from registering, using or retaining domain names that interfere with our customer communications or infringe or otherwise decrease the value of our trademarks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we may not be able to register, use or maintain our domain names in all of the countries in which we currently conduct business or intend to conduct business in the future.

1.3.9 Our business is subject to the general tax environment in the jurisdictions in which we are conducting our business and possible future changes may adversely affect our operations. We may be required to pay additional taxes, accrued interest and penalties following tax audits of the Mister Spex Group.

Our business is subject to various general tax environments of the jurisdictions in which we are conducting our business. Our ability to use tax loss carryforwards and other favorable tax provisions depends on the national tax legislation of the countries where we are subject to taxation. Changes in tax legislation, administrative practice or case law could have adverse tax consequences for us. In addition, amendments to applicable laws, orders and regulations may be issued or altered with retroactive effect within certain limits. Further, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations could change at any time with adverse effects in relation to our tax burden. Court decisions are often overruled by the tax authorities or tax courts and might lead to a higher tax burden as well as increased legal and tax advisory costs for us. In addition, we have been the subject of tax audits. It cannot be excluded for the future that the taxes actually assessed in a tax audit exceed the taxes already paid by us, which could result in us having to make significant additional tax payments.

Further, tax authorities could revise original tax assessments, for example, by refusing to recognize our entitlement to recover invoiced value-added taxes. Moreover, some of our companies may have historically been late in filing their tax declarations and some continue to be late in filing their tax declarations, and thus not all Mister Spex Group companies have received tax assessments for recent years. Any tax assessments that deviate from our expectations could lead to an increase in the tax obligations of the Company and/or any of the Mister Spex Group companies and, additionally, could give rise to interest payable on the additional amount of taxes as well as late filing penalties.

Due to the global nature of the internet, it is possible that various jurisdictions might attempt to impose additional or new regulation on our business or levy additional sales, income or other taxes relating to our activities. Tax authorities in various jurisdictions are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised tax regulations may subject us or our customers to additional sales, income and other taxes. We cannot predict the effect of current attempts to impose sales, income or other taxes on online sales. New or revised taxes and, in particular, sales taxes, value-added taxes and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of selling products over the internet. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes.

1.3.10 As a result of the planned listing on the regulated market and the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange, the Company will face additional administrative requirements, including the obligation to issue half-year financial reports and quarterly statements.

Following the planned listing of the Company's shares on the regulated market and the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange, the Company will for the first time be subject to the legal requirements of German companies listed on a public stock exchange. These requirements include public disclosures of financial results and information, including half-year financial reports and quarterly statements, as well as ad hoc notices. The preparation of financial statements or financial information in line with capital market requirements and expectations and compliance with regulatory requirements may result in significant additional expenditures and/or expose the Company to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of general shareholders' meetings and the Company's regular communications with shareholders and potential investors will entail substantially greater expenses. The Company's management team, which has not managed a public company before, will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing the Company's operations.

1.4 Risks related to the Company's Shares

1.4.1 Future offerings of equity or equity-linked securities and other capitalization measures could substantially dilute the interests of our then existing shareholders.

The articles of association of the Company provide for an authorized capital in an amount of €12,192,712.00 and conditional capital in an aggregate amount of €4,766,775.00. In the future, the Mister Spex Group may require additional capital to finance its business operations and continued growth. The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds or option bonds), which could reduce the market price of the Company's shares. If such offerings are made without granting subscription rights to the Company's existing shareholders, this could substantially dilute the economic and voting rights of such existing shareholders and reduce the value of their interests in the Company. Such dilution may also arise from the acquisition of, or investments in, companies in exchange for newly issued shares of the Company.

In addition, we have instituted a share-based compensation program for members of the management board and certain key employees of the Company. Upon completion of the Offering, these persons will hold compensation claims against the Company, and the Company may choose to settle such claims by issuing new shares from the Company's authorized capital. Furthermore, we have entered into six warrant agreements with Kreos Capital IV (Expert Fund Fund) Limited and Kreos Capital V (Expert Fund) LP (together, the "**Kreos Affiliates**", and each a "**Kreos Affiliate**") in connection with certain loan agreements (the "**Kreos Warrants**"), pursuant to which one of the Kreos Affiliates was granted warrant rights enabling the relevant Kreos Affiliates to acquire a certain number of new shares in the Company against contribution in cash (see "*12.13.1.1.2 Warrant Agreements*"). The claims of the Kreos Affiliates under these warrant agreements will have to be settled in exchange for new shares of the Company. As a result of any issuance of the Company's shares to employees in the context of the existing or any possible future employee stock participation program or to the Kreos Affiliates in connection with the Kreos Warrants, could lead to a dilution of the economic and voting rights of the Company's existing shareholders and existing shareholders may experience dilution even after completion of the Offering.

1.4.2 Given that we are a growing technology-driven omnichannel company, our share price could fluctuate significantly, and investors could lose all or part of their investment.

Following the successful completion of this Offering, the Company's share price will be affected primarily by the supply and demand for the Company's shares and could fluctuate significantly in response to numerous factors, many of which are beyond the Company's control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on the Company or its subsidiaries, changes in trading volumes in the Company's shares, including as a result of potential short seller attacks, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of us or the industry in which we operate, changes in the statutory framework in which we operate, and other factors, and can therefore be subject to substantial fluctuations. In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on the Company's shares, even though there may not be a reason for this based on the business performance or earnings outlook of us. Further, investors in the secondary market may view our organizational or shareholder structure more critically than investors in the Offering, which could depress the price of the Company's shares. The volatility of our share price may be increased compared to other companies in the industry because we are a technology-driven omnichannel company that is still growing strongly. In particular, public perception of us as internet, e-commerce or technology company could result in the Company's share price moving in line with the prices of other shares in similar companies, which have traditionally tended to be more volatile than the share prices of companies operating in other industries.

Furthermore, any sale of a significant number of existing shares, in particular after all lock-up undertakings of the Company and the existing shareholders entered into in connection with the Offering expire or under any exemptions from these undertakings (*e.g.*, following a waiver or the enforcement of security granted in connection with margin loan financing), may have an adverse effect on the market price of the shares.

If the Company's share price or the trading volume in the Company's shares decline as a result of the realization of any or all of these events, investors could lose part or all of their investment in the Company's shares.

1.4.3 Following the offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company's other shareholders.

Following the successful completion of this Offering, the Company's existing shareholders will continue to own approximately 62.0% of the outstanding share capital of the Company (assuming full placement of all new shares and full exercise of the greenshoe option granted in the course of this offering). As a result, the existing shareholders, even though each is independent, will effectively have control over all decisions made at general shareholders' meetings of the Company. The interests of the Company's existing shareholders may be different from the Company's interests or those of other shareholders. The remaining stake of the Company's existing shareholders may have the effect of making certain transactions more difficult or impossible without the support of the Company's existing shareholders, and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Company, and could thus prevent mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

1.4.4 The Company does not expect to pay any dividends in the foreseeable future.

The Company has not yet paid any dividends to its shareholders and does not currently intend to pay dividends for the foreseeable future. Under German corporate law, a company may only pay dividends if it has unappropriated retained earnings in its financial statements prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch (HGB)*). Certain reserves must be established by law and have to be deducted when calculating the distributable profit. The Company's ability to pay dividends therefore depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit. In addition, the Company's current financing arrangements contain, and the Company's future financing arrangements may contain, covenants which impose restrictions on its business and on its ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

1.4.5 The shares in the Company have not previously been publicly traded, and there is no guarantee that an active and liquid market for the shares will develop.

Prior to this offering, there has been no public trading market for the shares of the Company. The offer price (*i.e.*, the price per share of the Company's shares in the offering (the "**Offer Price**")) will be determined by way of a bookbuilding process. There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock exchange after this offering and that the Offer Price accurately reflects the value of the Mister Spex Group. In the course of past financing rounds we received investments for shares in our company based on individual valuations of specific investors of our business at that time. Such individual valuations of the investors were not confirmed by an independent third-party expert such as an accounting firm or an investment bank and reflects their personal view and the specific circumstances under which these investments in the Company were made. These valuations may have exceeded the valuation at which other parties would have been willing to invest into the Company and potential investors in this offering should therefore not place undue reliance on these valuations. There is no guarantee that following the listing, active trading in our shares will develop or be maintained. The failure to develop or maintain active trading may affect the liquidity of our shares and there can be no assurance that the market price of our shares will not decline below the Offer Price. Consequently, investors may not be in a position to sell their shares in the Company quickly or at or above the Offer Price.

1.4.6 Future sales by the Company's existing shareholders or investors, including cornerstone investors, acquiring shares in the offering could depress the price of the shares.

Sales of a substantial number of the Company's shares in the public market following the successful completion of this offering, or the perception that such sales might occur, could depress the market price of the Company's shares and could impair the Company's ability to raise capital through the sale of additional equity securities. If, following the waiver or expiration of a lock-up, the Company's existing shareholders or one or more other shareholders of the Company, including the Company's cornerstone investors Luxottica Holland B.V., Henderson Global Investors Limited and M&G Investment Management Limited, effect a sale or sales of a substantial number of the Company's shares in the stock market, or if the market believes that such sales might take place, the market price of the Company's shares could decline.

2. GENERAL INFORMATION

2.1 Responsibility Statement

The following persons assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in conjunction with Article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts, and that this Prospectus makes no omission likely to affect its import:

- Mister Spex SE (the "**Company**" and, together with its consolidated subsidiaries, "**Mister Spex Group**", "**we**", "**us**", "**our**" or "**ourselves**"), with its registered offices at Greifswalder Straße 156, 10409 Berlin, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 391200SBGUML8UFGNW39, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under docket number HRB 230317 B;
- Barclays Bank Ireland PLC, LEI 2G5BKIC2CB69PRJH1W31 ("**Barclays**")
- Joh. Berenberg, Gossler & Co. KG, LEI 529900UC2OD7II24Z667 ("**Berenberg**");
- Jefferies GmbH, LEI 5493004I3LZM39BWHQ75 ("**JEG**");
- Jefferies International Limited, LEI S5THZMDUJCTQZBTRVI98 ("**JIL**" and, together with JEG, "**Jefferies**") (Jefferies together with Barclays and Berenberg, the "**Joint Global Coordinators**");
- Bryan Garnier Securities SAS, LEI 9695005983W1MLJ6EP34 ("**Bryan Garnier**");
- COMMERZBANK Aktiengesellschaft, LEI851WYGNLUQLFZBSYGB56 ("**Commerzbank**") (Commerzbank together with Bryan Garnier and the Joint Global Coordinators, the "**Joint Bookrunners**"); and
- Quirin Privatbank AG, LEI 5299004IU009FT2HTS78 ("**Quirin Privatbank**", and together with the Joint Bookrunners, the "**Underwriters**").

2.2 General Disclaimers

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be supplemented subsequent to the date hereof, except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares and which arises or is noted between the time when this Prospectus is approved and the closing of the offer period or the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) commences, whichever occurs later, which will be disclosed in a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation without undue delay. The obligation to supplement the Prospectus pursuant to Article 23 of the Prospectus Regulation will no longer apply following the expiration of the validity of this Prospectus at the end of the first day of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), currently expected to occur on July 2, 2021.

2.3 Competent Authority Approval

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, www.bafin.de, as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Company's shares and investors should make their own assessment as to the suitability of investing in the Company's shares.

2.4 Purpose of this Prospectus

This Prospectus relates to the offering of 14,999,999 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 (the "**Offering**"), comprising:

- 9,782,609 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions (the "**IPO Capital Increase**") expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021 (the "**New Shares**");
- 3,260,869 existing bearer shares with no par value (*Stückaktien*) (the "**Existing Shares**" and, together with the New Shares, the "**Base Shares**") from the holdings of Graber Investment Limited, StrIntDex GmbH, Grazia Beteiligungen GmbH & Co. KG, Grazia Fonds MB GmbH & Co. KG, DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited, Co-Investor SPX GmbH & Co. KG, Christian Hoya, Tobias Streffer, Stefanie Budesheim-Wels, Katrin Kapteyn, and Mirko Caspar (together, the "**Selling Shareholders**"); and
- 1,956,521 existing bearer shares with no par value (*Stückaktien*) from the holdings of DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited and Co-Investor SPX GmbH & Co. KG (together, the "**Lending Shareholders**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares, the "**Offer Shares**").

Subject to certain termination rights and closing of the Offering, Offer Shares with an aggregate value of €110.0 million are expected to be allocated to Luxottica Holland B.V., Henderson Global Investors Limited and M&G Investment Management Limited (together, the "**Cornerstone Investors**"), see "*3.7 Cornerstone Investment*".

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 9,782,609 New Shares and 24,385,425 existing bearer shares with no par value (*Stückaktien*) of the Company, corresponding to the Company's entire share capital.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), pursuant to Rule 144A or another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**"). The Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. There will be no public offering of the Offer Shares in the United States.

2.5 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on Mister Spex Group's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which Mister Spex Group is exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "endeavors", "expects" or "targets" generally indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause Mister Spex Group's actual results, including its financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found, in particular, in the Sections "*9.5 Key Factors Affecting our Results of Operations*", "*9.9.2.2 Our Current and Future Capital Expenditures*", "*10. Profit Forecast*", "*11. Markets and Competition*", "*12. Business*", "*23. Recent Developments and Outlook*" and wherever information is contained in this Prospectus regarding the Company's plans, intentions, beliefs, or current expectations relating to Mister Spex Group's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand as well as the economic and regulatory environment to which Mister Spex Group is subject.

In light of these uncertainties and assumptions, future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.6 Sources of Market Data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Underwriters assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

2.6 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which Mister Spex Group operates are based on the Company's assessments. These assessments, in turn, are based in part on internal market observations and on various market studies.

In March 2021, Mister Spex Group commissioned an independent market study from Dynata GmbH, Germany ("**Dynata**), on the European eyewear market titled "Mister Spex Customer Survey March 2021" (the "**Dynata Report**"). The Dynata Report is not an expert report within the meaning of Item 1.3 of Annex I of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019. Neither the Company nor the Underwriters have verified any of the market data or other information included in the Dynata Report, nor have they asked Dynata to modify or otherwise adjust the Dynata Report.

The following sources were used in the preparation of this Prospectus:

- American Optometric Association, "Computer Vision Syndrome", article https://www.aoa.org/healthy-eyes/eye-and-vision-conditions/computer-vision-syndrome?sso=y ("**AOA**");
- Brien Holden Foundation, "Half the World Short Sighted by 2050", article dated February 12, 2016, https://brienholdenfoundation.org/news/half-the-world-short-sighted-by-2050/ ("**Brien Holden Foundation**");
- Destatis, "Household final consumption expenditure markedly down in 2020", press release dated March 15, 2021, https://www.destatis.de/EN/Press/2021/03/PE21_122_811.html ("**destatis**");
- Dynata Quantitative Brand Study, Mister Spex Customer Survey March 2021, https://corporate.misterspex.com/en/media/marketstudy_2021/ ("**Dynata Report**");

- European Commission, "GDP down 0.7% in the euro area and by 0.5% in the EU", press release dated February 2, 2021, https://ec.europa.eu/eurostat/documents/portlet_file_entry/2995521/2-02022021-AP-EN.pdf/0e84de9c-0462-6868-df3e-dbacaad9f49f ("**European Commission**");

- European Commission, "European Economic Forecast – Autumn 2020", November 2020, https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en ("**European Commission Economic Forecast**");

- Euromonitor International Ltd, Eyewear 2021ed., € current prices, year-on-year exchange rates ("**Euromonitor**"). Euro data has been converted from local currency using an average exchange rate for each year of the historic period. The Euro percent growth trend calculated from this data therefore includes the impact of exchange rate fluctuations. With reference to Euromonitor, the term "prescription glasses" means the aggregation of spectacle frames, spectacle lenses and readymade reading glasses. Research by Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Company and accordingly, such information should not be relied upon for making any investment decision in respect of the Company.

- Eurostat, Population of Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom as of January 1, 2019, https://ec.europa.eu/eurostat/databrowser/view/tps00001/default/table?lang=de ("**Eurostat**");

- EyeMed "A 20/20 view of vision benefits and the consumers who use them", September 2018. Transition Optical and The Center for Generational Kinetics, The Eyeglass Consumer, Online survey conducted by the Center for Generational Kinetics on behalf of Transitions Optical in January 2018 among 1,263 nationally representative U.S. adults, ages 22-65, categorized as heavy eyeglass wearers, non-heavy eyeglass wearers and eyeglass non-wearers, ("**EyeMed Survey (2018)**");

- Fior Markets, "Global Personalized LASIK Surgery Market Is Expected to Reach USD 4.87 Billion by 2027: Fior Markets", press release relating to a report published by Fior Markets, dated October 1, 2020, https://www.globenewswire.com/fr/news-release/2020/10/01/2101919/0/en/Global-Personalized-LASIK-Surgery-Market-Is-Expected-to-Reach-USD-4-87-Billion-by-2027-Fior-Markets.html ("**Fior Markets**");

- Fricke et al., "Global Prevalence of Presbyopia and Vision Impairment from Uncorrected Presbyopia", American Academy of Ophthalmology, 2018 ("**American Academy of Ophtalmology 2018**");

- JAMA Opthalmology, Jiaxing Wang, "Progression of Myopia in School-Aged Children After COVID-19 Home Confinement", study dated January 14, 2021, https://jamanetwork.com/journals/jamaophthalmology/fullarticle/2774808 ("**JAMA Ophthalmology 2021**");

- MEDIDATE website, "Facts Statistics and Prognoses on Ametropia and Ophthalmic Surgery" https://medidate.de/magazin/statistiken-augenlasern/#:~:text=Die%20bekannteste%20und%20beliebteste%20Form,Operationen%20in%20Deutschland%20rund%20139.000 ("**Medidate**");

- Nielsen, "Nielsen Insights Total Audience Report", February 2020 – August 2020 ("**Nielsen**");

- Statista, "Statista Consumer Market Outlook", online penetration for consumer electronics, household appliances and apparel, October 2020 ("**Statista**");

- Zentralverband der Augenoptiker und Optometristen (ZVA), Eyewear Study 2019, https://www.zva.de/brillenstudie ("**ZVA Eyewear Study 2019**");

- Zentralverband der Augenoptiker und Optometristen (ZVA), Sector Report 2020, 2021, https://www.zva.de/branchenberichte ("**ZVA Sector Report 2020, 2021**").

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to, shares in the Company.

In addition, certain sources of market data included in this Prospectus were prepared before the pandemic spread of COVID-19 and have not been updated for the potential effects of this pandemic. The Company is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of the COVID-19 pandemic on future market developments.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Underwriters (see "*2.1 Responsibility Statement*"), neither the Company nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriters make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.7 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available on the Company's website corporate.misterspex.com under the "Investor Relations" section:

- the Company's articles of association (the "**Articles of Association**");
- the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34);
- the audited consolidated financial statements of the Company (prior to its changes in legal form, Mister Spex AG and Mister Spex GmbH) as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")); and
- the audited financial statements of the Company (prior to its changes in legal form, Mister Spex AG and Mister Spex GmbH) as of and for the fiscal year ended December 31, 2020 prepared in accordance with generally accepted accounting principles of the HGB.

The Company's future consolidated financial statements, financial statements and condensed consolidated interim financial statements will be available from the Company on its website. The Company's consolidated financial statements and financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website corporate.misterspex.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.8 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.9 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labeled "audited", this means that it has been taken from the audited consolidated financial statements of the Company prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the HGB or the audited financial statements of the Company prepared in accordance with generally accepted accounting principles of the HGB mentioned in Section "*2.7 Documents Available for Inspection*". The label "unaudited" indicates financial information in the tables included in this Prospectus that has not been taken from the audited consolidated financial statements or financial statements of the Company mentioned above, but has been taken from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS on interim financial reporting (IAS 34) mentioned above, the accounting records or internal reporting system of the Company, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Furthermore, changes and ratios are calculated based on rounded figures and may therefore deviate from changes or ratios calculated based on rounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

2.10 Alternative Performance Measures

Throughout this Prospectus, we present financial information and operating data that is not prepared in accordance with IFRS, or any other internationally accepted accounting principles, including gross profit, gross profit margin, adjusted EBITDA and adjusted EBITDA margin, (together, the "**Alternative Performance Measures**"). We present these Alternative Performance Measures because we use them to measure our operating performance and as a basis for our strategic planning, and because we believe that such Alternative Performance Measures will be used by investors and analysts to assess our performance.

Gross profit, gross profit margin, adjusted EBITDA and adjusted EBITDA margin are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures. Specifically, the Company uses:

- Gross profit representing revenue less cost of materials;
- Gross profit margin representing gross profit as a percentage of revenue;
- Adjusted EBITDA representing EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business. Adjusted EBITDA for the fiscal year ended December 31, 2018 has been adjusted for the effects resulting from IFRS 16 as if IFRS 16 had already been applied in the year ended December 31, 2018. This ensures that adjusted EBITDA for the fiscal year ended December 31, 2018 is comparable to adjusted EBITDA for the fiscal years ended December 31, 2019 and 2020 since IFRS 16 was adopted from January 1, 2019 onwards; and
- Adjusted EBITDA margin representing adjusted EBITDA as a percentage of revenue.

Such Alternative Performance Measures should not be considered as alternatives or substitutes for profit or loss for the period, cash flow from operating activities or other data from the Company's consolidated financial statements prepared in accordance with IFRS.

Furthermore, the Alternative Performance Measures are not recognized under IFRS, should not be considered as substitutes for an analysis of Mister Spex Group's operating results prepared in accordance with IFRS, and may not be comparable to similarly titled financial measures published by other companies.

For further information on alternative performance measures, including a reconciliation to IFRS measures, see "*9.4 Key Performance Indicators*".

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 14,999,999 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00, comprising:

- 9,782,609 New Shares;
- 3,260,869 Existing Shares; and
- 1,956,521 Over-Allotment Shares.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S.

Barclays, Berenberg and Jefferies are acting as Joint Global Coordinators and, together with Bryan Garnier and Commerzbank, as Joint Bookrunners, Quirin Privatbank is acting as Co-Lead Manager.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €23.00 to €27.00 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 23, 2021 and to expire on June 30, 2021 (the "**Offer Period**"). On the last day of the Offer Period, offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) Central European Time by private investors and (ii) until 2:00 p.m. Central European Time by institutional investors. Purchase orders are freely revocable until the respective Offer Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

Institutional investors may place subscription offers directly with the Joint Bookrunners during the Offer Period. Retail investors (natural persons) may submit purchase orders for the public offering in Germany during the Offer Period at the Joint Bookrunners via their branch offices or online. Purchase orders can have price limits. Purchase orders and price limits must be denominated in full Euro amounts or Euro cent figures of 25, 50 or 75 cents within the Price Range. Purchase orders must be for at least ten Offer Shares. There is no maximum amount for purchase orders. Multiple purchase orders are permitted.

In addition, retail investors can make subscription offers in the Offering in Germany two days after the beginning of the Offer Period, *i.e.*, beginning on June 24, 2021, through the subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the exchange electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**XETRA**") trading system for the collection and settlement of subscription offers ("**Subscription Functionality**").

Investors who want to submit purchase orders for the Offer Shares through the Subscription Functionality must submit them to their respective depositary bank between June 24, 2021 and June 30, 2021, at 12:00 p.m. CET. This requires that the depositary bank (i) has been admitted as a trading participant to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or has access to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) via an accredited trading participant; (ii) is connected to XETRA, and (iii) is authorized and able to use the Subscription Functionality according to the "Terms of use for the subscription functionality" (*Nutzungsbedingungen der Deutsche Börse AG für die Xetra-Zeichnungsfunktionalität*) (such depositary bank, a "**Trading Participant**").

The Trading Participant issues purchase orders for the investor at the investor's request through the Subscription Functionality. Purchase orders can have price limits (in 10 Euro cent increments) within the Price Range. In its function as Order Book Manager, Baader Bank Aktiengesellschaft, Unterschleißheim, Germany ("**Order Book Manager**"), records the Subscription Functionality of all subscription requests of the Trading Participant in a central order book and will, at the end of the subscription period and after instruction by the Co-Lead Manager, accept these in full or in part or not accept these as part of the allocation in consideration of any limits. By accepting of the purchase orders, the Order Book Manager concludes a sale and purchase agreement for the respective number of Offer Shares. It is subject to the condition precedent that the Offer Shares have not been created on the value date or have not been provided.

Purchase orders have to be made for at least 50 Offer Shares and the selected offer price has to be provided in full euro amounts and in 10 Euro cent increments for each Offer Share. Multiple purchase orders by investors are allowed. Purchase orders can be freely revoked until the end of the Offer Period, unless otherwise agreed individually. It is possible to withdraw from a properly made purchase order until the end of the Offer Period. Usually, even in the event of a partial or full withdrawal or reduction in a purchase order, it will not be necessary to reimburse overpaid amounts, since the allocation of the Offer Shares shall take place after the end of the Offer Period by way of payment against delivery and investors therefore do not pay the Offer Price in advance. If, in individual cases, an investor already paid the amounts and then withdraws its purchase order in full or in part, or reduces its purchase order, the paid amount will be reimbursed to the investor immediately to the bank account used for the deposit.

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Selling Shareholders and the Underwriters reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw these offers to purchase within two working days following the publication of such supplement pursuant to Article 23 para. 1 of the Prospectus Regulation in conjunction with Article 21 para. 2 of the Prospectus Regulation, provided that the significant new factor, material mistake or material inaccuracy requiring the publication of a supplement to this Prospectus arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares. Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two working days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg, and, if required, by Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**"), or the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as an ad-hoc release via an electronic information dissemination system, on the Company's website corporate.misterspex.com under the "Investor Relations" section and/or as a supplement to this Prospectus. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Joint Global Coordinators, acting on behalf of the Underwriters, may terminate the underwriting agreement, entered into between the Company, the Selling Shareholders, the Lending Shareholders and the Underwriters on June 22, 2021 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*19.4 Termination and Indemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The final price of the Offer Shares in the Offering (the "**Offer Price**") will be determined at the end of the bookbuilding process by the Company and the Selling Shareholders after consultation with the Joint Global Coordinators. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest possible Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behavior.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be set on June 30, 2021. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about June 30, 2021, by means of an ad-hoc release via an electronic information dissemination system and on the Company's website corporate.misterspex.com under the "Investor Relations" section. Investors who have placed orders to purchase

Offer Shares with an Underwriter can obtain information from such Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to only accept them in part.

Investors will not be charged expenses by the Company, the Selling Shareholders and the Lending Shareholders or the Underwriters in connection with the Offering. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

3.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

June 22, 2021	Approval of the Prospectus by BaFin
	Publication of the approved Prospectus on the Company's website corporate.misterspex.com under the "Investor Relations" section
	Application for admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 23, 2021	Commencement of the Offer Period
June 24, 2021	Commencement of the Subscription Functionality
June 29, 2021	Resolution on the IPO Capital Increase for the issuance of the New Shares
June 30, 2021	Expiration of the Offer Period
	Determination of the Offer Price and final number of Offer Shares to be allocated
	Publication of the Offer Price in the form of an ad-hoc release via an electronic information dissemination system and on the Company's website corporate.misterspex.com under the "Investor Relations" section
June 30, 2021	Registration of the consummation of the IPO Capital Increase in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, and creation of the New Shares
July 1, 2021	Admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
July 2, 2021	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
July 6, 2021	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

This Prospectus will be published on the Company's website corporate.misterspex.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: Mister Spex SE, Greifswalder Straße 156, 10409 Berlin, Germany (telephone: +49 (0) 30 4431230373).

3.4 Information on the Shares

3.4.1 Share Capital of the Company and Governing Law

As of the date of this Prospectus, the share capital of the Company amounts to €24,385,425.00 divided into 24,385,425 no-par value shares (*Stückaktien*), each such share representing a notional value of €1.00.

The shares of the Company were created pursuant to the laws applicable to a European company (*Societas Europaea* (*SE*)), in particular Council Regulation (EC) No 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended (the "**SE Regulation**"), in conjunction with the German Stock Corporation Act (*Aktiengesetz* ("**AktG**")). The share capital has been provided by change of legal form pursuant to Sections 190 et seq. of the German Transformation Act (*Umwandlungsgesetz (*"**UmwG**"*)*) of Mister Spex AG with registered seat in Berlin, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg under registration number HRB 224441 B.

On June 14 and 15, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital to €1,625,695.00 necessary to compensate certain shareholders for the cancellation of preference shares under the Company's shareholders agreement dated December 11, 2020, as amended on June 11, 2021 (the "**Shareholders' Agreement**", see "*14.2 Shareholders' Agreement*"), providing for preferential rights in favor of certain shareholders of the Company in connection with accrued interests, accrued dividends and other preferences, and the conversion of these preference shares into common shares in accordance with the Shareholders' Agreement. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 18, 2021.

On June 14 and 15, 2021, the Company resolved on a capital increase from its own resources and a share split, creating 24,385,425 shares each with a nominal value of €1.00 as of the date of this Prospectus.

As part of the IPO Capital Increase, which is expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021, up to 9,782,609 New Shares will be issued from a capital increase against cash contributions. Upon registration of the IPO Capital Increase, the Company's share capital will be increased from €24,385,425.00 by up to €9,782,609 to up to €34,168,034. The consummation of the IPO Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about June 30, 2021.

3.4.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend Rights, Paying Agent and Liquidation Rights

Each share in the Company carries full dividend rights.

The paying agent of the Company is Quirin Privatbank.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.4.4 Form and Certification of the Shares

All of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's shares are represented by a global share certificate, deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be deposited with Clearstream on or about June 30, 2021.

Pursuant to Section 5 para. 3 sentence 1 of the Articles of Association, the Company's management board (*Vorstand* (the "**Management Board**")) determines the form of the share certificates with the approval of the Company's supervisory board (*Aufsichtsrat* (the "**Supervisory Board**")). Section 5 para. 2 sentence 1 of the Articles of Association excludes the shareholders' right to receive individual share certificates to the extent legally permissible and unless certification is required under the rules of any stock exchange on which the shares of the Company are admitted to trading.

All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

3.4.5 Currency of the Securities Issue

The Company's shares are denominated in Euros.

3.4.6 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on July 6, 2021. The Offer Shares will be made available to investors as co-ownership interests in the global share certificates.

The Offer Shares purchased in the Offering will be credited to a securities deposit account maintained by a German bank with Clearstream.

3.4.7 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	DE000A3CSAE2
German Securities Code (*Wertpapierkennnummer* (*WKN*))	A3CSAE
Ticker Symbol	MRX

3.4.8 Identification of Target Market

Solely for the purpose of fulfilling the product governance requirements set forth in (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which a "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result of such process, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is only suitable for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such an investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action with respect to, the Offer Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

3.5 Transferability of Shares and Limitations on Disposal

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in Section "*3.8 Lock-up Agreements*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.6 Allotment Criteria

The allotment of Offer Shares to retail investors and institutional investors will be determined by the Company and the Selling Shareholders after consultation with the Joint Global Coordinators. The decision ultimately rests with the Company. Allotments will be made on the basis of the quality of individual investors (*e.g.*, the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Company after consultation with the Joint Global Coordinators. The Company, the Selling Shareholders and the Underwriters will adhere to Articles 3 and 4 of the Principles for the Allotment of Share Issues to Private Investors (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on June 7, 2000.

Notwithstanding the above, Offer Shares with an aggregate value of €110.0 million will be allocated to the Cornerstone Investors at the Offer Price pursuant to investment agreements entered into with these Cornerstone Investors. For a description of the guaranteed allocation to the Cornerstone Investors, see "*3.7 Cornerstone Investment*". The Cornerstone Investors may, at their sole discretion, submit additional orders to purchase Offer Shares. Consequently, the Cornerstone Investors may be allocated additional Offer Shares on a non-guaranteed basis.

Existing shareholders of the Company, including the Selling Shareholders and the Lending Shareholders, may purchase Offer Shares in the Offering, and such Offer Shares would not be subject to any lock-up restrictions.

3.7 Cornerstone Investment

On June 18, 2021, Company and the Cornerstone Investors entered into individual investment agreements (the "**Cornerstone Investor Agreements**"), pursuant to which the Cornerstone Investors, in aggregate, have committed to purchase shares of the Company with a value of €110.0 million in the Offering. Assuming an Offer Price at the mid-point of the Price Range, the Cornerstone Investors would acquire 4,400,000 Offer Shares, corresponding to approximately 29.3% of the Offer Shares (assuming placement of the maximum number of Offer Shares at the mid-point of the Price Range and full exercise of the Greenshoe Option).

The placement of Offer Shares with the Cornerstone Investors will be made under and as part of the Offering at the Offer Price per Offer Share. In the Cornerstone Investor Agreements, the Company has guaranteed the Cornerstone Investors full allocation of such number of Offer Shares for which they have provided their respective purchase commitments. The obligation of the Cornerstone Investors to purchase and acquire the Offer Shares and the Company's obligation to facilitate delivery of such number of Offer Shares (acting through a settlement agent), are subject to the conditions precedent that (i) the admission to trading of the shares of the Company to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and (ii) the closing of the Offering occur. The settlement of the investment of the Cornerstone Investors will occur as part of the completion of the Offering.

Prior to the settlement of the Offering, the Cornerstone Investor Agreements may be terminated under certain circumstances (e.g., by the Cornerstone Investors, within twelve hours (disregarding any time during days which are not business days), in particular after a release has been published by the Company that includes information that requires the subsequent publication of a supplement to this Prospectus, if such information would reasonably be expected to constitute a material adverse development in the condition, financial or otherwise, shareholders' equity, results of operation, business or prospects of Mister Spex Group, taken as a whole, that makes it inadvisable for the Cornerstone Investors to hold on to their investment decision).

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Underwriters, will act as stabilization manager (the "**Stabilization Manager**") and may, as stabilization manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 of MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR.

Stabilization measures may be taken on any trading venue where the Company's shares are traded. Such measures aim at supporting the market price of the Company's shares during the Stabilization Period (as defined below), thereby alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, stabilization may not necessarily occur and it may cease at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 1,956,521 Over-Allotment Shares as part of the allocation of the Offer Shares ("**Over-Allotment**"). For the purpose of such potential Over-Allotment, Berenberg will be provided with up to 1,956,521 Over-Allotment Shares from the holdings of the Lending Shareholders in the form of a securities loan.

The Lending Shareholders have granted the Stabilization Manager, acting for the account of the Underwriters, an option to acquire up to 1,956,521 shares of the Company at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the commencement of trading of the Company's shares.

The Stabilization Manager, acting for the account of the Underwriters, may exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures. However, Berenberg is entitled to exercise the Greenshoe Option during the Stabilization Period even if such exercise follows any sale of shares by the Stabilization Manager which the Stabilization Manager had previously acquired as part of any stabilization measures (so-called refreshing the shoe).

Public announcements regarding stabilization measures will be made in accordance with Article 6 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken, and (iii) within one week after the end of the Stabilization Period. Any exercise of the Greenshoe Option will be disclosed to the public promptly in accordance with Article 8 lit. (f) of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing the MAR.

3.9 Lock-up Agreements and Undertakings

3.9.1 Lock-up of the Company

In the Underwriting Agreement, the Company agreed with the Underwriters that, for the period commencing on June 22, 2021 and ending 180 calendar days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 2, 2021), the Company will not without the prior written consent of the Joint Global Coordinators:

- announce or effect any increase of the share capital of the Company from authorized capital; or
- propose a capital increase to its shareholders' meeting; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or any economically similar transactions.

The Company may, however, (i) issue or sell any shares or other securities, including actual or virtual options, under management participation plans to former and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, and (ii) issue shares against contributions in kind in connection with any acquisition, equity investment or joint venture directly to the partner in any such acquisition, equity investment or joint venture, provided that in the case of (ii), the parties to the joint venture or acquiring entity to which such shares are issued, agree towards the Underwriters to be bound by the same lock-up undertaking as the Company. The lock-up of the Company does not apply to any capital increase in connection with the Offering.

Any waiver from the lock-up requirement would be in the sole discretion of the Joint Global Coordinators.

3.9.2 Lock-up of the Existing Shareholders

For the period commencing on June 19 or 21, 2021 (depending on the date of signing of individual lock-up letters by the existing shareholders) and ending 180 calendar days or 35 calendar days (as specified below) after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 2, 2021), the existing shareholders of the Company whose shareholdings in the Company exceed a certain minimum threshold (the "**Restricted Shareholders**"), have agreed with the Underwriters that they will not, without the prior written consent of the Joint Global Coordinators:

- sell, market, transfer or otherwise dispose of shares or other securities of the Company; or
- grant, issue or sell any option or conversion rights on the shares of the Company; or
- purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into shares), any shares or other securities of the Company;
- vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company; or
- enter into other transactions or perform any actions with a similar economic effect to those described above.

The Restricted Shareholders may, either directly or indirectly, sell, transfer or otherwise dispose of their restricted securities (i) in the context of a takeover offer regarding the shares in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), (ii) in the context of share-buybacks by the Company, (iii) for the purpose of satisfying any tax liabilities arising to the Restricted Shareholders as a result of the Offering, (iv) for the purpose of satisfying any tax liabilities arising as a result of any exercise of stock options granted by the Company or for the purpose of payment of the strike price in connection with the exercise of such stock options (v) in the context of the granting and repayment of share loans granted prior to the Offering for the purpose of allowing holders of stock options granted by the Company to participate in the Offering (vi) by means of an over-the-counter- (OTC-) transaction or any other transfer or distribution (*Ausschüttung*) at any time – but not before the listing of the Company's shares – to any of its affiliates or to limited partners (*Kommanditisten*) or to any investment fund or other entity controlled by or under common control or management with the Restricted Shareholder, provided that such affiliate or person has agreed in advance in a written undertaking to the Joint Global Coordinators to be bound by the lock-up undertaking for the remaining time of the restricted period, or (vii) if required by law.

Whether a lock-up is binding for 35 calendar days or 180 calendar days depends on the shareholder's share of voting rights in the Company: If an Existing Shareholder holds 0.5% of the voting rights or less, a lock-up period of 35 calendar days applies, otherwise 180 calendar days.

Any waiver from the lock-up requirements would be in the sole discretion of the Joint Global Coordinators.

3.9.3 Lock-up of the Members of the Management Board

For the period commencing on June 19, 2021 and ending 365 calendar days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 2, 2021), the members of the Management Board have agreed with the Underwriters that they will not, without the prior written consent of the Joint Global Coordinators:

- sell, market, transfer or otherwise dispose of shares or other securities of the Company; or
- grant, issue or sell any option or conversion rights on the shares of the Company; or

- purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into shares), any shares or other securities of the Company;

- vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company; or

- enter into other transactions or perform any actions with a similar economic effect to those described above.

The foregoing does not apply to (i) transfers to affiliates of such shareholders, (ii) transfers to any other shareholder immediately prior to the Offering, (iii) future pledges granted to one or more of the Joint Global Coordinators or their affiliates, or any financing provider, and (iv) any transfers of shares pursuant to enforcement of any pledge entered into in accordance with (iii), provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking. The foregoing further does not apply to members of the Management Board who within the lock-up period will incur tax liabilities due to an exercise of their respective call options or due to the Offering itself, but only insofar as the sale of the shares is necessary to pay such tax liabilities. In addition, the foregoing does not apply with respect to (i) transfers between shareholders of the Company and (ii) transfers by shareholders to their direct or indirect shareholders or interest holders, provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking.

Any waiver from the lock-up requirements would be in the sole discretion of the Joint Global Coordinators.

3.10 Share Loan

On June 21, 2021, one member of the Management Board, Dr. Mirko Caspar, and four employees of the Company, comprising Christian Hoya, Katrin Kapteyn, Stefanie Budesheim-Wels and Tobias Streffer, (together, the "**Optionees**") holding option rights for shares in the Company granted to them under the Company's stock option plans (the "**Option Rights**") (see "*17.6 Share Incentive Programs*") entered into individual securities loan agreements with one of the Company's major shareholders, Albert Büll GmbH, for certain of Albert Büll GmbH's shares of the Company in order to be able to sell those shares in the course of the Offering. Thus, the Optionees will be Selling Shareholders and place a total of 254,821 shares in the Offering.

Under the individual securities loan agreements, Albert Büll GmbH transferred various amounts of its shares in the Company to the Optionees with effect *in rem* in each case. Each of the Optionees undertook to re-transfer shares of the same type, quality and quantity (*gleiche Art, Güte und Menge*) on or prior to September 30, 2021, to Albert Büll GmbH. Each of the Optionees further undertook to pay a loan fee to Albert Büll GmbH. Each of the Optionees also undertook to exercise such number of Option Rights upon the vesting of such rights as corresponds to the number of shares borrowed by the respective Optionee for the purpose of retransferring the borrowed shares to Albert Büll GmbH.

3.11 Admission to Trading

The Company, together with Berenberg, expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on or about June 22, 2021. The listing approval (admission decision) for the Company's shares is expected to be granted on July 1, 2021; however, there can be no guarantee for such approval. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on July 2, 2021.

The underwriters for an issuance often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made by the Underwriters or their respective affiliates, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

3.12 Designated Sponsor

Berenberg has been mandated as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement entered into between Berenberg and the Company, Berenberg will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

3.13 Interests of Parties Participating in the Offering

The Company will receive the proceeds from the sale of the New Shares (after deduction of fees and commissions). Accordingly, the Company has an interest in the success of the Offering on the best possible terms.

The Selling Shareholders will receive the proceeds from the sale of the Existing Shares (after deduction of fees and commissions). Accordingly, the Selling Shareholders have an interest in the success of the Offering on the best possible terms.

To the extent Over-Allotment Shares are sold and the Greenshoe Option is used, the Lending Shareholders will receive the proceeds from such sale under the Greenshoe Option (after deduction of fees and commissions). Accordingly, the Lending Shareholders have an interest in the success of the Offering on the best possible terms.

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company, the Selling Shareholders and the Lending Shareholders. The Underwriters are acting for the Company, the Selling Shareholders and the Lending Shareholders on the Offering and on coordinating the structuring and execution of the Offering. Upon successful completion of the Offering, the Underwriters will receive a commission the size of which depends on the results of the Offering. Therefore, the Underwriters have a financial interest in the success of the Offering on the best possible terms.

The Company entered into a bridge facility agreement with Barclays as original lender and mandated lead arranger on April 23, 2021 (the "**Bridge Facility Agreement**"), primarily to cover the refinancing of existing financial indebtedness and the financing of general corporate purposes as well as certain costs and expenses in connection with the Bridge Facility Agreement (see "*12.13 Material Agreements*"). The principal amount of the Bridge Facility Agreement amounts to €35.0 million (the "**Bridge Facility**"). On April 30, 2021, JIL, an affiliate of JEG, has assumed a participation of €17.5 million from Barclays as lender following the full utilization of the Bridge Facility. The Bridge Facility will, subject to certain conditions, be repaid from the Offering proceeds. Accordingly, Barclays and Jefferies have an interest in the success of the Offering.

Furthermore, the Company entered into a working capital facility agreement on April 30, 2021 with Commerzbank in an amount of €7.5 million (the "**Working Capital Facility Agreement**"). Upon completion of the Offering, the Company may request an increase of the facility amount by further €7.5 million (the commitment to such increase is at the sole discretion of Commerzbank).

The Underwriters and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering, and in such capacity may retain, purchase or sell for their own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, the Underwriters or any of their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, pursuant to which the Underwriters or their respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Underwriters or their respective affiliates have, and may from time to time in the future continue to have, business relations with Mister Spex Group and the existing shareholders of the Company, including lending activities or investment banking activities, or may perform services for Mister Spex Group or the existing shareholders of the Company in the ordinary course of business.

On June 21, 2021, one member of the Management Board, Dr. Mirko Caspar, and four employees of the Company, all of whom hold option rights for shares in the Company granted to them under the Company's stock option plans (together, the "**Optionees**"), entered into individual securities loan agreements with one of the Company's major shareholders, Albert Büll GmbH, for certain of Albert Büll GmbH's shares of the Company in order to be able to sell those shares in the course of the Offering (see "*3.10 Share Loan*"). Thus, these Optionees will place a total of 254,821 shares in the Offering, of which Mr. Caspar will place 137,933 shares (also see "*17.2.2.2.2 Variable Remuneration of Dr. Mirko Caspar*").

Upon successful completion of the Offering, the Company's employees will receive a one-time cash-based transaction bonus totaling between €2.0 million and €2.5 million, which will benefit the Company's employees. In addition, the members of the Management Board and certain employees of the Company will receive a one-time cash based deal bonus of in total €0.8 million upon successful completion of the Offering (see "*17.7 One-time Employee Bonus and Deal Bonus in Connection with the Offering*").

None of the aforementioned interests in the Offering constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interest with respect to the Offering.

4. PROCEEDS AND COSTS OF THE OFFERING AND LISTING

The Company will only receive the proceeds from the sale of the New Shares. The Company will not receive any proceeds from the sale of the Existing Shares from the holdings of the Selling Shareholders or the Over-Allotment Shares from the holdings of the Lending Shareholders.

Assuming placement of the maximum number of New Shares, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds attributable to the Company would amount to approximately €225.0 million, €244.6 million and €264.1 million, respectively, and, further assuming placement of the maximum number of Existing Shares and payment of the discretionary fee in full, net proceeds would amount to approximately €210.7 million, €229.4 million and €247.8 million, respectively.

Assuming placement of the maximum number of Existing Shares, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds attributable to the Selling Shareholders would amount to approximately €75.0 million, €81.5 million and €88.0 million, respectively, and, further assuming placement of the maximum number of New Shares and payment of the discretionary fee in full, net proceeds would amount to approximately €69.7 million, €76.0 million and €82.3 million, respectively.

Assuming placement of the maximum number of Over-Allotment Shares and full exercise of the Greenshoe Option, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds attributable to the Lending Shareholders would amount to approximately €45.0 million, €48.9 million and €52.8 million, respectively, and, further assuming payment of the discretionary fee in full, net proceeds would amount to approximately €43.4 million, €47.2 million and €50.9 million, respectively.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full, the costs of the Company, the Selling Shareholders and the Lending Shareholders related to the Offering of the Offer Shares and the listing of the Company's entire share capital, including underwriting and placement commissions payable to the Underwriters, would be expected to total approximately €22.4 million; thereof, the Selling Shareholders would bear approximately €5.5 million, the Lending Shareholders would bear approximately €1.8 million and the Company would bear the remaining approximately €15.2 million.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee of up to €5.2 million at the mid-point of the Price Range in full, the commission payable to the Underwriters would amount to €12.2 million.

5. REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

The Company intends to pursue the Offering and to list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the sale of the New Shares and to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the sale of the Existing Shares and to diversify their investments.

Assuming completion of the Offering at the mid-point of the Price Range and payment of the discretionary fee in full, the Company would receive net proceeds of approximately €229.4 million from the Offering. We currently intend to use these net proceeds in the following order of priority: (i) between €120 million and €140 million to fully fund our organic growth plan in the midterm including the market introduction and implementation (roll-out) strategy of our omnichannel model, investments in our technology platform and logistics automation and expansion, (ii) €30.0 to €35.0 million for the repayment of the Bridge Facility in the amount of €35.0 million (together with accrued (yet unpaid) interest, fees, costs and expenses) granted to the Company by Barclays, (iii) up to €30 million flexibility for strategic investments to drive current international market growth and expand tech leadership, (iv) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

6. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a European company (*Societas Europeae* (*SE*)) with a two-tier management and control system, such as the Company, the distribution of dividends for any given fiscal year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) in the subsequent fiscal year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting must be held within the first six months of each fiscal year.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's financial statements prepared in accordance with generally accepted accounting principles of the HGB. Accounting principles set forth in the HGB differ from IFRS in material respects.

When determining the net retained profits, the net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-*/*Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves must be set aside by law and deducted when calculating the net retained profits available for distribution.

The Management Board must prepare financial statements (balance sheet, income statement and notes to the financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's net retained profits to the Supervisory Board pursuant to Article 61 of the SE Regulation in conjunction with Section 170 para. 2 AktG. According to Article 61 of the SE Regulation in conjunction with Section 171 AktG, the Supervisory Board must review the financial statements, the Management Board's management report and the proposal for the allocation of the net retained profits and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting resolves on the allocation of the net retained profits by a simple majority of votes cast. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by the global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside of Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*20.1 General Taxation of Dividends*".

Any dividends not claimed become time-barred within three years pursuant to the general statute of limitations. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

6.2 Dividend Policy and Dividends per Share

Between its incorporation in 2007 and the date of this Prospectus, the Company did not make any distributions of profits or reserves to its shareholders.

We currently intend to retain all available funds and any future earnings to support our operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends for the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will, among other things, depend on our results of operations, financial condition, contractual restrictions and capital requirements.

7. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the actual capitalization and indebtedness of Mister Spex Group (i) as of March 31, 2021, (ii) the effects of the increase of the Company's share capital necessary to compensate certain shareholders for the cancellation of preference shares and conversion into common shares (see "14.3 Pre-IPO Share Conversion") and the increase of the Company's share capital from the Company's own resources, (iii) the effects of the IPO Capital Increase and the Offering, and (iv) total numbers as adjusted for the effects of the foregoing, the IPO Capital Increase and the Offering. The adjustments are based on the assumption that the IPO Capital Increase and the Offering had been completed on March 31, 2021 and that there were no tax effects.

Investors should read the following tables in conjunction with the Section "9. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021 included in this Prospectus, including the related notes thereto, and additional financial information contained elsewhere in this Prospectus.

7.1 Capitalization

	As of March 31, 2021	Adjustments for the effects of the compensatory capital increase and the capital increase from Company's own resources(1)	Adjustments for the effects of the IPO Capital Increase and the Offering(2)	Total
		(unaudited) (in € million)		
Total current debt (including current portion of non-current debt)(3)	**67.3**	**–**	**–**	**67.3**
Guaranteed	–	–	–	–
Secured(4)	30.7	–	–	30.7
Unguaranteed/ unsecured	36.6	–	–	36.6
Total non-current debt (excluding current portion of non-current-debt)(5)	**37.0**	**–**	**–**	**37.0**
Guaranteed	–	–	–	–
Secured	–	–	–	–
Unguaranteed/ unsecured	37.0	–	–	37.0
Shareholder equity(6)	**28.1**	**23.1**	**229.4**	**280.6**
Share capital(7)	1.2	23.1	9.8	34.1
Legal reserve(s)(8)	116.4	–	219.6	336.1
Other reserves(9)	(89.5)	–	–	(89.5)
Total	**132.3**	**23.1**	**229.4**	**384.9**

(1) The adjustments reflect (i) the increase of the Company's share capital by €365,069.00 from €1,260,626.00 to €1,625,695.00 against cash contributions necessary to compensate certain shareholders for the cancellation of preference shares and conversion into common shares in accordance with the shareholders' agreement of the Company dated December 11, 2020, as amended on June 11, 2021 (see "*14.3 Pre-IPO Share Conversion*"), and (ii) the increase of the Company's share capital from the Company's own resources by €22,759,730.00 from €1,625,695.00 to €24,385,425.00 prior to the Offering.

(2) The adjustments reflect (i) the increase of the Company's share capital by €9,782,609 from €24,385,425.00 to €34,168,034 against cash contributions in connection with the IPO Capital Increase, and (ii) expected net proceeds from this Offering attributable to the Company of €229.4 million (based on the issuance of 9,782,609 New Shares at an Offer Price of €25.00 per share and costs of the Offering attributable to the Company of approximately €15.2 million (assuming payment of the discretionary fee in full)).

(3) Shown as current liabilities in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(4) Total current debt is secured in the amount of €30,688,653.77 by the pledge or assignment as security of assets such as property, plant and equipment, receivables, bank balances and inventories, as well as shares in the subsidiaries International Eyewear GmbH, Nordic Eyewear AB and Lensit.no AS. The carrying amount of the bank balances pledged amounts to €10,846,862.20.

(5) Shown as non-current liabilities in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(6) Shown as equity in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.
(7) Shown as subscribed capital in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.
(8) Shown as capital reserves in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.
(8) Comprising other reserves and accumulated loss as shown in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

7.2 Indebtedness

	As of March 31, 2021	Adjustments for the effects of the compensatory capital increase and the capital increase from Company's own resources(1)	Adjustments for the effects of the IPO Capital Increase and the Offering(2)	Total
		(unaudited) (in € million)		
A. Cash(3)	10.8	–	229.4	240.3
B. Cash equivalents	–	–	–	–
C. Other current financial assets(4)	1.3	–	–	1.3
D. Liquidity (A + B + C)	**12.1**	**–**	**229.4**	**241.6**
E. Current financial debt (including debt instruments, but excluding current position of non-current financial debt)(5)	37.3	–	–	37.3
F. Current portion of non-current financial debt	–	–	–	–
G. Current financial indebtedness (E + F)	**37.3**	**–**	**–**	**37.3**
H. Net current financial indebtedness (G - D)	**25.2**	**–**	**(229.4)**	**(204.3)**
I. Non-current financial debt (excluding current portion and debt instrument)(6)	35.1	–	–	35.1
J. Debt instruments	–	–	–	–
K. Non-current trade and other payables	–	–	–	–
L. Non-current financial indebtedness (I +J + K)	**35.1**	**–**	**–**	**35.1**
M Total financial indebtedness (H + L)	**60.3**	**–**	**(229.4)**	**(169.2)**

(1) The adjustments reflect (i) the increase of the Company's share capital by €365,069.00 from €1,260,626.00 to €1,625,695.00 against cash contributions necessary to compensate certain shareholders for the cancellation of preference shares and conversion into common shares in accordance with the shareholders' agreement of the Company dated December 11, 2020, as amended on June 11, 2021 (see "*14.3 Pre-IPO Share Conversion*"), and (ii) the increase of the Company's share capital from the Company's own resources by €22,759,730.00 from €1,625,695.00 to €24,385,425.00 prior to the Offering.

(2) The adjustments reflect (i) the increase of the Company's share capital by €9,782,609 from €24,385,425.00 to €34,168,034 against cash contributions in connection with the IPO Capital Increase, and (ii) expected net proceeds from this Offering attributable to the Company of €229.4 million (based on the issuance of 9,782,609 New Shares at an Offer Price of €25.00 per share and costs of the Offering attributable to the Company of approximately €15.2 million (assuming payment of the discretionary fee in full)).

(3) Shown as cash and cash equivalents in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(4) Shown as current other financial assets in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(5) Comprising current liabilities to banks and current lease liabilities as shown in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(6) Comprising non-current lease liabilities as shown in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

7.3 Lease Liabilities

As of March 31, 2021, current financial debt includes current lease liabilities amounting to €6.7 million; non-current financial debt includes non-current lease liabilities amounting to € 35.1 million.

7.4 Contingent and Indirect Liabilities

As of March 31, 2021, there were no contingent or indirect liabilities of Mister Spex Group.

7.5 Statement on Working Capital

In the Company's opinion, the working capital of Mister Spex Group, excluding the net proceeds from the Offering attributable to the Company, is sufficient to meet Mister Spex Group's present requirements over at least the next twelve months from the date of this Prospectus.

8. DILUTION

As of March 31, 2021, the net book value of Mister Spex Group (*i.e.*, total assets less total non-current liabilities and total current liabilities) amounted to €28.1 million, and would amount to €1.15 per share of the Company based on 24,385,425 outstanding shares of the Company immediately prior to the Offering. The net book value of Mister Spex Group is shown as equity in the Company's unaudited condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2021.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the net book value per share after completion of the Offering and assuming the Offering had been completed on March 31, 2021. In this respect, the net book value as of March 31, 2021 is adjusted for the effects of the successful completion of the Offering, assuming (i) the execution of the IPO Capital Increase for 9,782,609 New Shares as well as (ii) an increase in the net book value by €210.7 million, €229.4 million and €247.8 million at the low end, mid-point and high end, respectively of the Price Range (in each case not taking into account any tax effects). The adjusted net book value is expressed as a per share figure, assuming 34,168,034 shares of the Company outstanding upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity**"):

	As of March 31, 2021		
	Low end	**Mid-point**	**High end**
		(unaudited) **(in €, unless stated otherwise)**	
Net book value per share(1)	1.15	1.15	1.15
Gross proceeds from the Offering (in € million)	225.0	244.6	264.1
Estimated total costs of the Offering (in € million)(2)	14.3	15.2	16.4
Net proceeds from the Offering (in € million)	210.7	229.4	247.8
Post-IPO Equity (in € million)	238.8	257.5	275.9
Post-IPO Equity per share	6.99	7.54	8.07
Amount by which the offer price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	16.01	17.46	18.93
Percentage by which the offer price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	*69.6*	*69.9*	*70.1*
Percentage by which the offer price exceeds the Post-IPO Equity per share (in %)	*229*	*232*	*234*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	5.84	6.38	6.92
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (in %)	*507*	*554*	*601*

(1) Based on 24,385,425 outstanding shares of the Company immediately prior to the Offering and a net book value of Mister Spex Group in an amount of €28.1 million as of March 31, 2021, shown as equity in the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021.

(2) Including underwriting and placement commissions payable to the Underwriters and assuming payment of the discretionary fee in full.

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operation together with our consolidated financial statements including the related notes and other financial information included elsewhere in this Prospectus. The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 and the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021, the Company's audited financial statements as of and for the year ended December 31, 2020 as well as the Company's internal accounting records or reporting systems. The audited consolidated financial statements of the Company have been prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (Handelsgesetzbuch). The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The audited financial statements of the Company as of and for the fiscal year ended December 31, 2020 have been prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (Handelsgesetzbuch).

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Germany has audited in accordance with Section 317 of the German Commercial Code (Handelsgesetzbuch) and German generally accepted standards for financial statement audits and issued unqualified independent auditor's reports (uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers) with respect to the Company's German language consolidated financial statements as of and for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 and the Company's German language financial statements as of and for the fiscal year ended December 31, 2020. English language translations of the aforementioned audited consolidated financial statements and audited financial statements of the Company and the independent auditor's reports thereon are included in this Prospectus.

Where financial information in the tables included in this Prospectus is labeled "audited", this means that it has been taken from the audited consolidated financial statements or the audited financial statements of the Company mentioned above. The label "unaudited" indicates financial information that has not been taken from the audited consolidated financial statements or the audited financial statements of the Company mentioned above, but has been taken from the unaudited condensed consolidated interim financial statements of the Company mentioned above, the accounting records or internal reporting system of the Company, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Certain information in the management's discussion and analysis set forth below and elsewhere in this Prospectus includes forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward looking statements. See "2.5 Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward looking statements contained in this Prospectus. This management's discussion and analysis should also be read in conjunction with the consolidated financial statements and financial statements of the Company described above and included in this Prospectus, including the notes thereto, and financial information appearing in "21. Financial Information".

9.1 Overview

We believe we are the leading digitally native omnichannel retail optical brand in Europe, operating a platform for fashionable and corrective eyewear, including prescription glasses, sunglasses, contact lenses and contact lens care products. Our offering is based on a seamless and customer oriented omnichannel retailing strategy. Customers across Europe are able to buy our products via ten country-specific online stores, our fully self-operated physical retail stores in inner-city locations (high streets and shopping centers) and at major shopping locations in certain countries.

The European eyewear market is an attractive consumer vertical, with sales of eyewear products to consumers amounting to approximately €32 billion in 2020 (*source*: *Euromonitor)*. This market is characterized by resilient growth rates and consistently strong EBITDA margins, especially for prescription glasses, which have a non-discretionary, predictable replacement cycle and low product return rates. Growth of the European eyewear market is expected to continue, underpinned by a number of structural tailwinds, including an aging population, growing prevalence of myopia, increasing use of digital devices and eyewear becoming a fashion accessory. However, the eyewear market in Europe is highly fragmented, as even large retailers can only capture a small portion of the overall market. Moreover, online penetration in the European eyewear market, at just 12.6% in 2020 (*source*: *Euromonitor),* is relatively low compared to other categories, such as consumer electronics, consumer appliances and apparel and footwear, where European online penetration has reached, based on management estimates, in each case more than 25% in 2020. As the traditional offline shopping experience for eyewear is characterized by a lack of convenience, a low level of price transparency and a relatively limited selection, we believe there is significant potential for a new omnichannel retail model to disrupt this market and for online penetration to increase. As, by our own estimate, the leading online-driven omnichannel destination for eyewear in Europe, we seek to transform the way eyewear is purchased and customized, with the goal of becoming the preferred way and place to buy eyewear for all customer groups through a seamless on- and offline experience.

We offer our customers access to a multi-brand assortment (including third-party and own brand products) of frames (glasses and sunglasses), contact lenses and contact lens care products through platforms in Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom, via multiple channels. Through our websites, our customers are provided with personalized and demand-based content which facilitates a highly convenient shopping experience. Our customers can engage with our products through our virtual try-on solutions based on augmented reality and order products in two different ways, either via direct order or home trial. When using the home trial, customers, as a first step, can order a selection of up to four of our unglazed frames, before submitting the final order. Furthermore, in order to provide customers with physical sales channels and comprehensive support in addition to our online sales channels, we operate 42 own stores under the Mister Spex banner, as well as engaging with customers through a network of over 400 partner opticians. This allows us to offer physical on-site advice and services related to our optical products in Germany, Austria, Switzerland, the Netherlands and Sweden. We cut lenses and assemble glasses in-house at one centralized facility in Berlin using state of the art, fully automatized edging machines (milling machines for customizing the lenses). Our logistics locations in Berlin, Germany, Stockholm, Sweden, and Karmsund, Norway, enable us to supply all customers throughout Europe. Fast delivery times and easy and free return shipping are part of our business model. From our distribution center in Berlin, we ship more than 20,000 orders per day with immediate capacities of up to 25,000, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.).

The core enabler to derive the maximum value from our disruptive digital business model is our technology platform which reflects the data- and technology-driven nature of our business approach. We believe this platform will allow us to further scale our business and cement our position as, by our own estimate, the leading digitally native omnichannel destination for eyewear in Europe. Throughout our operations, we collect and analyze datapoints from customer transactions to help us improve our organizational decision making and marketing efficiency. We believe we are pioneers in the use of customer centric tech features such as virtual try-on based on augmented reality and online eye exams. Our operations are further backed by data-driven system-aided decision making across the value chain from sourcing to delivery, providing us with a key competitive advantage compared to traditional eyewear retailers, which we believe will help us capture a strong position in the eyewear market.

9.2 Segment Reporting

We manage our business based on two operating segments, which are also our reportable segments. Our Germany segment comprises the purchase and sale of prescription glasses, sunglasses, contact lenses and contact lens care products to consumers via our German websites as well as our physical stores in Germany. Our International segment comprises the purchase and sale of prescription glasses, sunglasses, contact lenses and contact lens care products to consumers via our international websites in Austria, Finland, France, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom and, going forward, via physical stores in Austria and Sweden. We measure the performance of our segments primarily on the basis of revenue and adjusted EBITDA. We define adjusted EBITDA as EBITDA adjusted for share-based compensation expenses pursuant to

IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business. Adjusted EBITDA for the fiscal year ended December 31, 2018 has been adjusted for the effects resulting from IFRS 16 as if IFRS 16 had already been applied in the year ended December 31, 2018. This ensures that adjusted EBITDA for the fiscal year ended December 31, 2018 is comparable to adjusted EBITDA for the fiscal years ended December 31, 2019 and 2020 since IFRS 16 was adopted from January 1, 2019 onwards.

The following table provides certain financial information and operating data for our Germany and our International segment for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
	(audited) (in € million)			(unaudited) (in € million)	
Germany					
External revenue	88.7	99.5	117.8	25.2	31.3
Inter-segment revenue	5.1	4.9	5.8	1.3	1.9
Segment revenue	**93.9**	**104.5**	**123.5**	**26.4**	**33.3**
Adjusted EBITDA(3)	2.7	4.7	7.6	(0.2)	1.2
International					
External revenue	34.1	39.7	46.4	9.9	13.1
Inter-segment revenue	0.5	0.3	0.7	0.1	0.1
Segment revenue	**34.6**	**40.0**	**47.1**	**9.9**	**13.1**
Adjusted EBITDA(3)	0.1	(0.3)	(0.9)	(0.7)	(0.4)
Reconciliation(2)					
Inter-segment revenue	*(5.7)*	*(5.2)*	*(6.4)*	*(1.3)*	*(2.0)*
Total revenue	**122.8**	**139.3**	**164.2**	**35.0**	**44.4**
Adjusted EBITDA(3)	—	—	—	—	—
Total adjusted EBITDA(3)	**2.9**	**4.4**	**6.8**	**(0.9)**	**0.7**

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2020.
(2) Includes the consolidation between the reportable segments.
(3) Adjusted EBITDA is EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business.

9.3 Quarterly financial information and Operating Data

The following table provides an overview of certain financial information and operating data for the quarters ending on the dates indicated:

	For the three-month period ended				
	March 31,	June 30,	September 30,	December 31,	March 31,
	2020				2021
	(unaudited) (in € million, unless stated otherwise)				
Revenue	35.0	45.4	44.4	39.3	44.4
Period-over-period revenue growth rates in %	12.6	13.3	20.5	25.9	26.7

9.4 Key Performance Indicators

The following table shows the key performance indicators for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
	(unaudited, unless stated otherwise)			(unaudited)	
Revenue (in € million)	122.8(1)	139.3(1)	164.2(1)	35.0	44.4
Gross profit(2) (in € million)	56.2	64.8	81.2	16.4	22.9
Gross profit product type prescription glasses(2) (in € million)	27.9	34.2	47.5	10.6	14.7
Gross profit product type non-prescription glasses(2) (in € million)	28.3	30.6	33.7	5.9	8.2
Gross profit margin(3) (in %)	45.8	46.5	49.5	46.9	51.6
Gross profit margin product type prescription glasses(3) (in %)	68.4	69.0	71.0	67.5	70.7
Gross profit margin product type non-prescription glasses(3) (in %)	34.5	34.2	34.6	30.4	34.7
Adjusted EBITDA(4) (in € million)	2.9(1)	4.4(1)	6.8(1)	(0.9)	0.7
Adjusted EBITDA margin(5) (in %)	2.4	3.2	4.1	(2.6)	1.6
Total customers (in thousand persons)(6)	3,650	4,292	5,032	4,446	5,234
New customers (in thousand persons)(7)	621	643	742	155	202
Orders (in million)(8)	1.6	1.8	2.0	0.4	0.5
Prescription glasses orders (in million)(8)	0.3	0.4	0.5	0.1	0.1
AOV (in €)(9)	76	78	83	79	85
Prescription glasses AOV (in €)(9)	137	137	145	145	141

(1) Audited.

(2) Revenue less cost of materials or revenue less cost of materials for the relevant product type, respectively. The following table sets forth a reconciliation of gross profit for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
	(audited, unless stated otherwise) (in € million)			(unaudited) (in € million)	
Revenue	122.8	139.3	164.2	35.0	44.4
Cost of materials	(66.6)	(74.5)	(83.0)	(18.6)	(21.5)
Gross profit (unaudited)	**56.2**	**64.8**	**81.2**	**16.4**	**22.9**

The following table sets forth a reconciliation of gross profit for the product type prescription glasses for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
	(unaudited) (in € million)			(unaudited) (in € million)	
Revenue	40.8	49.6	66.9	15.7	20.8
Cost of materials	(12.9)	(15.4)	(19.4)	(5.1)	(6.1)
Gross profit	**27.9**	**34.2**	**47.5**	**10.6**	**14.7**

The following table sets forth a reconciliation of gross profit for the product types own brands and third-party brands prescription glasses for the period indicated:

	For the fiscal year ended December 31,
	2020
	(unaudited) (in € million, unless stated otherwise)
Own brands prescription glasses	
Revenue	20.8
Cost of materials	(4.4)
Gross profit	**16.4**

Gross profit margin (in %)	**78.8**
Third-party brands prescription glasses	
Revenue	46.1
Cost of materials	(15.0)
Gross profit	**31.1**
Gross profit margin (in %)	**67.5**

The following table sets forth a reconciliation of gross profit for the product type non-prescription glasses for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(unaudited) (in € million)		(unaudited) (in € million)	
Revenue	82.0	89.6	97.3	19.4	23.6
Cost of materials	(53.7)	(59.0)	(63.6)	(13.5)	(15.4)
Gross profit	**28.3**	**30.6**	**33.7**	**5.9**	**8.2**

(3) Gross profit as a percentage of revenue or gross profit as a percentage of revenue for the relevant product type, respectively.

(4) Adjusted EBITDA is EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business. The following table sets forth a reconciliation of EBITDA to adjusted EBITDA for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
EBITDA	**(1.0)**	**3.3**	**5.8**	**(1.0)**	**(1.0)**
Adjustments:					
Share-based compensation expenses pursuant to IFRS 2	0.1	1.1	0.7	0.2	0.4
One-off transformation costs[(a)]	1.0	0.3	0.6	0.0	1.3
Other effects[(b)]	2.8	(0.3)	(0.3)	(0.1)	(0.0)
Adjusted EBITDA	**2.9**	**4.4**	**6.8**	**(0.9)**	**0.7**

(a) Includes costs relating to this Offering and other costs related to the change of corporate form, refinancing costs and severance costs.

(b) In 2018, includes primarily adjustment for the application of IFRS 16 in the amount of €2.9 million.

(5) Adjusted EBITDA as a percentage of revenue.

(6) Number of uniquely identified customers who have placed at least one order online, after cancellations but before returns, including home trial.

(7) Number of uniquely identified customers who placed their first order within the relevant reporting period, after cancellations but before returns, including home trial.

(8) Orders after cancellation and after returns, excluding home trial.

(9) Average order value after cancellation and after returns, excluding home trial.

9.5 Key Factors Affecting our Results of Operations

The key factors discussed below have contributed to the development of our results of operations and financial condition in the periods for which financial information is included in this Prospectus. Our results of operations and financial condition will continue to be subject to a range of influences that in turn depend on a number of factors, including the following:

9.5.1 Overall Development of Market for Eyewear Products

Our results of operations depend on the overall development of the retail eyewear market in Europe. The European eyewear market, defined by Euromonitor to include prescription glasses, sunglasses, contact lenses and contact lens care products, is an attractive consumer market, having grown at a CAGR of 2% from 2009 to 2019 (*source: Euromonitor*). Sales of eyewear products to consumers in Europe amounted to approximately €32 billion in 2020 and are projected to reach approximately €35.5 billion in 2025, representing a CAGR of 2% from 2020 to 2025 (*source: Euromonitor*).

The overall development of the market for eyewear products, like any other consumer vertical, is affected by the general macroeconomic environment. In recent years, the general macroeconomic environment in Europe has been characterized by weak economic growth and low inflation rates. The weak economic growth was exacerbated by the COVID-19 pandemic beginning in 2020 and the measures taken to limit the spread of the virus. The European Commission estimates that gross domestic product in the eurozone declined by 6.8% in 2020 and will only partially recover from this severe contraction in 2021 (*source: European Commission*).

As a European platform for the purchase and customization of eyewear, comprising prescription glasses, sunglasses, contact lenses and contact lens care products, we are generally affected by this macroeconomic environment and the overall development of the market for eyewear products and services in Europe. Given the fact that, in 2020, we derived 41% of our total revenue from the sale of prescription glasses, *i.e.*, medically necessary and relatively non-discretionary items, our business model, however, has proven to be more resilient compared to many other consumer verticals. While we experienced a decline of customer traffic and sales at our physical stores as a result of governmental measures to contain the spread of the virus, such as mandatory temporary store closures and other COVID-19-pandemic related restrictions introduced by the German government, we recorded a material increase in the share of online sales as a share of our total eyewear sales, in particular of prescription glasses, as we were well positioned to benefit from an increasing willingness on the part of consumers to purchase eyewear online. As a result, despite the weak macroeconomic environment, our revenue, which was also supported by the opening of 16 new physical stores, grew by 18% from 2019 to 2020.

Going forward, the European market for eyewear products and services is projected to benefit from several structural macroeconomic tailwinds. Among these tailwinds is the aging population across Europe, which is expected to result in greater demand for corrective lenses. Demand for eyecare is also expected to increase due to consumers' increasingly digital screen-based lifestyle, which is known to result in eye strain and eyesight deterioration. As a result of these tailwinds, the number of people suffering from myopia is expected to grow from 2.6 billion in 2020 to 4.8 billion people in 2050 (*source: Brien Holden Foundation*). While demand for eyewear will be driven by the expected increase in the need for corrective lenses, demand is also being supported by the trend toward eyewear as a fashion accessory. In this vast and growing European eyewear market, where most of our competitors generate only limited sales via digital channels, are not positioned as a fashion brand and show slow growth, we believe we are well positioned, with our digitally-driven omnichannel retailing strategy, to gain market share and disrupt the status quo.

9.5.2 Demand for our Products Generated by New and Existing Customers

Demand for our products generated by new and existing customers is a key driver affecting our revenue. In the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 and the three months ended March 31, 2021, our new customers, *i.e.*, the number of uniquely identified customers who placed an order for the first time within the relevant reporting period (after cancellations but before returns, including home trial) increased, from 0.64 million new customers as of December 31, 2019 to 0.74 million new customers as of December 31, 2020. This trend has continued in 2021. We had 0.2 million new customers in the three months ended March 31, 2021, an increase of 30 per cent compared to 0.16 million new customers in the three months ended March 31, 2020. Our total customers increased from 4.29 million in 2019 to 5.03 million in 2020.

The average order volume increased from €76 in 2018 to €83 in 2020. The cumulative revenue per customer in Germany averaged more than €180 in the fourth year after a customer's first order, up from approximately €80 at first order. A significant number of our existing customers, meaning the number of total customers not including the new customers in the relevant reporting period, have historically been loyal and have made repeat purchases of our products. In each of the years from 2018 to 2020, our repeat purchase rate, calculated as existing customer orders divided by total orders (after cancellations), amounted to approximately 70%.

Organic growth will be a major driver of our future growth. We currently intend to increase the penetration in our markets by enlarging our customer base and expanding our omnichannel business model, for example, by conducting online performance marketing, building our brand across multiple marketing channels, driving brand positioning, building and managing and adding additional stores. In addition, we seek to increase the retention of our customers by focusing on providing our customers with more personalized, demand-based content and customized products and services. In parallel, a broader product portfolio positions us to benefit from cross-selling potential such as offering various lens types and care products to increase revenue per customer. We intend to increase our operation of own stores, through which we are able to address new customer groups and also gain more potential customers overall to use our seamless omnichannel platform. Our current analysis shows an accelerated online growth in regions where we have physical stores compared to regions where we do not have physical stores. Based on management estimates for past store roll-outs, more than 70% of our in-store customers were new customers.

9.5.3 Composition of Our Product Offering

Our offering comprises a comprehensive and fashionable product assortment of prescription glasses and sunglasses, including well-known and prestigious luxury brands, young and innovative independent brands as well as sophisticated own brands, and contact lenses and contact lens care products. We sell glasses and sunglasses under various product lines, which are tailored to specific customer groups.

The composition of our overall offering, in particular of our product mix comprising prescription glasses, sunglasses and contact lenses, affects both our revenue and margins. In 2020, we derived 58% of our gross profit from the sale of prescription glasses.

A key driver of our gross profit margin is our state-of-the-art approach to dynamic pricing, which allows us to leverage different price levels in each of the countries in which we operate. Our approach is based on continuously monitoring competitor prices and tracking behavioral changes (e.g., behavioral changes between seasons). Our artificial intelligence-based dynamic pricing engine semi-automatically updates prices in line with our strategic category positioning which are then applied to all sales channels (including the fully electronic price tags in our stores). The system thereby offers our category managers a strong recommendation for price changes, which only take effect, however, upon confirmation by one of our managers.

In 2020, our prescription glasses had a gross profit margin of 71%, which was higher than the gross profit margin of sunglasses and contact lenses. In addition, our product assortment for prescription glasses includes an increasing number of own brand products, which tend to have a higher gross profit margin (79% in 2020) than branded third-party products (68% in 2020). We source own brand products, which we sell under brands owned by us, directly from the manufacturer at market price without a premium for brand names, allowing us to eliminate margins charged by third-party eyewear brands. Finally, our own brand products are made according to our specifications, which we set based on data we collect on the preferences of our customers, allowing us to set attractive price points. An increase in the share of sales of prescription glasses and in the share of sales of own brand products among prescription glasses led to an increase in our gross profit margin from 45.8% in 2018 to 49.5% in 2020.

9.5.4 Sourcing

Our sourcing strategy is geared to obtaining attractive prices from our suppliers. Sourcing expenses account for a high share of our cost of materials, which in turn represent the largest share of our cost base. In 2020, our cost of materials, including the cost of sourcing and production of inventories, accounted for 50.5% of our revenue. Accordingly, optimizing our sourcing expenses is of similar strategic importance as end-customer pricing. To optimize our sourcing costs, we primarily leverage our economies of scale. We often negotiate one or two-year contracts including retrospective bonus payments if we achieve certain sales targets, by which we benefit from our strong growth rates. In addition, we offer attractive benefits to our suppliers that help reduce our sourcing expenses, such as high-level data sharing or keeping returns to suppliers as low as possible. All of these factors usually lead to an optimization in purchasing prices. Our innovative business model and track record have drawn a large group of customers to our platform, many of whom return to our websites and our mobile app for repeat purchases. Our customer base, with attractive demographics in ten countries across Europe, enables our suppliers to establish and attractively position their brands in our ten target markets.

9.5.5 Returns

Allowing our customers to easily return our products free of charge is a fundamental pillar of our value proposition. Returns primarily comprise returns of unglazed frames in connection with home trial, and returns of glazed frames following purchase, both of which give rise to fulfilment expenses. We believe that free returns in connection with home trial, where customers can order a selection of up to four of our unglazed frames, before submitting the final order, encourage customers to try our products and contribute to a high customer satisfaction and brand loyalty.

As we do not charge our customers for returns, the higher the number of returns, the higher is the share of return-related costs in our fulfilment expenses.

With respect to returns of products after purchase, in accordance with IFRS, we use our historical return rates to anticipate future returns and deduct such anticipated returns from our revenue (with a corresponding deduction from cost of materials). Our returned products are stored in our distribution centers and recorded as inventories.

A number of factors significantly affect our return rates, which are generally in the low double-digit percentage range. These factors include products not matching their online description, issues with product quality, products being damaged in transit or wrong items being shipped. We continuously seek to minimize avoidable returns by focusing on the accuracy of our product descriptions and by vetting our suppliers with a view to maintaining a high quality of the products we offer. Furthermore, we are focused on setting up an efficient and reliable fulfilment process to make sure that the right items are shipped and that they arrive at our customers in pristine condition.

9.5.6 Fulfilment

Our freight and fulfilment costs relate primarily to outbound shipping expenses, expenses related to receiving, segregating and storing the products we receive from our suppliers, expenses for picking our products and expenses for packaging material.

Since inception of our business in 2008, we have always operated our own distribution centers. Over the course of time, we began to insource certain operations of the supply chain. The most significant steps were the insourcing of the mounting process, followed by edging with our own machines. Initially, we received all prescription frames fully mounted, leaving only the final quality check to us. Gradually, we built capacities to mount frames ourselves. In this context, for example, suppliers delivered us ready-edged lenses to be mounted by us in-house. In 2017, we started the in-house operation of edging machines and the stocking of raw lenses. Both processes significantly increase quality and speed and improve our cost structure. As of the date of this Prospectus, we operate a 10,000 sqm distribution center ("**DC**") in Berlin, Germany. From there we supply our customers in Austria, France, Germany, the Netherlands, Spain, Switzerland and the United Kingdom, shipping more than 20,000 orders per day, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.). At this facility, we operate an integrated supply chain for glazed prescription (sun-)glasses, including our own in-house lens cutting and eyeglasses assembly. In addition, we intend in due course to establish fully-automized contact lens logistics by installing four storage and retrieval robots, complemented by automatic case erectors and sealers. Furthermore, we supply our customers in Finland, Norway and Sweden from our DCs in Stockholm, Sweden, and Karmsund, Norway.

We have also focused on expanding our capacity to create headroom for future growth. Our central DC in Berlin, for example, had an estimated utilization rate of 50% in 2020, up from 35% in 2017. As a result of our investments into the capacity of our DCs, we have significant spare capacity, which positions us to realize economies of scale through increasing fixed cost leverage as long as we continue to grow our sales volume.

In addition to our fulfilment and logistics infrastructure, in February 2016, we opened our first own physical store, in Berlin, Germany, thereby enhancing our omnichannel strategy with an additional sales channel. As of the date of this Prospectus, we operate 42 physical stores under the Mister Spex brand in 19 of 25 top cities in Germany as well as in Austria and Sweden and a network of over 400 partner opticians. In this way we offer physical on-site services with advice and services related to our optical products in Germany, Austria, Switzerland, the Netherlands and Sweden.

Since inception, we have constantly focused on increasing the efficiency and reliability of our fulfilment processes and on reducing our fulfilment expenses. Coupled with a reduction in marketing costs as a percentage of revenue, these initiatives were one of the major factors allowing us to reach adjusted EBITDA break-even in 2018 on what we believe to be a sustainable basis. Our freight and fulfilment costs as a percentage of revenue continued to decrease slightly from 8.3% in the fiscal year ended December 31, 2019 to 8.1% in the fiscal year ended December 31, 2020.

9.5.7 Our Marketing Efforts

Our marketing activities are aimed at driving the maximum relevant traffic to our websites and customers to our stores enhancing the recognition of our offering, including our already well-established third-party brands as well as our relatively young own brands and collaborations. We consider these activities a key component of our operations, which is why we utilize a sophisticated and customized approach based on technology and data to address our customers.

We primarily focus on online marketing (*e.g.*, search engine marketing, retargeting, affiliate marketing, price comparison marketing, display advertising and paid social media, for example, through collaborations with influencers), while also using traditional marketing channels such as television advertising. We conduct differentiated market research to identify customer needs and purchase drivers in order to be able to specifically address those within our different communication channels as well as in the creation of corresponding content, directed at a personalized and demand-based customer approach. Across our operations, we collect and analyze large amounts of data, which are continuously used to improve our organizational decision making and marketing efficiency. Based on analyzed data we also localize marketing efforts if commercially feasible. Our marketing activities also include discovering new marketing formats and emerging platforms. To further automate our marketing operations, we continuously develop our marketing tech stack, meaning the set of technologies we use to build and run a software application, including programming languages, frameworks, databases, tools and other means. By optimizing across all our marketing channels we seek to improve our marketing efficiency.

When we expand our business model in a given geographic market, our strategy starts digitally and online before building a local partner network and rolling out stores. To this end, we conduct online performance marketing first before we start building our brand across additional marketing channels. To drive brand positioning, building and tracking, we conduct deep, ongoing market research. In a later step, once we have achieved a certain critical mass of brand recognition through our marketing channels, we then roll out our omnichannel approach by adding additional sales channels such as our physical stores. In this context, our stores also act as brand ambassadors, supporting a continuous increase in brand awareness.

Our marketing costs are recorded under our other operating expenses on the Company's consolidated statement of comprehensive income and represent a significant share of our cost base. These efforts focus on brand and performance marketing, which accounted for approximately €17.4 million out of €19.5 million of our total marketing expenses in 2020. To further drive the expansion of our business, we expect to increase our marketing costs on an absolute basis over the near to medium term. In this context, we seek to leverage our marketing investments with respect to both the expansion of our omnichannel business model, digitally as well as offline by rolling out new stores, and the geographic expansion by rolling out our business opportunistically to new markets in Europe. This is already evidenced by the reduction of our marketing costs relating to our Germany segment as a percentage of revenue from 16.8% in the fiscal year ended December 31, 2015 to 8.8% in the fiscal year ended December 31, 2020.

In addition, we use technology solutions to derive the maximum value from our marketing investments. To this end, we steer marketing activities based on revenue and expected margin targets and actuals and track our cost per order ("**CPO**"), customer acquisition costs ("**CAC**") and customer activity on a regular basis. We also monitor customer lifetime value ("**CLV**") and steer towards customer segments that have attractive CLV amounts. On a channel level, we adjust marketing steering to the dynamics of these CLV segments and take multiple data sources as well as key performance indicators into account. Especially for upper funnel marketing channels, we also consider cost per mille (CPM) and cost per visit (CPV) measures to estimate their reach and performance. We aim to improve our attribution models with market research and segmented or local campaign- and market-tests to capture and assess time decay, spill-over and interaction effects. Going forward, we plan to further improve our CPO, CAC and CLV through additional information technology solutions, in particular in customer segmentation and targeting, marketing automation and customer journey optimization.

9.5.8 Opening of New Stores

Our results of operations are impacted by the expansion of our portfolio of physical stores. As of the date of this Prospectus, we operate 42 stores in Germany, Austria and Sweden. We opened eight new stores in 2019 and 16 new stores in 2020 in Germany. In 2021, in addition to the openings of new stores in Germany, we opened our first three physical stores outside of Germany, in Austria and Sweden. In order to serve our customers physically on-site in their nearest city at central shopping locations, we want to further expand our omnichannel business model by opening new physical stores in the future. In this context, we intend to make our comprehensive offering accessible via additional physical stores also in markets in which we have not had our own physical presence before, but provided our offering to our customers only via our online platform and, in certain markets, in cooperation with our partner opticians.

Based on management estimates, the opening of new physical stores doubles our local market share within a short period of time and also leads to a stronger performance in online sales compared to regions where we do not operate our own physical stores. At the same time, the opening of each new physical store entails certain expenses, including significant one-off expenses to set-up the store as well as recurring costs, such as personnel costs, to operate it on an ongoing basis.

Expanding our operations by opening new physical stores increases the demands on our operational, managerial, administrative and other resources and the costs related thereto. This is primarily attributable to the need to identify suitable locations and stores, to establish and furnish these stores, and, in connection therewith, to establish and continually improve store management systems, financial and management controls and information systems; further, in addition to increased marketing costs when opening a new physical store, the need to hire management and personnel to operate each physical store and to train, educate and retain them, initially adversely affects our profitability.

Based on the data we track and monitor with regard to our physical stores, new stores typically become profitable within a short period of time after becoming operational when they start selling our products to customers. According to management estimates based on revenue generated through the ten physical stores, that were opened first, between 2016 to 2018, our stores generated around three times higher revenue than the German market average pursuant to German market data based on ZVA Eyewear Study 2019. The development of each new physical store and its impact on our results of operations depend on a number of factors. These factors include its location in terms of micro- and macro-location. The profitability of each physical store typically increases as the store matures. While we expect to experience some short-term margin pressure following the opening of new stores as a result of the significant one-off expenses, we expect them to contribute positively to our profitability in the longer term, and expect that this will be a driver of profitability for our International segment in particular over the coming years. This is because, following the new openings in Austria and Sweden, we plan to open further new physical stores in countries other than Germany, in which we have so far only made our online offering available to our customers, and we believe this will contribute to the growth of our International segment.

9.5.9 Personnel Expenses

In building our operations, we have focused on a cost-efficient, scalable set-up. This focus is exemplified by the development of our personnel expenses. Employees are a key part of our omnichannel platform. To handle everything from the operation of our own stores and in-house edging and mounting labs, through sourcing, sales, marketing, fulfilment, technology and design, we have constantly grown our workforce, from 600 employees (full-time equivalent) on average in the fiscal year ended December 31, 2019 to 824 employees (full-time equivalent) on average in the fiscal year ended December 31, 2020. Due to the dynamic nature of our growth, however, the significant increase of our workforce took place in step with our overall expansion. Our personnel expense ratio (*i.e.*, our personnel expenses divided by our revenue) increased slightly from 20.0% in the fiscal year ended December 31, 2019 to 21.7% in the fiscal year ended December 31, 2020, mainly due to the roll-out of additional physical stores.

According to management estimates based on a sector report and our competitors' publicly available financial information, we sell more glasses per employee in physical stores than any other competitor in our markets.

9.6 Results of Operations

The following table shows financial information taken from the Company's consolidated statement of comprehensive income for the periods indicated:

	For the fiscal year ended December 31,			**For the three-month period ended March 31,**	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Revenue	122.8	139.3	164.2	35.0	44.4
Own work capitalized	3.2	3.4	4.3	1.0	1.1
Other operating income	0.7	1.3	0.5	0.1	0.5
Total operating performance	**126.7**	**144.0**	**169.0**	**36.2**	**46.1**
Cost of materials	(66.6)	(74.5)	(83.0)	(18.6)	(21.5)
Personnel expenses	(24.3)	(27.8)	(35.7)	(8.4)	(10.3)

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Other operating expenses	(36.9)	(38.4)	(44.4)	(10.1)	(15.2)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**(1.0)**	**3.3**	**5.8**	**(1.0)**	**(1.0)**
Amortization and depreciation	(4.2)	(8.3)	(10.9)	(2.2)	(3.4)
Earnings before interest and taxes (EBIT)	**(5.2)**	**(5.0)**	**(5.1)**	**(3.2)**	**(4.3)**
Financial result	(5.1)	(4.2)	(4.7)	(1.2)	(1.1)
Share in loss of associates	—	—	(0.1)	—	(0.1)
Earnings before taxes (EBT)	**(10.3)**	**(9.2)**	**(9.9)**	**(4.5)**	**(5.6)**
Income taxes	(0.4)	(0.1)	(0.4)	(0.2)	(0.1)
Loss for the period	**(10.7)**	**(9.3)**	**(10.3)**	**(4.6)**	**(5.7)**

9.6.1 Revenue

We generate revenue primarily from the sale of eyewear, comprising prescription glasses, sunglasses, contact lenses and contact lens care products, online through our national and international websites and in our own stores. Through the end of December 31, 2020 all of our physical stores were in Germany, but beginning in April 2021, the Mister Spex Group opened its first three stores outside of Germany, in Austria and Sweden (which are included in the Mister Group's International segment). Revenue comprises sales of merchandise, marketing services provided and other services related to the core business. The following table sets forth a breakdown of our external revenue by our reportable segments for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Germany	88.7	99.5	117.8	25.2	31.3
International	34.1	39.7	46.4	9.9	13.1

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2020.

The following table sets forth a breakdown of revenue generated by product type for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
		(audited, unless stated otherwise) (in € million)		(unaudited) (in € million)	
Prescription glasses	40.8	49.6	66.9	15.7	20.8
Sunglasses	26.9	31.1	38.6	4.6	9.0
Contact lenses	52.6	55.8	55.5	14.4	14.0
Marketing and other services (unaudited)	2.5	2.7	3.2	0.3	0.6

(1) Taken or derived from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2020.

9.6.1.1 <u>*Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*</u>

Revenue increased by €9.4 million, or 26.9%, from €35.0 million in the three-month period ended March 31, 2020 to €44.4 million in the three-month period ended March 31, 2021. External revenue of our Germany segment grew at a rate of 24.2% between the three-month periods ended March 31, 2020 and March 31, 2021, driven by the roll-out of new stores and increased online sales. External revenue of our International segment grew at a rate of 32.3%, driven by increased online sales. Our overall revenue growth in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020 was primarily driven by prescription glasses, which are the product type accounting for the largest share in revenue in our product mix. Our strongest growing product type were sunglasses, which revenue grew at 95.7%, followed by prescription glasses, which revenue grew 32.5%, while the sales of contact lenses declined slightly in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020.

9.6.1.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Revenue increased by €24.9 million, or 17.9%, from €139.3 million in the fiscal year ended December 31, 2019 to €164.2 million in the fiscal year ended December 31, 2020. External revenue of our Germany segment grew at a rate of 18.4% between 2019 and 2020, driven by the roll-out of 16 new stores and increased online sales. External revenue of our International segment grew at a rate of 16.9% between 2019 and 2020. Our revenue growth overall in the fiscal year ended December 31, 2020 compared to the fiscal year ended December 31, 2019 was primarily driven by the product type prescription glasses, which revenue grew 34.9%, followed by sunglasses which revenue grew 24.1%, while the sales of contact lenses declined slightly. Our revenue growth was supported by the increase in the number of our total customers from 4.3 million as of December 31, 2019 to 5.0 million as of December 31, 2020.

9.6.1.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Revenue increased by €16.5 million, or 13.4%, from €122.8 million in the fiscal year ended December 31, 2018 to €139.3 million in the fiscal year ended December 31, 2019, with external revenue in our International segment growing 16.4% compared to 12.2% in our Germany segment, reflecting the growth of our other business in international markets, such as the Netherlands, Sweden and the United Kingdom. Our revenue growth in the fiscal year ended December 31, 2019 compared to the fiscal year ended December 31, 2018 was primarily driven by the product type prescription glasses, which revenue grew 21.6%, followed by sunglasses which revenue grew 15.6%, and contact lenses, which revenue grew 6.1%. In the same period, more visits to our websites were registered and the number of orders increased. Adjustments to websites for different end-user devices enhancing our online sales from those devices and the opening of eight new physical stores in the fiscal year ended December 31, 2019 were positive drivers of revenue growth. Our revenue growth was supported by the increase in the number of our total customers from 3.7 million as of December 31, 2018 to 4.3 million as of December 31, 2019.

9.6.2 Own Work Capitalized

Own work capitalized is the value of internally generated assets that are not sold but used by Mister Spex Group itself and are therefore also capitalized in the consolidated statement of financial position.

9.6.2.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Own work capitalized increased by €0.1 million, or 10%, from €1.0 million in the three-month period ended March 31, 2020 to €1.1 million in the three-month period ended March 31, 2021, which is attributable to additions of internally developed software.

9.6.2.2 *Comparison of the Fiscal Years Ended December 31, 2021 and December 31, 2020*

Own work capitalized increased by €0.9 million, or 26.5%, from €3.4 million in the fiscal year ended December 31, 2019 to €4.3 million in the fiscal year ended December 31, 2020, which is attributable to continuous development of our platforms, backend technologies and user application initiatives to improve user experience.

9.6.2.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Own work capitalized increased by €0.2 million, or 6.2%, from €3.2 million in the fiscal year ended December 31, 2018 to €3.4 million in the fiscal year ended December 31, 2019. This is primarily due to further development of our platforms for our internationalization and user application projects to improve user experience.

9.6.3 Other Operating Income

Other operating income comprises income from subsidies, other out-of-period income and other income.

9.6.3.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Other operating income increased by €0.4 million from €0.1 million in the three-month period ended March 31, 2020 to €0.5 million in the three-month period ended March 31, 2021. This increase is mainly attributable to higher income from reversal of provisions and indemnity payments.

9.6.3.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Other operating income decreased by €0.8 million from €1.3 million in the fiscal year ended December 31, 2019 to €0.5 million in the fiscal year ended December 31, 2020 mainly due to lower income from reversal of provisions from previous periods in 2020 than in 2019, which declined by €0.3 million, and lower sundry other out-of-period income in 2020 compared to 2019, which declined by €0.2 million.

9.6.3.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Other operating income increased from €0.7 million in the fiscal year ended December 31, 2018 by €0.6 million to €1.3 million in the fiscal year ended December 31, 2019. This increase is mainly attributable to higher income from reversal of provisions from previous periods in 2019 than in 2018, which increased by €0.3 million, and higher sundry other out-of-period income in 2019 compared to 2018, which increased by €0.1 million.

9.6.4 Total Operating Performance

Total operating performance represents revenue plus own work capitalized and other operating income.

9.6.4.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

The total operating performance increased by €9.9 million, or 27.3%, from €36.2 million in the three-month period ended March 31, 2020 to €46.1 million in the three-month period ended March 31, 2021, primarily as a result of increased revenue.

9.6.4.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

The total operating performance increased by €25.0 million, or 17.4%, from €144.0 million in the fiscal year ended December 31, 2019 to €169.0 million in the fiscal year ended December 31, 2020, primarily as a result of increased revenue.

9.6.4.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

The total operating performance increased by €17.3 million, or 13.7%, from €126.7 million in the fiscal year ended December 31, 2018 to €144.0 million in the fiscal year ended December 31, 2019, primarily as a result of increased revenue.

9.6.5 Cost of Materials

Cost of materials consist of acquisition of materials, including merchandise as well as raw materials and supplies.

9.6.5.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Cost of materials increased by €2.9 million, or 15.6%, from €18.6 million in the three-month period ended March 31, 2020 to €21.5 million in the three-month period ended March 31, 2021, primarily as a result of the increased sales of prescription glasses and sunglasses, as discussed above. Expressed as percentage of revenue, cost of materials declined from 53.1% in the three-month period ended March 31, 2020 to 48.4% in the three-month period ended March 31, 2021. This decline was primarily attributable to an increased share in the sale of prescription glasses in the product mix in this period as prescription glasses typically have a higher gross profit margin than sunglasses and contact lenses.

9.6.5.1 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Cost of materials increased by €8.5 million, or 11.4%, from €74.5 million in the fiscal year ended December 31, 2019 to €83.0 million in the fiscal year ended December 31, 2020, primarily as a result of the increased sales of prescription glasses and sunglasses, as discussed above. Expressed as a percentage of revenue, cost of materials declined from 53.5% in 2019 to 50.5% in 2020. This decline was primarily attributable to improved purchasing conditions and the significantly increased share in the sale of prescription glasses in the product mix in this period as prescription glasses typically have a higher gross profit margin than sunglasses and contact lenses. The gross profit margin of prescription glasses increased from 69% in 2019 to 71% in 2020.

9.6.5.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Cost of materials rose by €7.9 million, or 11.9%, from €66.6 million in the fiscal year ended December 31, 2018 to €74.5 million in the fiscal year ended December 31, 2019, primarily as a result of the increased sales of prescription glasses, sunglasses and contact lenses, as discussed above. Expressed as a percentage of revenue, cost of materials declined from 54.2% in 2018 to 53.5% in 2019, attributable to improved purchasing conditions and shifts in the product mix.

9.6.6 Personnel Expenses

Personnel expenses comprise wages and salaries as well as social security costs.

The following table is a breakdown of our personnel expenses for the periods indicated:

	For the fiscal year ended December 31,			**For the three-month period ended March 31,**	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited)			**(unaudited)**	
	(in € million)			**(in € million)**	
Wages and salaries	20.6	23.5	30.3	7.1	8.8
Social security costs(1)	3.7	4.3	5.5	1.3	1.5

(1) Includes pension costs in the form of contributions to statutory pension insurance schemes of €2.1 million in the fiscal year ended December 31, 2020, €1.9 million in the fiscal year ended December 31, 2019 and €1.6 million in the fiscal year ended December 31, 2018.

9.6.6.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Personnel expenses increased by €1.9 million, or 22.6%, from €8.4 million in the three-month period ended March 31, 2020 to €10.3 million in the three-month period ended March 31, 2021, primarily attributable to staff for newly opened physical stores. Expressed as a percentage of revenue, personnel expenses decreased from 24.0% in the three-month period ended March 31, 2020 to 23.2% in the three-month period ended March 31, 2021, mainly attributable to strong revenue development.

9.6.6.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Personnel expenses increased by €7.9 million, or 28.4%, from €27.8 million in the fiscal year ended December 31, 2019 to €35.7 million in the fiscal year ended December 31, 2020, primarily attributable to the average headcount increasing from 775 in the fiscal year ended December 31, 2019 to 965 in the fiscal year ended December 31, 2020, mainly relating to staff for newly opened stores. The increase was partially offset by a €0.3 million reimbursement of social security contributions in connection with the claiming of short-time working benefits in Germany, which the Company received from the Federal Employment Agency. Expressed as a percentage of revenue, personnel expenses increased from 20.0% in 2019 to 21.8% in 2020, primarily due to increased staff costs with regard to newly opened stores, which do not immediately translate to a corresponding increase in revenue.

9.6.6.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Personnel expenses amounted to €27.8 million in the fiscal year ended December 31, 2019, an increase of €3.5 million, or 14.4%, from €24.3 million in the fiscal year ended December 31, 2018, primarily due to the increase in headcount from 670 to an average of 775 mainly relating to staff for newly opened stores. Expressed as a percentage of revenue, personnel expenses stayed relatively stable, increasing from 19.8% in 2018 to 20.0% in 2019.

9.6.7 Other Operating Expenses

Other operating expenses comprise marketing costs, freight and fulfilment costs, general business costs, external services, legal and consulting fees as well as miscellaneous other operating expenses.

The following table shows the other operating expenses for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Marketing costs	15.7	17.5	19.5	4.8	6.4
Freight and fulfilment costs	10.6	11.5	13.3	2.9	4.0
General business costs	6.4	4.1	5.2	1.2	1.6
External services	2.1	2.3	2.8	0.6	0.9
Legal and consulting fees	0.7	1.0	1.2	0.1	1.6
Miscellaneous	1.5	2.0	2.4	0.6	0.6
Total	**36.9**	**38.4**	**44.4**	**10.1**	**15.2**

9.6.7.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Other operating expenses increased by €5.1 million, or 50.5%, from €10.1 million in the three-month period ended March 31, 2020 to €15.2 million in the three-month period ended March 31, 2021, primarily as a result of increased marketing costs, legal and consulting fees and freight and fulfilment costs, which accounted for €1.6 million, €1.5 million and €1.1 million, respectively, of the overall increase. Expressed as a percentage of revenue, marketing costs increased from 13.7% in the three-month period ended March 31, 2020 to 14.4% in the three-month period ended March 31, 2021 while freight and fulfilment costs increased from 8.3% in the three-month period ended March 31, 2020 to 9.0% in the three-month period ended March 31, 2021.

9.6.7.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Other operating expenses increased by €6.0 million, or 15.6%, from €38.4 million in the fiscal year ended December 31, 2019 to €44.4 million in the fiscal year ended December 31, 2020, primarily as a result of increased marketing costs as well as freight and fulfilment costs, which accounted for €2.0 million and €1.8 million, respectively, of the overall increase. Expressed as a percentage of revenue, however, marketing costs declined from 12.6% in 2019 to 11.9% in 2020 while freight and fulfilment costs declined from 8.3% in 2019 to 8.1% in 2020.

9.6.7.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Other operating expenses increased by €1.5 million, or 4.1%, from €36.9 million in the fiscal year ended December 31, 2018 to €38.4 million in the fiscal year ended December 31, 2019, primarily due to increased marketing costs and freight and fulfilment costs. Expressed as a percentage of revenue, marketing costs declined from 12.8% in 2018 to 12.6% in 2019 while freight and fulfilment costs also improved slightly from 8.6% in 2018 to 8.3% in 2019. Our general business costs declined significantly from €6.4 million in 2018 to €4.1 million as a result of the first-time adoption of IFRS 16 as of January 1, 2019.

9.6.8 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

9.6.8.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

EBITDA remained stable at negative €1.0 million in the three-month period ended March 31, 2020 and in the three-month period ended March 31, 2021. Adjusted EBITDA in the three-month period ended March 31, 2020 increased by €1.6 million from negative €0.9 million in the three-month period ended March 31, 2020 to

€0.7 million in the three-month period ended March 31, 2021. The increase in adjusted EBITDA was primarily driven by a significant increase in the adjusted EBITDA attributable to our Germany segment. Key drivers of the improved adjusted EBITDA margin were an increase in revenue and improved margins as a result of shifts in the product mix driven by the increasing share of prescription glasses.

9.6.8.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

EBITDA increased by €2.5 million, or 75.8%, from €3.3 million in the fiscal year ended December 31, 2019 to €5.8 million in the fiscal year ended December 31, 2020. Adjusted EBITDA increased by €2.4 million, or 54.5%, from €4.4 million in 2019 to €6.8 million in 2020. The increase in adjusted EBITDA was primarily driven by a significant increase in adjusted EBITDA attributable to our Germany segment, which was partially offset by the increased negative adjusted EBITDA in our International segment. Our adjusted EBITDA margin improved from 3.2% in the fiscal year ended December 31, 2019 to 4.1% in the fiscal year ended December 31, 2020. The increase in adjusted EBITDA and adjusted EBITDA margin are primarily attributable to the margin improvement resulting from the increasing share of prescription glasses in our product mix and the improvements in marketing and freight and fulfilment efficiency in 2020.

9.6.8.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Our EBITDA increased significantly by €4.3 million from negative €1.0 million in the fiscal year ended December 31, 2018 to €3.3 million in the fiscal year ended December 31, 2019. Our adjusted EBITDA increased by €1.5 million, or 51.7%, from €2.9 million in 2018 to €4.4 million in 2019. Our adjusted EBITDA margin improved from 2.4% in 2018 to 3.2% in 2019. Key drivers of the improved adjusted EBITDA margin were an increase in revenue and improved margins as a result of improved purchasing conditions and shifts in the product mix. While marketing costs and freight and fulfilment costs increased in absolute terms, expressed as a percentage of revenue, our marketing costs declined from 12.8% in 2018 to 12.6% 2019 and our freight and fulfilment costs declined from 8.6% in 2018 to 8.3% in 2019.

9.6.9 Amortization and Depreciation

9.6.9.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Amortization and depreciation increased by €1.2 million, or 54.5%, from €2.2 million in the three-month period ended March 31, 2020 to €3.4 million in the three-month period ended March 31, 2021 mainly due to the roll-out of new physical stores.

9.6.9.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Amortization and depreciation increased by €2.6 million, or 31.3%, from €8.3 million in the fiscal year ended December 31, 2019 to €10.9 million in the fiscal year ended December 31, 2020, primarily due to the depreciation of right-of-use assets, which increased by 62.2% as a result of opening 16 new stores in 2020 as well as a further increase in self developed software.

9.6.9.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Amortization and depreciation increased by €4.1 million, or 97.6%, from €4.2 million in the fiscal year ended December 31, 2018 to €8.3 million in the fiscal year ended December 31, 2019. One of the main reasons of higher depreciation is the first-time adoption of IFRS 16 as of January 1, 2019 and resulting depreciation of the right-of-use assets.

9.6.10 Earnings before Interest and Taxes (EBIT)

9.6.10.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Earnings before interest and taxes (EBIT) decreased by €1.1 million, or 34.4%, from negative €3.2 million in the three-month period ended March 31, 2020 to negative €4.3 million in the three-month period ended March 31, 2021, due to the factors discussed above.

9.6.10.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Earnings before interest and taxes (EBIT) decreased by €0.1 million, or 2.0%, from negative €5.0 million in the fiscal year ended December 31, 2019 to negative €5.1 million in the fiscal year ended December 31, 2020 primarily due to the increase in amortization and depreciation, due to the factors discussed above.

9.6.10.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Earnings before interest and taxes (EBIT) increased slightly by €0.2 million, or 3.8%, from negative €5.2 million in the fiscal year ended December 31, 2018 to negative €5.0 million the fiscal year ended December 31, 2019.

9.6.11 Financial Result

The financial result represents finance income, which is broken down into interest income and income from change in exchange rates, and finance costs, which are broken down into interest expenses and expenses from change in exchange rates.

The following table shows our finance income for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Interest income	0.0	0.0	0.0	0.0	0.0
Income from change in exchange rates	0.1	0.1	0.4	0.0	0.2
Total	**0.2**	**0.1**	**0.4**	**0.0**	**0.2**

The following table shows our finance costs for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Interest expense(1)	5.0	4.0	4.6	1.1	1.3
Expenses from change in exchange rates	0.3	0.4	0.5	0.2	0.1
Total	**5.3**	**4.4**	**5.1**	**1.3**	**1.3**

(1) Interest expense also includes interest on lease liabilities of €1.2 million in the fiscal year ended December 31, 2020 and €0.7 million in the fiscal year ended December 31, 2019 in accordance with the first-time adoption of IFRS 16 as of January 1, 2019.

9.6.11.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Our financial result increased slightly by €0.1 million, or 8.3%, from negative €1.2 million in the three-month period ended March 31, 2020 to negative €1.1 million in the three-month period ended March 31, 2021 due to increased income from change in exchange rates.

9.6.11.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Our financial result decreased by €0.5 million, or 11.9%, from negative €4.2 million in the fiscal year ended December 31, 2019 to negative €4.7 million in the fiscal year ended December 31, 2020, primarily attributable to higher interest on lease liabilities.

9.6.11.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

The financial result improved by €0.9 million, or 17.6%, from negative €5.1 million in the fiscal year ended December 31, 2018 to negative €4.2 million in the fiscal year ended December 31, 2019, primarily attributable to a one-time effect due to a debt rescheduling, while an opposite effect of interest on lease liabilities in the amount of €0.7 million resulted from the first-time adoption of IFRS 16 as of January 1, 2019.

9.6.12 Share in Loss of Associates

9.6.12.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

The share in loss of associates amounted to €0.1 million in the three-month period ended March 31, 2021. There was no share in loss of associates recorded in the three-month period ended March 31, 2020.

9.6.12.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Share in loss of associates was recorded for the first time in the consolidated financial statements as of and for the fiscal year ended December 31, 2020. Pursuant to a purchase agreement dated October 8, 2020 and upon shareholder resolution dated November 20, 2020 in connection with a capital increase of Tribe GmbH, the Company acquired 48.17% of the shares in Tribe GmbH, a company specializing in the development and distribution of communications software. The Mister Spex Group accounts for its investment in Tribe GmbH using the equity method.

9.6.13 Earnings before Taxes (EBT)

9.6.13.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Earnings before taxes decreased by €1.1 million, or 24.4%, from negative €4.5 million in the three-month period ended March 31, 2020 to negative €5.6 million in the three-month period ended March 31, 2021, due to the factors discussed above.

9.6.13.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Earnings before taxes (EBT) decreased slightly from negative €9.2 million in the fiscal year ended December 31, 2019 by €0.7 million, or 7.6%, to negative €9.9 million in the fiscal year ended December 31, 2020, due to the factors discussed above.

9.6.13.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Earnings before taxes (EBT) increased to negative €9.2 million in the fiscal year ended December 31, 2019 by €1.1 million, or 10.7%, from negative €10.3 million in the fiscal year ended December 31, 2018, due to the factors discussed above.

9.6.14 Income Taxes

Income taxes represent current taxes and deferred taxes. The following table shows the income taxes for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited) **(in € million)**		**(unaudited)** **(in € million)**	
Current taxes(1)	0.3	0.3	0.0	0.0	0.0
Deferred taxes	0.1	(0.1)	0.4	0.1	0.1
Income tax expense	**0.4**	**0.1**	**0.4**	**0.2**	**0.1**

(1) The weighted average applicable tax rate was 29.1% in the fiscal year ended December 31, 2020, 29.7% in the fiscal year ended December 31, 2019 and 29.0% in the fiscal year ended December 31, 2018 and is derived from the tax rates applicable in the individual countries, weighted according to the respective earnings before taxes.

9.6.14.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Income expense decreased from €0.2 million in the three-month period ended March 31, 2020 to €0.1 million in the three-month period ended March 31, 2021.

9.6.14.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Income tax expense increased from €0.1 million in the fiscal year ended December 31, 2019 to €0.4 million in the fiscal year ended December 31, 2020, primarily as a result of increased deferred tax liabilities arising from temporary differences.

9.6.14.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Income tax expense decreased by €0.3 million from €0.4 million in the fiscal year ended December 31, 2018 to €0.1 million in the fiscal year ended December 31, 2019, primarily as a result of increased deferred tax assets capitalized for tax loss carryforwards.

9.6.15 Loss for the Period

9.6.15.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

The Mister Spex Group's loss for the period increased by €1.1 million, or 23.9%, from a loss of €4.6 million in the three-month period ended March 31, 2020 to a loss of €5.7 million in the three-month period ended March 31, 2021 as a result of the foregoing.

9.6.15.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

The Mister Spex Group's loss for the period increased by €1.0 million, or 10.8%, from a loss of €9.3 million in the fiscal year ended December 31, 2019 to a loss of €10.3 million in the fiscal year ended December 31, 2020 as a result of the foregoing.

9.6.15.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

The Mister Spex Group's loss for the period decreased by €1.4 million, or 13.1%, from a loss of €10.7 million in the fiscal year ended December 31, 2018 to a loss of €9.3 million in the fiscal year ended December 31, 2019 as a result of the foregoing.

9.7 Segment Discussion

We manage our business based on two operating segments, Germany and International, which are also our reportable segments in accordance with IFRS 8. The segment measure of profitability reviewed by our chief operating decision maker is adjusted EBITDA. We define adjusted EBITDA as EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business. Adjusted EBITDA for the fiscal year ended December 31, 2018 has been adjusted for the effects resulting from IFRS 16 as if IFRS 16 had already been applied in the year ended December 31, 2018. This ensures that adjusted EBITDA for the fiscal year ended December 31, 2018 is comparable to adjusted EBITDA for the fiscal years ended December 31, 2019 and 2020 since IFRS 16 was adopted from January 1, 2019 onwards.

The following table provides certain financial information for our Germany segment and our International segment for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Germany					
External revenue	88.7	99.5	117.8	25.2	31.3
Inter-segment revenue	5.1	4.9	5.8	1.3	1.9

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018(1)	2019(1)	2020	2020	2021
		(audited) (in € million)		(unaudited) (in € million)	
Germany					
Segment revenue	**93.9**	**104.5**	**123.5**	**26.4**	**33.3**
Adjusted EBITDA(3)	2.7	4.7	7.6	(0.2)	1.2
International					
External revenue	34.1	39.7	46.4	9.9	13.1
Inter-segment revenue	0.5	0.3	0.7	0.1	0.1
Segment revenue	**34.6**	**40.0**	**47.1**	**9.9**	**13.1**
Adjusted EBITDA(3)	0.1	(0.3)	(0.9)	(0.7)	(0.4)
Reconciliation(2)					
Inter-segment revenue	*(5.7)*	*(5.2)*	*(6.4)*	*(1.3)*	*(2.0)*
Total revenue	**122.8**	**139.3**	**164.2**	**35.0**	**44.4**
Adjusted EBITDA(3)	—	—	—	—	—
Total adjusted EBITDA(3)	**2.9**	**4.4**	**6.8**	**(0.9)**	**0.7**

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2020.
(2) Includes the consolidation between the reportable segments.
(3) Adjusted EBITDA is EBITDA adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business.

9.7.1 Germany

9.7.1.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Segment revenue of our Germany segment increased by €6.9 million, or 26.1%, from €26.4 million in the three-month period ended March 31, 2020 to €33.3 million in the three-month period ended March 31, 2021, primarily driven by the roll-out of new stores and an increase in online sales.

Adjusted EBITDA of our Germany segment grew strongly by €1.4 million, from negative €0.2 million in the three-month period ended March 31, 2020 to €1.2 million in the three-month period ended March 31, 2021, primarily attributable to a strong online performance and our physical stores opened subsequent to March 31, 2020, which showed increasing profitability. Additional drivers of our adjusted EBITDA were the increase in revenue, the margin improvement due to the increasing share in sale of prescription glasses in our product mix.

9.7.1.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Segment revenue of our Germany segment increased by €19.0 million, or 18.2%, from €104.5 million in the fiscal year ended December 31, 2019 to €123.5 million in the fiscal year ended December 31, 2020, primarily driven by the roll-out of 16 new stores and increased online sales.

Adjusted EBITDA of our Germany segment grew strongly by €2.9 million, or 61.7%, from €4.7 million in the fiscal year ended December 31, 2019 to €7.6 million in the fiscal year ended December 31, 2020. This development is primarily attributable to a strong online performance and overall increasing profitability of our physical stores. Additional drivers of our adjusted EBITDA were the increase in revenue, the margin improvement due to the increasing share in sale of prescription glasses in our product mix and improvements in marketing and freight and fulfilment efficiency. We also benefited from income from reversal of personnel provisions and advertising subsidies.

9.7.1.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Segment revenue of our Germany segment increased by €10.6 million, or 11.3%, from €93.9 million in the fiscal year ended December 31, 2018 to €104.5 million in the fiscal year ended December 31, 2019, largely attributable to improvements in online sales and the roll out of eight new stores.

Adjusted EBITDA of our Germany segment grew strongly by €2.0 million from €2.7 million in the fiscal year ended December 31, 2018 to €4.7 million in the fiscal year ended December 31, 2019. Key drivers for this development were an improved gross profit margin, lower marketing costs as a percentage of revenue and ongoing optimizations of logistics processes to further reduce variable costs.

9.7.2 International

9.7.2.1 *Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020*

Segment revenue of our International segment increased by €3.2 million, or 32.3%, from €9.9 million in the three-month period ended March 31, 2020 to €13.1 million in the three-month period ended March 31, 2021 as a result of a strong online performance.

Adjusted EBITDA of our International segment increased from negative €0.7 million in the three-month period ended March 31, 2020 by €0.3 million to negative €0.4 million in the three-month period ended March 31, 2021, primarily due to the increasing share in sale of prescription glasses in our product mix.

9.7.2.2 *Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019*

Segment revenue of our International segment grew by €7.1 million, or 17.8%, from €40.0 million in the fiscal year ended December 31, 2019 to €47.1 million in the fiscal year ended December 31, 2020, primarily driven by the strong online performance of our platform.

Adjusted EBITDA of our International segment declined from negative €0.3 million in the fiscal year ended December 31, 2019 to negative €0.9 million in the fiscal year ended December 31, 2020, primarily due to increased marketing costs.

9.7.2.3 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Segment revenue of our International segment grew by €5.4 million, or 15.6%, from €34.6 million in the fiscal year ended December 31, 2018 to €40.0 million in the fiscal year ended December 31, 2019, driven by increased online sales.

Adjusted EBITDA of our International segment declined from €0.1 million in the fiscal year ended December 31, 2018 to negative €0.3 million in the fiscal year ended December 31, 2019, primarily due to increased marketing costs.

9.8 Financial Position

9.8.1 Assets

The following table provides an overview of our assets as of the reporting dates indicated:

	As of December 31,			As of March 31,
	2018	**2019**	**2020**	**2021**
		(audited) **(in € million)**		**(unaudited)** **(in € million)**
Goodwill	12.1	12.1	12.1	12.1
Intangible assets	10.3	11.4	13.9	14.3
Property, plant and equipment	6.7	9.2	15.3	15.8
Right-of-use assets	–	25.8	35.8	39.7
Investment in associates	–	–	2.4	2.3
Other financial assets	1.4	1.9	3.0	3.3
Non-current assets	**30.6**	**60.4**	**82.6**	**87.4**
Inventories(1)	14.2	14.6	17.6	24.7
Right of return assets	0.7	0.8	0.7	2.2
Trade receivables	1.7	1.4	1.3	1.4
Other financial assets	1.5	16.6	1.6	1.3
Other non-financial assets(2)	3.2	3.5	4.4	4.4
Cash and cash equivalents	8.8	23.3	14.5	10.8

	As of December 31,			As of March 31,
	2018	2019	2020	2021
		(audited) (in € million)		(unaudited) (in € million)
Current assets	**30.1**	**60.2**	**40.2**	**44.9**
Total assets	**60.7**	**120.6**	**122.7**	**132.3**

(1) Inventories includes raw materials, consumables and supplies in the amount €0.7 million as of December 31, 2020, €0.4 million as of December 31, 2019 and €0.3 million as of December 31, 2018 and merchandise in the amount of €16.9 million as of December 31, 2020, €14.2 million as of December 31, 2019 and €13.9 million as of December 31, 2018.

(2) Other non-financial assets include current income tax receivables, VAT receivables, prepayments and other receivables. Non-Current Assets.

9.8.1.1 *Non-current Assets*

9.8.1.1.1 March 31, 2021 Compared to December 31, 2020

Non-current assets increased from €82.6 million as of December 31, 2020 by €4.8 million, or 5.8%, to €87.4 million as of March 31, 2021 primarily due to the roll-out of new physical stores.

9.8.1.1.2 December 31, 2020 Compared to December 31, 2019

Non-current assets increased significantly by €22.2 million, or 36.8%, from €60.4 million as of December 31, 2019 to €82.6 million as of December 31, 2020 as a result of an increase in right-of-use assets due to the roll-out of additional stores (34 stores as of December 31, 2020 compared 18 stores as of December 31, 2019), investments in stores and logistics as well as increase in intangible assets mainly due to self-developed software.

9.8.1.1.3 December 31, 2019 Compared to December 31, 2018

Non-current assets increased substantially by €29.8 million, or 97.4%, from €30.6 million as of December 31, 2018 to €60.4 million as of December 31, 2019. As of January 1, 2019, right-of-use assets from leases, meaning the right to use assets over the life of a lease, of €20.0 million was recognized in non-current assets, which is depreciated over the term of the lease agreements. The carrying amount of the right-of-use assets as of December 31, 2019 came to €25.8 million. Further, the increase in non-current assets also stem from additions to intangible assets of €4.5 million and property, plant and equipment of €3.9 million in the fiscal year ended December 31, 2019.

9.8.1.2 *Current Assets*

9.8.1.2.1 March 31, 2021 compared to December 31, 2020

Current assets increased from €40.2 million as of December 31, 2020 by €4.7 million, or 11.7%, to €44.9 million as of March 31, 2021 as a result of increased inventories, increased right of return assets due to seasonal effects, partially offset by a decrease in cash and cash equivalents due to investments in inventories, property, plant and equipment and intangibles.

9.8.1.2.2 December 31, 2020 Compared to December 31, 2019

Current assets decreased by €20.0 million, or 33.2%, from €60.2 million as of December 31, 2019 to €40.2 million as of December 31, 2020 mainly due to cash in for receivables from the outstanding capital contribution in 2019.

9.8.1.2.3 December 31, 2019 Compared to December 31, 2018

Current assets doubled from €30.1 million as of December 31, 2018 to €60.2 million as of December 31, 2019. The most significant change in current assets as of December 31, 2019 compared to December 31, 2018 resulted from an unpaid contribution for the resolved capital increase of €14.9 million at year end of 2019 and the increase in cash and cash equivalents by €14.5 million to €23.3 million due to a capital increase completed in the summer of 2019.

9.8.2 Equity and Liabilities

The following table provides an overview of our equity and liabilities as of the reporting dates indicated:

	As of December 31,			As of March 31,
	2018	**2019**	**2020**	**2021**
		(audited)		**(unaudited)**
		(in € million)		**(in € million)**
Subscribed capital	1.0	1.1	1.2	1.2
Capital reserves[(1)]	76.5	101.5	116.0	116.4
Other reserves	(0.8)	(0.8)	(0.8)	(0.8)
Accumulated loss	(63.4)	(72.7)	(83.0)	(88.7)
Equity	**13.3**	**29.2**	**33.4**	**28.1**
Provisions	0.1	0.1	0.3	0.3
Liabilities to banks	24.6	28.6	—	—
Lease liabilities	—	23.0	31.7	35.1
Other financial liabilities	—	—	0.3	0.3
Other non-financial liabilities	0.9	0.6	0.3	0.3
Deferred tax liabilities	1.1	0.7	0.9	1.0
Non-current liabilities	**26.7**	**53.0**	**33.5**	**37.0**
Provisions	0.4	0.6	0.7	0.8
Trade payables	9.8	10.7	10.0	8.7
Refund liabilities	1.9	2.0	2.0	4.7
Lease liabilities	–	3.5	5.7	6.7
Liabilities to banks	2.4	0.3	30.3	30.7
Other financial liabilities	0.5	15.5	0.5	0.5
Contract liabilities	1.5	1.4	0.7	1.0
Other non-financial liabilities	4.2	4.5	5.9	14.2
Current liabilities	**20.7**	**38.5**	**55.8**	**67.3**
Total equity and liabilities	**60.7**	**120.6**	**122.7**	**132.3**

(1) Capital reserves include additional shareholder contributions in the amount of €14.9 million in the fiscal year ended December 31, 2020 and €24.5 million in the fiscal year ended December 31, 2019 as part of the capital increases resolved in fiscal year 2019, the capital increase was entered in the commercial register in January 2020. In addition, amounts from share-based payments in accordance with IFRS 2 amounting to €0.7 million in the fiscal year ended December 31, 2020, €1.1 million in the fiscal year ended December 31, 2019 and €0.1 million in the fiscal year ended December 31, 2018 were recognized. Furthermore, the option premium paid for the acquired purchase option related to the acquisition of shares in Tribe GmbH, which amounted to €0.7 million, was deducted from capital reserves pursuant to IAS 32 in the fiscal year ended December 31, 2020.

9.8.2.1 *Equity*

9.8.2.1.1 March 31, 2021 compared to December 31, 2020

Equity decreased from €33.4 million as of December 31, 2020 by €5.3 million, or 15.9%, to €28.1 million as of March 31, 2021 primarily attributable to the loss for the period.

9.8.2.1.2 December 31, 2020 Compared to December 31, 2019

Equity increased by €4.2 million, or 14.4%, from €29.2 million as of December 31, 2019 to €33.4 million as of December 31, 2020 primarily because of an increase in subscribed capital and capital reserves due to capital transactions resolved in 2019.

9.8.2.1.3 December 31, 2019 Compared to December 31, 2018

Equity increased substantially by €15.9 million from €13.3 million as of December 31, 2018 to €29.2 million as of December 31, 2019. The change in equity is primarily due to capital increases, recognition of share-based payments offset by the loss for the period.

9.8.2.2 *Non-Current Liabilities*

9.8.2.2.1 March 31, 2021 compared to December 31, 2020

Non-current liabilities increased from €33.5 million as of December 31, 2020 by €3.5 million, or 10.4%, to €37.0 million as of March 31, 2021 due to an increase in lease liabilities resulting from a higher number of stores.

9.8.2.2.2 December 31, 2020 Compared to December 31, 2019

Non-current liabilities decreased substantially by €19.5 million, or 36.8%, from €53.0 million as of December 31, 2019 to €33.5 million as of December 31, 2020 mainly due to the reclassification of a contractual repayment obligation related to liabilities to banks to current liabilities.

9.8.2.2.3 December 31, 2019 Compared to December 31, 2018

Non-current liabilities increased by €26.3 million, or 98.5%, from €26.7 million as of December 31, 2018 to €53.0 million as of December 31, 2019 as a result of the first-time recognition of the non-current lease liabilities in accordance with the first-time adoption of IFRS 16 as of January 1, 2019 and the recognition of the non-current second tranche of a term loan facility in the amount of €2.5 million in 2019.

9.8.2.3 *Current Liabilities*

9.8.2.3.1 March 31, 2021 compared to December 31, 2020

Current liabilities increased from €55.8 million as of December 31, 2020 by €11.5 million, or 20.6%, to €67.3 million as of March 31, 2021 driven by the increase in refund liabilities due to seasonal effects and the increase in other non-financial liabilities resulting from higher provisions for outstanding invoices, VAT liabilities and accrued personnel-related expenses.

9.8.2.3.2 December 31, 2020 Compared to December 31, 2019

Current liabilities increased by €17.3 million, or 44.9%, from €38.5 million as of December 31, 2019 to €55.8 million as of December 31, 2020 as a result of the increase of current liabilities to banks, which is only partially offset by a decrease in current other financial liabilities due to cash payments from outstanding capital contributions resolved in 2019 in the amount of €14.9 million.

9.8.2.3.3 December 31, 2019 Compared to December 31, 2018

Current liabilities increased by €17.8 million, or 86.0%, from €20.7 million as of December 31, 2018 to €38.5 million as of December 31, 2019 due to an outstanding contribution of €14.9 million from the resolved capital increase in 2019, which was paid in full only in 2020, and the recognition of the current portion of lease liabilities in accordance with the first-time adoption of IFRS 16 as of January 1, 2019.

9.9 Liquidity and Capital Resources

As of March 31, 2021, we had cash and cash equivalents of €10.8 million. Our cash and cash equivalents consist primarily of cash in bank accounts and cash in hand.

Since our inception, we have financed our operations primarily through equity issuances, debt and cash received from our customers. Our primary requirements for liquidity and capital are to finance working capital, capital expenditures and general corporate purposes. Our capital expenditures consist primarily of investments in in-house developed software as well as investments in our logistics and furniture and fittings for our new physical stores. We believe, based on our current operating plan, that our existing cash and cash equivalents, together with cash flows from operating activities, will be sufficient to meet our anticipated cash needs for working capital, capitals expenditures, general corporate needs and business expansion for at least the next twelve months. Although we believe that upon the completion of this Offering, we will have sufficient cash and cash equivalents to cover our working capital needs in the ordinary course of business and to continue to expand our business, we may, from time to time, explore additional financing sources.

9.9.1 Consolidated Statement of Cash Flows

The following table provides a breakdown of our cash flows for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	2019	2020	2020	2021
	(audited) (in € million)			(unaudited) (in € million)	
Operating activities					
Loss for the period	**(10.7)**	**(9.3)**	**(10.3)**	**(4.6)**	**(5.7)**
Adjustments for					
Finance income	(0.2)	(0.1)	(0.4)	(0.0)	(0.2)
Finance costs	5.3	4.3	5.1	1.3	1.3
Income tax expense	0.4	0.1	0.4	0.2	0.1
Amortization of intangible assets	2.9	3.4	3.2	0.6	1.1
Depreciation of property, plant and equipment	1.2	1.4	2.0	0.4	0.6
Depreciation of right-of-use assets	–	3.5	5.7	1.2	1.8
Non-cash expenses for share-based payments	0.1	1.1	0.7	0.2	0.4
Increase (+) / decrease (-) in non-current provisions	0.1	0.0	0.1	0.0	0.0
Increase (-) / decrease (+) in inventories	0.7	(0.4)	(3.0)	(7.5)	(7.1)
Increase (-) / decrease (+) in other assets	3.2	(15.7)	12.8	14.0	(1.6)
Increase (+) / decrease (-) in trade payables and other liabilities	(1.8)	15.6	(15.0)	(16.8)	10.1
Share in loss of associates	–	–	0.1	–	0.1
Income tax paid	(0.2)	(0.3)	(0.0)	–	–
Interest paid	(4.5)	(2.5)	(3.0)	(0.7)	(0.8)
Interest received	0.0	0.0	0.0	–	–
Cash flow from operating activities	**(3.4)**	**1.2**	**(1.6)**	**(11.8)**	**0.1**
Investing activities					
Purchase of investments in associates	–	–	(2.5)	–	–
Purchase of equity instruments	–	–	(0.7)	–	–
Investments in property, plant and equipment	(2.4)	(3.9)	(8.1)	(3.5)	(1.1)
Investments in intangible assets	(4.0)	(4.5)	(5.7)	(1.2)	(1.4)
Cash flow from investing activities	**(6.4)**	**(8.3)**	**(17.1)**	**(4.7)**	**(2.4)**
Financing activities					
Cash received from capital increases, net of transaction costs	4.0	24.0	14.6	14.6	–
Cash received for the resolved capital increase	0.0	0.1	–	–	–
Cash received from liabilities to banks	32.0	2.5	–	–	–
Repayments of liabilities to banks	(23.6)	(2.1)	(0.3)	–	–
Payment of principal portion of lease liabilities	–	(2.8)	(4.4)	(1.0)	(1.4)
Cash flow from financing activities	**12.3**	**21.7**	**9.9**	**13.6**	**(1.4)**
Net increase (+) / decrease (-) in cash and cash equivalents(1)	**2.6**	**14.5**	**(8.8)**	**(2.9)**	**(3.7)**
Effects of exchange rate changes on cash	0.0	–	–	–	–
Cash and cash equivalents at the beginning of the period	6.2	8.8	23.3	23.3	14.5
Cash and cash equivalents at the end of the period	**8.8**	**23.3**	**14.5**	**20.4**	**10.8**

(1) In the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2018 and 2019 shown as net increase in cash.

9.9.1.1 *Cash Flow from Operating Activities*

9.9.1.1.1 Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020

Cash flow from operating activities changed from a cash outflow of €11.8 million in the three-month period ended March 31, 2020 to a cash inflow of €0.1 million in the three-month period ended March 31, 2021, notwithstanding a higher loss for the period due to a decrease in working capital.

9.9.1.1.2 Comparison of the Fiscal Years ended December 31, 2020 and December 31, 2019

Cash flow from operating activities changed from a cash inflow of €1.2 million in the fiscal year ended December 31, 2019 to a cash outflow of €1.6 million in the fiscal year ended December 31, 2020 primarily due to an increase in working capital, attributable in part to an increase in inventories in connection with increased orders of materials in 2020 based on anticipated shortages related to negative impacts on supply chains attributable to the situation in the context of the COVID-19 pandemic.

9.9.1.1.3 Comparison of the Fiscal Years ended December 31, 2019 and December 31, 2018

Cash flow from operating activities improved from a cash outflow of €3.4 million in the fiscal year ended December 31, 2018 to a cash inflow of €1.2 million in the fiscal year ended December 31, 2019. The improvement was due to the lower loss for the period, after deduction of non-cash items and lower interest paid, partially offset by an increase in working capital.

9.9.1.2 *Cash Flow from Investing Activities*

9.9.1.2.1 Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020

The cash flow from investing activities improved from a cash outflow of €4.7 million in the three-month period ended March 31, 2020 to a cash outflow of €2.4 million in the three-month period ended March 31, 2021 primarily due to the reduced investments in our store equipment, logistic infrastructures as well as other operating and office equipment.

9.9.1.2.2 Comparison of the Fiscal Years ended December 31, 2020 and December 31, 2019

Cash outflows from investing activities increased by €8.8 million from €8.3 million in the fiscal year ended December 31, 2019 to €17.1 million in the fiscal year ended December 31, 2020 mainly due to investments in the roll-out of stores and the acquisition of shares in Tribe GmbH.

9.9.1.2.3 Comparison of the Fiscal Years ended December 31, 2019 and December 31, 2018

Cash outflows from investing activities increased by €1.9 million, or 29.7%, from €6.4 million in the fiscal year ended December 31, 2018 to €8.3 million in the fiscal year ended December 31, 2019 mainly due to investments in shop fittings, the logistics infrastructure, internally developed software and other equipment, furniture and fixtures.

9.9.1.3 *Cash Flow from Financing Activities*

9.9.1.3.1 Comparison of the Three-Month Periods Ended March 31, 2021 and March 31, 2020

The cash flow from financing activities decreased substantially from a cash inflow of €13.6 million in the three-month period ended March 31, 2020 to a cash outflow of €1.4 million in the three-month period ended March 31, 2021, which is the result of the capital increase carried out in the three-month period ended March 31, 2020.

9.9.1.3.1 Comparison of the Fiscal Years ended December 31, 2020 and December 31, 2019

The cash flow from financing activities decreased by €11.8 million from €21.7 million in the fiscal year ended December 31, 2019 to €9.9 million in the fiscal year ended December 31, 2020 primarily due to a lower amount of cash received from capital increases in 2020 compared to 2019.

9.9.1.3.2 Comparison of the Fiscal Years ended December 31, 2019 and December 31, 2018

The cash flow from financing activities increased by €9.4 million, or 76.4%, from €12.3 million in the fiscal year ended December 31, 2018 to €21.7 million in the fiscal year ended December 31, 2019, which is primarily attributable to a higher amount of cash received from capital increases, a lower cash received from liabilities to banks and a decrease in repayments of liabilities to banks in 2019 compared to 2018.

9.9.2 Capital Expenditures

Our capital expenditures are defined as purchase of investments in associates, investments in property, plant and equipment and investments in intangible assets as shown in our consolidated statement of cash flows.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of the consolidated statement of financial position and the consolidated statement of cash flows of the Company prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

9.9.2.1 *Our Past Capital Expenditures*

The following table provides a breakdown of our capital expenditures for the periods presented:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited, unless stated otherwise) (in € million)			(unaudited) (in € million)	
Purchase of investments in associates	–	–	2.5	–	–
Investments in property, plant and equipment	2.4	3.9	8.1	3.5	1.1
Investment in intangible assets	4.0	4.5	5.7	1.2	1.4
Capital expenditures (unaudited)	**6.4**	**8.4**	**16.3**	**4.7**	**2.5**

In the three-month period ended March 31, 2021, our capital expenditures amounted to €2.5 million, with the majority relating to payments for investment in property, plant and equipment, which comprised investments in our store equipment, logistic infrastructures as well as other operating and office equipment.

In the fiscal year ended December 31, 2020, our capital expenditures amounted to €16.3 million, mostly relating to investment in intangible assets (€5.7 million) and property, plant and equipment (€8.1 million), which reflect primarily our investments in in-house developed software as well as investments in our logistics and furniture and fittings for our stores. Our capital expenditures in 2020 also includes purchase of investments in associates of €2.5 million.

Our capital expenditures amounted to €8.4 million in the fiscal year ended December 31, 2019, comprising investments in intangible assets (€4.5 million) and property, plant and equipment (€3.9 million).

In the fiscal year ended December 31, 2018, our capital expenditures amounted to €6.4 million and comprised investments in intangible assets (€4.0 million) and property, plant and equipment (€2.4 million).

9.9.2.2 *Our Current and Future Capital Expenditures*

Between March 31, 2021 and the date of this Prospectus, our capital expenditures amounted to approximately €2.4 million, primarily for investments in stores (€0.7 million), technology (€0.8 million), logistics/operations (€0.4 million) – others including PPE and software.

As of the date of this Prospectus, the Management Board has resolved on future capital expenditures in an aggregate amount of approximately €15 million for the fiscal year ending December 31, 2021, comprising growth capital expenditures of €14 million (store rollouts, technology, logistic expansion and automation) and maintenance capital expenditures of €1.0 million mainly for other tangible assets (hardware & other).

We expect that these capital expenditures will predominantly be invested in Germany and plan to finance them from a portion of the net proceeds of the Offering.

9.9.3 Financial Liabilities

Financial liabilities mainly include current and non-current liabilities to banks, trade payables and refund liabilities to customers from anticipated returns.

As of December 31, 2020, financial liabilities had the following maturities based on the contractually agreed amounts.

As of December 31, 2020	Up to 1 year	1 to 5 years	More than 5 years	Total
		(audited) (in € million)		
Liabilities to banks	30.3	–	–	30.3
Trade payables	10.0	–	–	10.0
Refund liabilities	2.0	–	–	2.0
Other financial liabilities	0.5	0.3	–	0.8
Financial liabilities	**42.7**	**0.3**	**–**	**43.1**

9.10 Other Financial Obligations

The Mister Spex Group rents office, warehouse and store space under non-cancelable leases with terms of up to 10 years.

The following table shows the total future minimum lease payments under non-cancelable leases classified as non-lease components as well as other financial obligations:

	As of December 31,		
	2018	2019	2020
		(audited) (in € million)	
Up to one year	–	3.7	3.8
Between one and five years	–	3.8	3.1
More than five years	–	0.8	0.8
Total commitments	**–**	**8.3**	**7.7**

Furthermore, under the shareholders' agreement of Tribe GmbH, the Company is required to provide loans to the company totaling €4.3 million over the next three fiscal years and to make payments in connection with license agreements totaling €0.4 million to Tribe GmbH.

9.11 Financial Risk Management

In the ordinary course of business, the Mister Spex Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk).

The financial instruments used by the Mister Spex Group comprise current and non-current liabilities to banks, cash and cash equivalents and factoring instruments which serve to finance its business activities.

Mister Spex Group management is responsible for managing the risks and develops principles for overall risk management. The significant risks are presented below:

9.11.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The risk of default is very low due to the payment structures. By way of factoring agreements, the Mister Spex Group has transferred the del credere risk for sales by invoice and direct debit to third parties in full. No default risk arises from payments via the service provider PayPal or payments in advance. Credit card risks are closely monitored and managed.

With regard to other financial assets that are neither past due nor impaired on the reporting date March 31, 2021, there were no indications that the customers will be unable to meet their payment obligations.

9.11.2 Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations. The Mister Spex Group is exposed to the risk of daily calls on its available cash resources. Liquidity risk is managed by the management of the Company.

The Mister Spex Group manages liquidity development in the course of annual budgeting and on a monthly basis.

The Mister Spex Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and lease contracts.

As of December 31, 2020, the current liabilities of the Mister Spex Group (€55.8 million; December 31, 2019: €38.5 million) exceeded its current assets (€40.2 million; December 31, 2019: €60.2 million) by €15.6 million. The Mister Spex Group's liquidity portfolio comprises cash and cash equivalents in the amount of €14.5 million as of December 31, 2020 (December 31, 2019: €23.3 million).

As of December 31, 2020, the Mister Spex Group's current financial liabilities amounted to €30.7 million (December 31, 2019: €15.8 million) and consisted exclusively of short-term liabilities due within one year. The current financial liabilities comprise liabilities to banks and other financial liabilities. As of December 31, 2020, there were no non-current liabilities to banks (December 31, 2019: €28.6 million). This change in financial liabilities is attributable to the reclassification of liabilities to banks that were due on May 1, 2021. Based on the underlying covenant, the Mister Spex Group is obliged to hold cash and cash equivalents at all times in an amount of €2.0 million.

As of December 31, 2020, there were undrawn credit facilities for Nordic Eyewear AB of SEK 8.0 million. Most of the credit facilities totaling €8.0 million available to the Company as of December 31, 2019, have either expired (€5.0 million) or have been terminated (€2.5 million).

9.11.3 Currency Risk

Mister Spex Group operates internationally and is exposed to foreign exchange risk arising from currency positions, primarily with respect to the Swedish krona (SEK), the Norwegian krona (NOK), the Swiss franc (CHF) and the British pound (GBP). Currency risk arises from future commercial transactions and assets and liability positions.

There are two kinds of currency risk. While translation risk describes the risk of exchange differences leading to changes in the items of the statement of financial position and income statement of a subsidiary when the local separate financial statements are translated into the group currency, transaction risk represents exchange differences at transaction level. Exchange differences resulting from translation risk are presented in equity.

The sensitivity of the transaction risk can be presented as follows: if the Euro had appreciated by 5% against the foreign currencies presented above as of December 31, 2020, earnings before taxes would have been €0.6 million (as of December 1, 2019: €0.5 million) lower. If the Euro had depreciated by 5%, earnings before taxes would have been €0.6 million (as of December 31, 2019: €0.5 million) higher.

9.11.4 Interest Risk

The interest rates of the loan agreements are contractually agreed. The interest rate of each loan arises from the sum of several fixed components and one variable component. The variable component depends on the one-month EURIBOR limit being exceeded. Compared with prior years, the one-month EURIBOR is currently significantly below the limit and therefore no interest rate risk is expected from this development.

9.12 Capital Management

The Mister Spex Group is not subject to any obligations to preserve capital either under the articles of incorporation and by-laws or contractual provisions. The financial ratios used for corporate management are largely performance-oriented. The capital management objectives, methods and processes are geared to achieving the performance-based financial ratios with the overarching goal to support business growth and secure the Company's continued existence in the long term. The flexibility needed in the provision of funds requires a healthy financial structure with a focus on equity. As debt instruments are already being used, capital management comprises equity and debt capital.

The key performance indicator for active capital management is the free cash flow comprising the sum of cash flows from operating activities and investing activities as well as payment of principal portion of lease liabilities. Free cash flow is a key indicator for changes in the liquidity situation. For the fiscal year ended December 31, 2020, free cash flow came to negative €23.1 million (fiscal year ended December 31, 2019: negative €9.9 million), resulting from negative development in cash flow from operating activities (cash inflow of €1.2 million in 2019 compared to a cash outflow of €1.6 million in 2020), negative development of cash flow from investing activities (cash outflow of €8.3 million in 2019 compared to a cash outflow of €17.1 million in 2020), which is mainly related to investments in property, plant and equipment due to 16 additional physical store rollouts as well as investment in associates related to Tribe GmbH, and negative development in payment of principal portion of lease liabilities (cash outflow of €2.8 million in 2019 compared to a cash outflow of €4.4 million in 2020).

Management's targets for this key indicator were achieved in the fiscal year ended December 31, 2020 and in the prior fiscal year ended December 31, 2019.

9.13 Significant Accounting Policies

The preparations of our consolidated financial statements in accordance with IFRS require our management to make judgements, estimates and assumptions that affect the reported amounts of revenue, income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

For information on our significant accounting policies, please see the notes to our consolidated financial statements as of and for the fiscal year ended December 31, 2020 included in pages F-18 et seq.

9.14 Amendments and New Accounting Pronouncements

As of 1 January 2020, the Mister Spex Group applied all standards and amendments for the first time that became effective as of that date in its consolidated financial statements as of and for the fiscal year ended December 31, 2020. However, these do not have a significant impact on the consolidated financial statements as of and for the fiscal year ended December 31, 2020:

- Amendments to References to the Conceptual Framework in IFRSs;
- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform; and
- Amendments to IAS 1 and IAS 8: Definition of Material.

9.14.1 New accounting pronouncements that have not yet been applied

The Mister Spex Group does not plan early application of the following standards and interpretations that will only become effective in future fiscal years. The Mister Spex Group does not expect their application to have a material impact on its consolidated financial statements:

- Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9 (first-time application: reporting periods beginning on or after January 1, 2021); and
- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (first-time application: reporting periods beginning on or after January 1, 2021).

9.14.2 New standards and interpretations that are not yet effective

The following standards have not yet been endorsed by the European Union. The Mister Spex Group has not yet applied these standards and does not expect them to have any impact on its consolidated financial statements:

- IFRS 17 *Insurance Contracts* (including amendments to IFRS 17);
- Amendments to IFRS 3: References to the Conceptual Framework;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (including deferral of the effective date);
- Amendments to IAS 16: *Property, Plant and Equipment* – Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; and
- Annual Improvements to IFRSs 2018-2020.

9.15 Additional Information from the Audited Financial Statements prepared in accordance with the German Generally Accepted Accounting Principles of the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal year ended December 31, 2020

Certain information from the audited financial statements of the Company as of and for the fiscal year ended December 31, 2020, prepared in accordance with German generally accepted accounting principles of the HGB, is presented below. Accounting principles set forth in the HGB differ from IFRS in material respects.

In the fiscal year ended December 31, 2020, the Company's revenue amounted to €144.6 million, compared to revenue of €119.8 million in the fiscal year ended December 31, 2019.

The Company's net loss for the year amounted to €7.0 million in the fiscal year ended December 31, 2020, compared to €6.7 million in the fiscal year ended December 31, 2019.

The Company's equity amounted to €49.1 million as of December 31, 2020, compared to €41.2 million as of December 31, 2019.

The Company's liabilities amounted to €41.6 million as of December 31, 2020, compared to €40.8 million as of December 31, 2019.

For further information on the Company's audited financial statements as of and for the fiscal year ended December 31, 2020, see pages F-13 et seq. of this Prospectus.

10. PROFIT FORECAST

This forecast for the adjusted EBITDA of Mister Spex AG (the "**Company**") and its consolidated subsidiaries ("**Mister Spex Group**", "**we**", "**us**" or "**our**") prepared by the Company for the fiscal year ending December 31, 2021 (the "**Fiscal Year 2021**") (hereinafter referred to as **"Adjusted EBITDA"** or "**Adjusted EBITDA Forecast 2021**" and, together with the explanatory notes, the "**Profit Forecast**") is not a representation of facts and should therefore not be interpreted as such by prospective investors.

This Profit Forecast is like any other forward-looking statement necessarily based on assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Mister Spex Group's control and upon assumptions with respect to future business decisions subject to change.

The Profit Forecast is based on the factors and assumptions made by the Company's management board (*Vorstand*) with respect to the development of Adjusted EBITDA as set out below under "*10.3 Explanatory Notes to the Adjusted EBITDA Forecast 2021*". These assumptions relate to (i) factors that are beyond Mister Spex Group's control and (ii) factors that can be influenced to a certain extent by the Mister Spex Group. Although the Company believes that these factors and assumptions are reasonable on the date on which the Profit Forecast is prepared, they may be subsequently proved to be inappropriate or incorrect. If one or more assumptions prove to be inappropriate or incorrect, the actual Adjusted EBITDA of the Mister Spex Group for the Fiscal Year 2021 may deviate materially from the Adjusted EBITDA Forecast 2021. Accordingly, prospective investors should treat this information with caution and should not place undue reliance in this Profit Forecast.

10.1 Definition of Adjusted EBITDA

We use Adjusted EBITDA as a key performance indicator to manage our business and we believe Adjusted EBITDA to be indicative of our operating performance. We understand that this measure is broadly used by analysts, investors and other interested parties in evaluating our performance in our industry.

The measure Adjusted EBITDA is not recognized under International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and should not be considered as a substitute for profit or loss for the period, cash flow from operating activities or any other performance indicator as determined or defined by IFRS. The way we measure Adjusted EBITDA may not be consistent with the way other companies determine these measures, similar measures or measures with similar names. Accordingly, Adjusted EBITDA as presented herein may not be comparable to these measures, similar measures or measures with similar names as presented by other companies.

For the purpose of this Profit Forecast, Adjusted EBITDA is defined as follows: Loss for the period before income taxes, financial result (finance income and finance costs), share in profit or loss of associates and amortization and depreciation, adjusted for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs and other effects that are not part of the normal course of business.

The following table provides a reconciliation of the Mister Spex Group's loss for the period to the Mister Spex Group's Adjusted EBITDA:

	Loss for the period
+	Income taxes (income tax expenses (+)/income tax income (-))
+	Financial result (finance income (-) and finance costs (+))
+/-	Share in profit (-)/loss (+) of associates
+	Amortization and depreciation
	EBITDA
+	Share-based compensation expenses pursuant to IFRS 2[1)]
+	One-off transformation costs[2)]
+/-	Other effects[3)]
	Adjusted EBITDA

1) Share based compensation expenses pursuant to IFRS 2 relate to our Employee Stock Ownership Plans.
2) One-off transformation costs relate to IPO costs and other costs related to the change of corporate form, refinancing costs and severance costs.
3) Other effects summarize items that are not part of the normal course of business.

10.2 Profit Forecast of the Mister Spex Group for the Fiscal Year 2021

Based on the current developments in the Fiscal Year 2021 and the assumptions detailed below in "*10.3 Explanatory Notes to the Adjusted EBITDA Forecast 2021*", the Company expects Adjusted EBITDA of the Mister Spex Group for the Fiscal Year 2021 to increase in comparison to Adjusted EBITDA for the fiscal year ended December 31, 2020, which amounted to €6.8 million.

10.3 Explanatory Notes to the Adjusted EBITDA Forecast 2021

10.3.1 Basis of Preparation

The Profit Forecast was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V.* – "**IDW**") in IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung* (IDW RH HFA 2.003)).

Although Adjusted EBITDA is not an IFRS measure of profit or loss for the period, operating performance or liquidity, this Profit Forecast was prepared based on IFRS. With respect to the accounting policies applied, reference is made to the notes to the condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2021, prepared in accordance with IFRS on interim financial reporting (IAS 34), in connection with the notes to the consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2020, prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch*).

The Profit Forecast has been compiled and prepared on a basis which is both (i) comparable with the historical financial information of the Mister Spex Group included in this Prospectus, and (ii) consistent with the Company's accounting policies.

The Profit Forecast has been prepared solely for the inclusion in this Prospectus and represents our best estimate as of the date of the Profit Forecast (June 18, 2021). In preparing the Profit Forecast, based on our assessment, we have considered the relevant factors for the operational and financial performance of the Mister Spex Group. The expected development of these factors is based on assumptions made by the Company's management board which are set forth below.

10.3.2 Factors beyond the Mister Spex Group's control and related assumptions

The Company's Adjusted EBITDA Forecast 2021 is subject to factors beyond the Mister Spex Group's control. These factors, and our assumptions about their development and impact, are set out below.

10.3.2.1 *Unforeseen events such as force majeure*

For purposes of the Adjusted EBITDA Forecast 2021, we assume that no significant unforeseeable events such as force majeure including fires, floods, hurricanes, storms, earthquakes and cyber-attacks, strikes, extraordinary macroeconomic or geopolitical events or war, terrorist attacks or a further pandemic (such as the SARS-CoV-2 ("**COVID-19**") pandemic, please refer to factor "*10.3.2.4 COVID-19 pandemic and economic development*" in this section) will occur that could lead to significant constraints in the ongoing business operations of the Mister Spex Group.

10.3.2.2 *Legislative and other regulatory measures*

We are required to comply with a wide range of laws and regulations in the markets we operate in, relating to e.g. consumer and data protection laws, regulations governing e-commerce and competition laws and, among other things, the sale of prescription glasses, sunglasses and contact lenses, the use of the internet in general and the e-commerce sector in particular, online payments, consumer protection, data protection and employment matters, and the application of such laws and regulations by local authorities may vary. For the purpose of the Adjusted EBITDA Forecast 2021, we estimate that no changes in the current legal and regulatory framework will occur in the Fiscal Year 2021 or that any changes in the legal and regulatory framework will have no material impact and that we will be in compliance with all laws and regulations. Moreover, for the purpose of the Adjusted EBITDA Forecast 2021, we estimate that we will incur no material penalties from any litigation and regulatory proceedings, including tax proceedings.

10.3.2.3 *Development of the eyewear market and increasing online penetration*

As a European platform for the purchase and customization of eyewear, comprising prescription glasses, sunglasses, contact lenses and contact lens care products, we are generally affected by the macroeconomic environment and the overall development of the market for eyewear products and services in Europe. In this context the most relevant markets for the Mister Spex Group are Germany, Austria, Switzerland, Finland, France, the Netherlands, Norway, Spain, Sweden and the United Kingdom. The overall development of the market for eyewear products, like any other consumer vertical, is affected by the general macroeconomic environment.

Specifically, the European eyewear market is expected to slightly grow in the Fiscal Year 2021. The German eyewear market is expected to remain on a stable level at a sales volume of €6.2 billion in the Fiscal Year 2021. This expectation is based on an aging population across Europe, which is expected to result in greater demand for prescription lenses. Moreover, an increasingly digital screen-based lifestyle resulting in a higher number of people suffering from myopia and greater awareness of visual impairments. An additional reason could be that glasses are no longer only a medical necessity, but also a fashion statement.

In the light of the spread and persistence of the COVID-19 pandemic and the resulting impact on the demand for glasses, the positive effect of growing online penetration on the Mister Spex Group in the fiscal year ended December 31, 2020 was even more pronounced than expected. For the Adjusted EBITDA Forecast 2021, we estimate that online penetration for eyewear market sales continues to increase.

10.3.2.4 *COVID-19 pandemic and economic development*

The COVID-19 pandemic has resulted in a deterioration of the political, socio-economic and financial situation in Europe and Germany. With the global COVID-19 pandemic still ongoing, the overall economy, the markets in which the Mister Spex Group operates and the Mister Spex Group’s business have been negatively affected. While we experienced a decline of customer traffic and sales at our physical stores (offline business) in the fiscal year ended December 31, 2020 as a result of governmental measures to contain the spread of the virus, such as mandatory store closures and other COVID-19-pandemic related restrictions introduced by the German government, we recorded a material increase in the share of online sales (online business) as a share of our total eyewear sales, in particular of prescription glasses, as we were well positioned to benefit from an increasing willingness on the part of consumers to purchase eyewear online.

In the event of another lockdown caused by the COVID-19 pandemic, the impact on the overall economy, on the markets in which the Mister Spex Group operates and on the Mister Spex Group’s business cannot be reasonably estimated or reliably quantified at this time. Therefore, we point out that this could also have an impact on our Adjusted EBITDA Forecast 2021. However, for the purpose of the Adjusted EBITDA Forecast 2021 we anticipate further strong growth in the online business, which, if the COVID-19 pandemic causes further cutbacks in the offline business, will be able to offset these shortfalls on Adjusted EBITDA level of the Mister Spex Group.

10.3.2.5 *Competition*

For the purposes of the Adjusted EBITDA Forecast 2021, we assume that the competitive environment in the markets in which the Mister Spex Group operates will remain generally unchanged in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020.

10.3.2.6 *Dependency on third parties*

We work with several third parties, in particular with suppliers and providers for logistic services. Given that these third parties are independent from us, we have only limited or no control over their operations. As we expect an increasing demand for our products, we also see an increasing risk of supply bottlenecks or delays. For purposes of the Adjusted EBITDA Forecast 2021, we assume that dependency on third parties will remain generally unchanged compared to the fiscal year ended December 31, 2020.

10.3.2.7 *IT-Systems and information*

The operations of the Mister Spex Group are dependent on the integrity and security of IT systems and management of information. Hacking or other cybersecurity threat could lead to data loss and/or disruption to business, which could adversely affect the operations of the Mister Spex Group and relationships with customers. Internal interruptions in the IT environment, such as in the merchandise and logistics areas, also have a significant impact on the performance of the Mister Spex Group and could result in a short-term decline in revenue.

For the purpose of the Adjusted EBITDA Forecast 2021, we assume there will be no significant increase in risk of cybercrime as well as hacker attacks or internal interruptions which could influence the business operations of the Mister Spex Group in comparison to the fiscal year ended December 31, 2020.

10.3.2.8 *Foreign currency rates*

The Mister Spex Group is subject to foreign currency risks caused by currency fluctuations due to foreign exchange risks within these geographical markets. As such, movements in exchange rates will mainly impact the level of reported revenue and the underlying expenses. For the purpose of the Adjusted EBITDA Forecast 2021, we assume the following exchange rates (on average) based on our internal estimates for the most important currencies.

Currency rates	**Fiscal Year 2021**
NOK/EUR	10.9073
SEK/EUR	10.4853
CHF/EUR	1.0787
GBP/EUR	0.9072

10.3.3 Factors that can be influenced by the Mister Spex Group to a certain extent and related assumptions

In addition to the factors and assumptions that are beyond the Mister Spex Group's control, the Adjusted EBITDA Forecast 2021 is subject to factors that can be influenced by us to a certain extent. These factors, and our assumptions about their development, are described below:

10.3.3.1 *Market share*

The European optical market is very large and, in our opinion, still offers many development opportunities for omnichannel providers. Transferring the Mister Spex Group's business model to other markets offers what we believe great opportunities for future sales growth. Further growth can be expected in the optical market and in online retailing. Therefore, the Mister Spex Group intends to further expand its market share in the European market.

A key factor for our performance is the continuous development of our online business. The Mister Spex Group operates its own national and international websites and sells prescription glasses, sunglasses, contact lenses, and contact lens care products via its country-specific online stores (online business). Additionally, the Mister Spex Group operates its own physical stores and offers free services, such as eye exams and adjustments. A key factor in this will be the expansion of the omnichannel strategy and thus the opening of further physical retail stores in order to build up a comprehensive offline network as well. By the end of the fiscal year ended December 31, 2020, the Mister Spex Group operated a total of 34 physical stores across Germany (offline business). Against this background, for the purpose of the Adjusted EBITDA Forecast 2021, we assume that our market share will moderately grow in Fiscal Year 2021 in Germany as well as internationally compared to the fiscal year ended December 31, 2020.

10.3.3.2 *Revenue*

Demand for our products generated by new and existing customers is a key driver affecting our revenue. We currently intend to increase the penetration in our markets by enlarging our customer base and expanding our omnichannel business model, for example, by conducting online performance marketing, building our brand across multiple marketing channels, driving brand positioning, building and tracking and adding additional stores. In addition, we seek to increase the retention of active customers by focusing on providing our customers with more personalized, demand-based content and customized products and services. In parallel, a broader product portfolio enables us to benefit from cross-selling potential such as offering various lens types and care products to increase revenue per customer.

We expect that Mister Spex Group's revenue will grow in a similar range in Fiscal Year 2021 compared to the fiscal year ended December 31, 2020, driven by a continuous increase of online penetration, e.g. driven by the use of mobile devices (tablets and smartphones), an expected increase in the number of website visits per year due to specific marketing measures and an improvement of conversion rates in all product categories, as a result of an improved shopping experience. Moreover, the average sales price per order is expected to increase in the Fiscal Year 2021 in comparison to the fiscal year ended December 31, 2020 due to an expected change of product mix, shifting to higher-priced eyewear e.g. multifocal prescription glasses. Additionally, we expect to increase the number of own physical stores to continue to address new customer groups, gain more potential customers overall to use our seamless omnichannel platform and also accelerate the shift in our product mix to prescription glasses.

Against this background, for the purpose of the Adjusted EBITDA Forecast 2021, we expect similar growth compared to the fiscal year ended December 31, 2020 for both of our segments, Germany and International.

10.3.3.3 *Cost of materials*

Cost of materials include the cost of sourcing and production of inventories and represent the largest share of our cost base. The composition of our product mix comprising prescription glasses, sunglasses and contact lenses, consequently affects our total costs of materials. For the Fiscal Year 2021 we assume a moderate increase of total costs of materials compared to the fiscal year ended December 31, 2020 as a result of growth of revenue. However, as a percentage of revenue cost of materials are expected to decline in the Fiscal Year 2021, driven by the expected change of the product mix to higher-margin eyewear e.g. multifocal prescription glasses and sunglasses, which account for a significant share of anticipated revenue for Fiscal Year 2021.

Against this background, for purpose of the Adjusted EBITDA Forecast 2021, the Mister Spex Group assumes that cost of materials as a percentage of revenue will slightly decrease compared to the fiscal year ended December 31, 2020.

10.3.3.4 *Personnel expenses*

Personnel expenses primarily consist of personnel overhead costs incurred in central functions such as Finance, HR and Marketing, store related personnel costs, personnel customer service costs and personnel handling costs.

Personnel expenses (overheads) refer to personnel costs incurred in central functions such as Finance, HR and Marketing. For the Fiscal Year 2021, we assume a significant increase of total personnel expenses (overhead) compared to the fiscal year ended December 31, 2020 because of new hires in view of the growth of revenue, a further internationalization and the upcoming initial public offering of the Company. For the purpose of the Adjusted EBITDA Forecast 2021, we assume that personnel expenses (overheads) as percentage of revenue to moderately increase compared to the fiscal year ended December 31, 2020.

Store related personnel costs refer to personnel expenses for our offline business and these costs are planned in absolute numbers per store. For the purpose of the Adjusted EBITDA Forecast 2021, we assume a significant increase in store related personnel costs in the Fiscal Year 2021, due to the planned expansion of the store portfolio. On a per order level costs are expected to moderately decrease in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020.

Handling costs are part of the personnel expenses and relate to costs for receiving, segregating and storing the products we receive from our suppliers and costs for picking our products for shipments to our customers as well as edging and mounting frames and processing customer returns. These costs are planned on a cost per order basis. We assume a slight decrease in personnel handling costs per order in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020 especially through automation of the handling of contact lenses. In total we assume a slight increase of personnel handling costs in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020.

Customer service costs as part of personnel expenses arise for handling of customer inquiries about product information or complaints and these costs are planned on a cost per order basis. For the Fiscal Year 2021, we assume a moderate increase of total customer service costs compared to the fiscal year ended December 31, 2020 because of anticipated growth of revenue and corresponding increasing number of orders. For the purpose of the Adjusted EBITDA Forecast 2021, we assume that the personnel service costs as percentage of revenue are slightly decreasing compared to fiscal year ended December 31, 2020.

For the purpose of the Adjusted EBITDA Forecast 2021, we assume that the total personnel expenses significantly increase compared to fiscal year ended December 31, 2020.

10.3.3.5 *Other operating income and other operating expenses*

Other operating income mainly relates to subsidies for the logistics center and other office equipment. For the Fiscal Year 2021, we assume a strong decrease of total operating income compared to the fiscal year ended December 31, 2020.

Other operating expenses refer to marketing expenses, freight and fulfillment costs and miscellaneous other operating costs.

Marketing expenses relate to marketing activities aimed at driving the maximum relevant traffic to our websites and mobile app and enhancing the recognition of our offering also with relation to our physical stores following our omnichannel approach. We conduct differentiated market research to identify customer needs and purchase drivers in order to be able to specifically address those within our different communication channels as well as in the creation of corresponding content, directed at a personalized and demand-based customer approach. To further automate our marketing operations, we continuously develop our marketing tech stack, meaning the set of technologies we use to build and run a software application, including programming languages, frameworks, databases, tools and other means. For the Fiscal Year 2021, we assume a moderate increase of total marketing costs and a stable development as percentage of revenue compared to the fiscal year ended December 31, 2020.

Freight and fulfillment costs as part of other operating expenses refer to shipping costs through external carriers, packaging costs and payment costs and these costs are planned on a cost per order basis. For the purpose of the Adjusted EBITDA Forecast 2021, we assume a moderate increase in total freight and fulfilment costs. Freight and fulfilment costs per order are expected to remain stable in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020.

Other operating expenses excluding marketing costs and freight and fulfilment costs mainly refer to IT costs, legal and consulting fees, and other general business costs. For the purpose of the Adjusted EBITDA Forecast 2021, we assume a significant increase of other operating expenses excluding marketing costs and freight and fulfilment costs compared to the fiscal year ended December 31, 2020 due to higher costs for new IT systems and licenses and the upcoming initial public offering of the Company.

For the purpose of the Adjusted EBITDA Forecast 2021, we assume that the total other operating expenses moderately increase compared to fiscal year ended December 31, 2020.

10.3.3.6 *Adjustments*

For purposes of the Adjusted EBITDA Forecast 2021, we expect adjustments for share-based compensation expenses pursuant to IFRS 2, one-off transformation costs, in particular including costs in connection with the initial public offering of the Company (i.e. legal and consulting or advisory costs), and other effects that are not part of the normal course of business. We expect the adjustments for share-based compensation expenses pursuant to IFRS 2 and for one-off transformation costs to strongly increase in the Fiscal Year 2021 compared to the fiscal year ended December 31, 2020.

10.3.3.7 *Acquisitions*

For the purpose of the Adjusted EBITDA Forecast 2021, we assume that there are no significant acquisitions having an impact on the Adjusted EBITDA Forecast 2021.

10.3.4 Other explanatory notes

The Profit Forecast does not cover any extraordinary events or results from non-recurring operations within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003).

As the Adjusted EBITDA Forecast 2021 relates to a period that has not ended yet and is based on several assumptions regarding uncertain future events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the actual Adjusted EBITDA of the Mister Spex Group for the Fiscal Year 2021 may deviate from the respective Adjusted EBITDA Forecast 2021, even substantially.

The Profit Forecast was prepared on June 18, 2021 and is still valid as of the date of this Prospectus.

11. MARKETS AND COMPETITION

11.1 Markets

We operate in the European market for eyewear products, which includes the product types of prescription glasses, sunglasses and contact lenses. The majority of the Company's revenue is generated in Germany. We believe we are Europe's leading digitally native omnichannel optical retail brand with web shops in ten countries, over 40 company-owned physical stores in Germany, Sweden and Austria and a network of partner opticians across Germany, Austria, Switzerland, the Netherlands and Sweden.

11.1.1 The European Eyewear Market

11.1.1.1 Overall Market Size

The sales of eyewear products to consumers in the European retail eyewear market (comprising all European countries including Turkey and Russia) amounted to approximately €32 billion in 2020 (*source: Euromonitor)*. Despite recent developments that adversely affected the overall economy such as the exit of the United Kingdom from the European Union (so-called Brexit) or the COVID-19 pandemic, the eyewear market has proven to be relatively resilient and seen consistent growth, having grown at a CAGR of 2% in volume from 2009 to 2019 (*source: Euromonitor)*. Going forward, this trend is expected to continue as the overall market volume for sales in the European eyewear market to consumers is forecast to grow at a CAGR of 2% from 2020 to 2025, reaching approximately €35.5 billion in 2025 (*source: Euromonitor*).

In terms of eyewear product types, the European market was dominated by prescription glasses in 2020, which accounted for 73% of the overall market volume of approximately €32 billion, expected to grow at a CAGR of 2% from 2020 to 2025 (*source: Euromonitor*). The market volume of sales of sunglasses amounted to approximately 13% while contact lenses accounted for 12% in 2020 (*source: Euromonitor)*.

While the realization of a European single market has resulted in the abolishment of trade barriers and enabled free movement of goods and services, the European eyewear market remains highly fragmented. Especially in Germany, where we generated 72% of our revenue in 2020, the vast majority of the market share is held by independent opticians who operate locally or regionally. They usually do not possess the necessary capabilities, specifically logistics and physical retail stores, to build a retail network across several countries.

11.1.1.2 Challenges for Consumers and Retailers

In the past, prescription glasses were mainly considered a necessary medical product for the purchase of which the customer particularly depends on special expertise of an optician. Given the possible health risks resulting from the wrong selection of corrective eyewear, the customer relies on competent advice for a satisfying customer experience. At the same time, since prescription glasses are more and more considered a fashion accessory, a convenient shopping experience is now also demanded for a satisfactory purchase process. This places new demands on the design of eyewear stores, which will in future be increasingly required to offer an inviting ambience and a certain lifestyle factor. We believe that, given the current market structure, a sufficient supply of attractive opportunities for the purchase of prescription glasses is not yet available, resulting in considerable growth potential. In times of increasing mobility, the expansion of optician operations on a national and international level can provide customers with a familiar environment for purchasing eyewear at different locations, thus strengthening the customer-retailer relationship. Given the limited size of most independent opticians, they mainly operate locally and can only finance a small assortment of prescription glasses and sunglasses. In case of a relocation of the customer, most regionally operating retailers are not able to offer their products in the customer's new location, making the establishment of long-term customer-retailer relationship difficult. Another factor in the difficulty for retailers of eyewear products to retain customers over the long term is the high fragmentation of the eyewear market.

11.1.1.3 Information on Key Markets

We are present in ten European markets: Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. These countries together accounted for approximately 72.1% of the overall market volume for sales in the European eyewear market in 2020 (*source: Euromonitor)*.

The following table provides a breakdown of these markets:

	Eyewear market volume of sales to consumers in 2020 (in € billion)	Eyewear market volume of sales to consumers in 2025(E) (in € billion)	Expected growth between 2020 and 2025** (in %)
Germany	6.2	7.0	11.2
France	6.1	6.5	6.4
UK	4.7	5.3	3.6
Spain	2.0	2.1	8.4
Netherlands	1.4	1.7	19.6
Switzerland	1.1	1.2	11.3
Sweden	0.6	0.7	20.0
Austria*	0.5	0.6	2.8
Norway*	0.3	0.4	7.2
Finland*	0.3	0.3	1.6

(Source: Euromonitor).

* Modelled market sizes.
** Based on current prices and year-over-year exchange rates.

The global eyewear market volume of sales to consumers amounted to €105 billion in 2020 and is expected to grow at a CAGR of approximately 5% to €135 billion in 2025 (*source: Euromonitor*).

11.1.2 Key Trends

The eyewear market is currently impacted by a number of structural macroeconomic tailwinds, which influence the performance of individual market participants, both online and offline, in particular:

11.1.2.1 Population Growth and Ageing

One structural market growth driver is general population growth and ageing, with the variety of vision correction needs increasing with age. Presbyopia after age 40 is experienced by nearly 80% of the European population (*source: American Academy of Ophtalmology 2018)* and 91% of people older than 60 years need some type of vision correction (*source: ZVA Eyewear Study 2019*). Especially in the younger population, the trend toward increasing need for vision correction is fueled by eyesight harming behavior, such as consistently increasing consumer screen-time. Based on the total US population, screen time hours per day per adult have increased from 8.4 hours in Q3 2018 to an estimate of 10.4 hours for in Q1 2020. (*source: Nielsen*). With changing lifestyles leading to more time spent indoors generally, the COVID pandemic is additionally driving a surge in myopia among younger generations: While, among 8-year-olds, only 22% experienced myopia prevalence in 2015, the percentage increased to 37% in 2020 (*source: JAMA Ophthalmology, January 2021)*. 73% of 20-year-olds experience “digital eye strain”, which describes a group of eye- and vision-related problems that result from prolonged computer, tablet, e-reader and cell phone use (*sources: AOA*). Myopia is expected to reach pandemic level by 2050, with then more than 50% of the global population (estimated to then amount to 10 billion people) expected to be myopic (*source: Brien Holden Foundation*).

11.1.2.2 Consumer Preference Factors

Consumer preference factors which drive eyewear market growth include frequent replacement cycles, the overall trend toward premium products and sustained prescription glasses preference, despite innovation in contact lenses and eye surgery.

Frequent replacement cycles are likely to accelerate with increasing fashion focus in the purchase of eyewear products. Eyewear is more and more establishing itself as a fashion accessory rather than a necessary medical device. Surveys show that in the baby boomer generation, 58% see their glasses as part of their personal style, while this is already the case for 69% of the millenial generation (*source: EyeMed Survey (2018)*). The less-than-welcoming attitudes of the past were also due to the high and extremely non-transparent prices charged for frames and lenses as well as a shopping experience that was often more clinical than emotionally appealing. Accordingly, the market is also opening up for more opportunities for creative store concepts and increasing impulse and luxury purchases. While only 53% of prescription glasses wearers in Germany had more than one pair of glasses in 2008, the percentage had increased to 59% in 2019 (*source: ZVA Eyewear Study 2019*). As the luxury category in eyewear (including frames and sunglasses) shows the strongest growth, the average price for glasses also increases: The average price for one frame and lenses amounted to €186 in 2012 and increased to €220 in 2020 (*source: Statista*).

Prescription glasses remain the preferred vision correction method: Contact lens penetration has remained stable over many years, with 4% of the German population wearing contact lenses between 2015 and 2019 or the slight increase from 14% to 15% in Sweden in the same time period. 723,000 LASIK surgeries were performed in the US in 2010; the number slightly dropped to 700,000 in 2018. (*Source*: *Statista*) Given the muted growth of LASIK and contact lenses, we expect the increasing requirement for vision correction to be met by prescription glasses.

11.1.2.3 *Increasing Online Penetration*

Online penetration in the eyewear market is still very low. Other product types, such as consumer electronics, have a more mature and consequently higher online retail penetration compared with other less mature categories such as eyewear products, in many cases having transitioned to e-commerce at a much earlier stage. In Europe, the eyewear segment has been slower to move into the online space with online penetration still at an estimated 12.6% in 2020 of total market revenue level (*source: Euromonitor)*. This is a relatively low portion compared to other categories, such as consumer electronics, consumer appliances and apparel and footwear, where European online penetration has reached, based on management estimates, in each case more than 25% in 2020. We believe this disparity offers the opportunity of potential future growth as consumers become more comfortable shopping for prescription glasses, sunglasses or contact lenses online. The overall trend is toward more digitization, even in previously rather analog areas such as the eyewear market. A look at the North American market shows a rising share of online optical sales (from 3.5% in 2009 to 12.6% in 2020 (*source: Euromonitor)*.

We believe that this low online penetration rate in our target markets implies significant upside potential. Surveys we commissioned from Dynata (the Dynata Report) show that more than 50% of the participants would consider buying glasses online. Nearly 50% of purchases of eyewear already start online, with customer either examining the brand or the retailer on the internet, reading customer reviews or comparing prices.

11.1.2.4 *Aging of Younger Generations*

We believe that favorable demographic developments will further accelerate the migration from offline to online in the eyewear market, primarily driven by so-called "millennials" or members of "generation Y" (*i.e.*, people born between the early 80s and the middle of the 90s) with a high affinity for the Internet in general and e-commerce in particular. This affinity is even more pronounced with members of the so-called "generation Z" (*i.e.*, people born between the middle of the 90s and the early 2010s). Most members of these generations are at the beginning of their careers or have not even entered the job market and will therefore be an important economic factor for decades to come.

Members of these generations have been influenced by media and technology unlike any previous generations. They are the first generations of digital natives, and their affinity for technology will shape the direction of online offerings.

11.1.2.5 *Innovations and Technological Advances*

The European eyewear market is driven by innovations and technological advances. Virtual try-ons for prescription glasses and sunglasses enhance the digital experience, reducing online channel customer friction. Based on the Dynata Report, 32% of survey participants stated that a virtual try-on option would increase their likelihood to purchase eyewear online. The same survey showed that customers are only beginning to gain awareness of online eye exam opportunities: Only 8% of participants knew of this option but already the majority (53%) stated willingness to use them in the purchase process. In addition, 3D printing of frames is enabling increasing customer-centric offerings, creating a perfect fit of prescription glasses and sunglasses, while also reducing working capital requirements.

11.1.2.6 *Long-Term Impact of the COVID-19 Pandemic*

After only increasing at a slow pace in previous years, the COVID-19 pandemic has further elevated the online penetration of the eyewear market. In Europe, online penetration of sunglasses sales gradually grew from 7% in 2015 to 11% in 2019, but then the percentage jumped to 17% in 2020. Thus, the outbreak of the COVID-19 pandemic appears to have had a significant impact on the online penetration of the eyewear retail market in Europe, and the long term impacts of this pandemic are still unclear. In addition to overall economic effects, fear of contagion may lead to growing decline of offline purchases. Consumers may prefer online purchases to purchasing in physical stores. Virtual try-ons or tele-optometry services are gaining ground among brands and retailers are increasingly aware of the digital-first mindset that has become more entrenched as result of the COVID-19 pandemic. We believe that certain habits established in context of the COVID-19 pandemic are likely to persist and permanently change consumer behavior, as customers have recognized the benefits of buying online. Thus, the acceleration in the shift towards online sales is expected to be sustainable and pronounced. We believe in our omnichannel strategy and therefore plan to roll out additional physical stores. As part of our omnichannel strategy, customers will order online but also enjoy the shopping experience in one of our physical stores.

Due to the economic effects of the COVID-19 pandemic, consumers have become more price conscious. The pandemic and the measures enacted to combat it have had a material adverse effect on the European economy, with the gross domestic product in the Eurozone decreasing by 7.4% in 2020. As a result, the unemployment rate in the European Union is expected to further increase from 7.7% in 2020 to 8.6% in 2021 (*source: European Commission Economic Forecast*). We believe that the current lack of transparency in the composition of prices for eyewear products offered by most retailers will no longer be accepted by customers in the future as they seek more affordable, yet still high quality options.

11.2 Competition

The European retail eyewear market is highly competitive and fragmented. In Germany, the top ten eyewear retail chains collectively generated sales of only 51% of the aggregate sales of the stationary eyewear sector, which amounted to €5.6 billion in 2020 (*source: ZVA Sector Report 2020, 2021*). Most of the small players are independent opticians who only operate locally or regionally, not on a national or international level. Only a few eyewear market players have an international profile and especially the capital-intensive business model of offline market players exposes them to expansion limitations giving online market players with an asset-light business model a competitive advantage. The economic environment of Mister Spex is generally characterized by strong competitive pressure with an increasing price competition especially in the online optical market. Market consolidation is less advanced in Germany, Austria and Switzerland compared to other European countries, but overall, the eyewear market throughout Europe remains dominated by legacy offline-driven own brand incumbents.

We believe that there is no competitor with a comparable offering: Our online-driven omnichannel approach combines the conveniences of online shopping and offline offerings, allowing us to respond flexibly to the different needs of our customers. Nevertheless, we face competition from a number of parties in the eyewear market. The competitors we face mainly differ between their geographic reach as well as different product types and include:

- traditional (independent) opticians, operating mostly regionally;
- retail chains which sell both third-party and own brands, operating on a nation-wide level (*e.g.*, Fielmann);
- retail chains selling own brands exclusively (*e.g.*, Ace & Tate, Viu) including their respective online offerings and stores in different regions and countries;
- pure online retailers (*e.g.*, Brille24)
- pure online retailers for certain product types (*e.g.*, linsenplatz or lensstore)

12. BUSINESS

12.1 Our Purpose

Our purpose is to empower and inspire people to wear glasses with joy and confidence.

12.2 Overview of Our Business

We believe we are the leading digitally native omnichannel retail optical brand in Europe, operating a platform for fashionable and corrective eyewear, including prescription glasses, sunglasses, contact lenses and contact lens care products. Our offering is based on a seamless and customer oriented omnichannel retailing strategy. Customers across Europe are able to buy our products via ten country-specific online stores, our fully self-operated physical retail stores at major shopping locations in certain countries.

The European eyewear market is an attractive consumer vertical, with sales of eyewear products to consumers amounting to approximately €32 billion in 2020 (*source*: *Euromonitor)*. This market is characterized by resilient growth rates and consistently strong EBITDA margins, especially for prescription glasses, which have a non-discretionary, predictable replacement cycle and low product return rates. Growth of the European eyewear market is expected to continue, underpinned by a number of structural tailwinds, including an aging population, growing prevalence of myopia, increasing use of digital devices and eyewear becoming a fashion accessory. However, the eyewear market in Europe is highly fragmented, as even large retailers can only capture a small portion of the overall market. Moreover, online penetration in the European eyewear market, at just 12.6% in 2020 (*source: Euromonitor)*, is relatively low compared to other categories, such as consumer electronics, consumer appliances and apparel and footwear, where European online penetration has reached, based on management estimates, in each case more than 25% in 2020. As the traditional offline shopping experience for eyewear is characterized by a lack of convenience, a low level of price transparency and a relatively limited selection, we believe there is significant potential for a new omnichannel retail model to disrupt this market and for online penetration to increase. As, by our own estimate, the leading online-driven omnichannel destination for eyewear in Europe, we seek to transform the way eyewear is purchased and customized, with the goal of becoming the preferred way and place to buy eyewear for all customer groups through a seamless on- and offline experience.

We offer our customers access to a multi-brand assortment (including third-party and own brand products) of frames (glasses and sunglasses), contact lenses and contact lens care products through platforms in Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom, via multiple channels. Through our websites, our customers are provided with personalized and demand-based content which facilitates a highly convenient shopping experience. Our customers can engage with our products through our virtual try-on solutions based on augmented reality and order products in two different ways, either via direct order or home trial. When using the home trial, customers, as a first step, can order a selection of up to four of our unglazed frames, before submitting the final order. In addition, in order to provide customers with physical sales channels and comprehensive support in addition to our online sales channels, we operate 42 own stores under the Mister Spex banner, as well as engaging with customers through a network of over 400 partner opticians. This allows us to offer physical on-site advice and services related to our optical products in Germany, Austria, Switzerland, the Netherlands and Sweden. We cut lenses and assemble glasses in-house at one centralized facility in Berlin using state of the art, fully automatized edging machines (milling machines for customizing the lenses). Our logistics locations in Berlin, Germany, Stockholm, Sweden, and Karmsund, Norway, enable us to supply all customers throughout Europe. Fast delivery times and easy and free return shipping are part of our business model. From our distribution center in Berlin, we ship more than 20,000 orders per day with immediate capacities of up to 25,000, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.).

The core enabler to derive the maximum value from our disruptive digital business model is our technology platform which reflects the data- and technology-driven nature of our business approach. We believe this platform will allow us to further scale our business and cement our position as, by our own estimate, the leading digitally native omnichannel destination for eyewear in Europe. Throughout our operations, we collect and analyze datapoints from customer transactions to help us improve our organizational decision making and marketing efficiency. We believe we are pioneers in the use of customer centric tech features such as virtual try-on based on augmented reality and online eye exams. Our operations are further backed by data-driven system-aided decision making across the value chain from sourcing to delivery, providing us with a key competitive advantage compared to traditional eyewear retailers, which we believe will help us capture a strong position in the eyewear market.

After launching our online offering in 2008, we were able to significantly expand our business, with revenue increasing at a CAGR of 65% between 2008 and 2020. In 2020, despite the effects of the COVID-19 pandemic, which negatively affected the operations of our existing physical retail stores and those of our partner opticians, our revenue continued to grow significantly, increasing compared to 2019 by 17.9% to €164.2 million, clearly outperforming the European eyewear market and our major competitors. An increase in online sales, as well as the addition of new physical stores, contributed to this growth. During the same period, our gross profit increased from €64.8 million in 2019 to €81.2 million in 2020. From 2019 to 2020, our overall gross profit margin increased from 46.5% to 49.5% and our gross profit margin on prescription glasses, which make up a growing share of our product mix, increased from 69.0% to 71.0%. At the same time, through increased revenue and other effects, we improved our adjusted EBITDA margin by 1.1 percentage point to 4.1%.

12.3 Our Market Opportunity

The retail eyewear market in Europe, defined by Euromonitor to include prescription glasses, sunglasses, contact lenses and contact lens care products, is an attractive consumer market, having grown at a CAGR of 2% from 2009 to 2019 (*source: Euromonitor)*. Sales of eyewear products to consumers in Europe amounted to approximately €32 billion in 2020 and are projected to reach approximately €35.5 billion in 2025, representing a CAGR of 2% from 2020 to 2025 (*source: Euromonitor*). In addition to steady growth rates, the European eyewear market is characterized by consistently strong EBITDA margins. This is particularly true for prescription glasses, which have a non-discretionary, predictable replacement cycle and low product return rates. The COVID-19 pandemic and resulting government actions including, but not limited to, stay-in-place orders, mandated store closures and other restrictions, have resulted in a material increase in the share of online sales within the European retail eyewear market since the start of the pandemic, as fewer consumers are physically visiting stationary retail stores.

We believe that the European eyewear market will continue to benefit from a number of structural macro trends. Among these trends is the ageing population across Europe, which is expected to result in greater demand for corrective lenses. Demand for eyecare is also expected to increase due to consumers' increasingly digital screen-based lifestyle, which is known to result in eye strain and eyesight deterioration. As a result of these trends, the number of people suffering from myopia is expected to grow from 2.6 billion in 2020 to 4.8 billion people in 2050 (*source: Brien Holden Foundation*). In addition, there are indications, particularly among younger consumers, that the increased staying-at-home in connection with the COVID-19 pandemic could be associated with a significant increase in myopia (*source: JAMA Ophthalmology 2021*). While demand for eyewear will be driven by the expected increase in the need for corrective lenses, demand is also being supported by the trend toward eyewear as a fashion accessory.

Structurally, the eyewear market in Europe is characterized by a high degree of fragmentation. In 2019, in Germany, for example, the top ten eyewear retail chains collectively generated sales of only 51% of the aggregate sales of the stationary eyewear sector, which amounted to €5.6 billion (*source: ZVA Sector Report 2020, 2021*). Based on management estimates, even in markets where the share of the largest eyewear retailers is higher, such as Sweden or Norway, such retailers are still comparably small and usually limit their operations to only a few countries. In addition to this market fragmentation, online penetration in the market for eyecare products and services lags behind that of many other consumer markets, reaching just 12.6% in 2020 (*source: Euromonitor)*. By comparison, online penetration in the market for consumer electronics, consumer appliances and apparel and footwear, reached, based on management estimates, in each case more than 25% during the same period. In our view, the relatively low level of online penetration in the market for eyewear products suggests considerable potential for further growth.

The traditional offline model of eyewear sales is characterized by an inconvenient shopping experience. In the legacy offline model, customers are offered a limited product selection with low price transparency, which make it difficult for customers to assess whether they are paying too much for their glasses at individual opticians. In contrast, our solution – which was developed to address the inconvenience and lack of transparency customers face when buying eyewear the traditional way – provides a seamless and convenient omnichannel shopping experience both on- and offline, offering a wide range of fashionable eyewear products and brands for all customer groups at transparent prices. We believe that the European online market for eyewear is particularly suitable for large-scale omnichannel disruption and that the first key player with a broad, multi-national offering will be well-positioned to build a strong market position.

12.4 Our Value Proposition

We combine the advantages of e-commerce with comprehensive digitally-driven on-site services in an innovative way and thus stand for an empowering and inspiring on- and offline shopping experience offering three key value propositions:

- **Ease**: We seek to make the purchase of eyewear as convenient and joyful as possible for consumers. We deliver a personalized service spectrum with a data-driven approach – on- and offline. We offer smart features like virtual try-on and online eye exam as well as home trial and personal on-site services in our own stores and at our partner opticians and guide our customers by communicating our optical expertise through customer-centric processes across all touchpoints. In this way, we support our customers in finding the pair of glasses which fits them best from our extensive range of products at transparent, competitive prices – at their convenience and demand.

- **Expertise**: Our goal is to deliver excellent quality and outstanding service at all times. Selling eyewear requires trust, as flawlessly manufactured and fitted eyewear is essential to our customers' own health, well-being and self-confidence. Our service teams, *e.g.*, in store or in our customer service, include trained and certified opticians as well as experienced customer service agents who are on hand to support the eyewear purchase at no extra charge via phone, video chat, email or in store. Lenses are assembled by trained opticians in our own master workshop in Berlin. Every pair of glasses is subject to quality control using the latest optical measuring devices before it is dispatched. We are a member of the Opticians' Guild (Berlin) and, since 2016, have also been training apprentice opticians.

- **Look**: We bring fashion to eyewear and offer a wide assortment combined with relevant optician services. Customers can select from over 10,000 frames from over 100 brands, including Ray-Ban, Calvin Klein, Prada, and Tom Ford, as well as from trending independent labels in both our online and local stores. Our inventory is constantly updated to reflect new market trends and developments. In addition, our range includes our own high-quality brands at particularly attractive prices, *e.g.*, the sustainable brand Co Co as well as well-curated collections in collaboration with established fashion designers and up-and-coming influencers, which we believe is a new and unique approach to the market. All frames are in stock and can therefore be delivered immediately. We only sell original goods and source eyeglass frames, sunglasses and contact lenses from all of the major manufacturers.

12.5 Our Strengths

We believe that the following competitive strengths have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

12.5.1 Strong brand and leading market position vis-à-vis competitors in large and growing eyewear market in Europe with considerable online penetration upside potential

We believe we are the leading digitally native omnichannel optical brand in Europe operating in ten different countries across Germany, Austria, Switzerland, Finland, France, the Netherlands, Norway, Spain, Sweden and the United Kingdom. In these markets, we serve more than five million customers. In 2020, 72% of our overall revenue was generated in Germany and 28% in the rest of Europe. These markets, with a combined population of approximately 320 million in 2019 (*source: Eurostat*), have a large, young and highly engaged audience for eyewear fashion and products. The total European eyewear market is projected to reach approximately €35.5 billion in 2025, representing a CAGR of 2% from 2020 to 2025 (*source: Euromonitor*).

The European eyewear market is still highly fragmented, as various large optical chains and eyewear retailers have still only captured a small portion of the overall market (*source*: *Euromonitor)*. Moreover, online penetration, which was just 12.6% in 2020 (*source: Euromonitor)*, is still relatively low. In this environment with most of our competitors generating only limited sales via digital channels and showing slow growth, we believe we are well positioned to gain market share and disrupt the status quo of the optical retail market. With our online-driven omnichannel retailing strategy we are aiming to transform the market structure in our favour. We drive marketing scalability with a comprehensive multi-brand assortment addressing a broad customer base. Our brand positioning combines digitalization and fashion focus, which drives growth vis-à-vis traditional offline competitors. The strong position of our brand in combination with our technology-driven operations, scalable infrastructure and omnichannel approach also position us favorably vis-à-vis other emerging competitors with a focus solely on online retail channels. Thus, we believe we are in a position to gain market share, in particular from incumbents which pursue a legacy offline model lacking a clear digital omnichannel strategy that cannot compete with our digital offering. In this context, we also benefit from the fact that many of our competitors in the eyewear market target customers who are primarily looking for functional products, not for fashionable branded products and products that express personal identity and bring enjoyment, which are a key part of our proposition.

The latest available consumer surveys demonstrate that we are a top-of-mind omnichannel eyewear destination across all of our markets. This is particularly true in Germany, where 70% of those surveyed named Mister Spex, where they can easily buy glasses through its online store, and underlined the status of Mister Spex as the most recognizable online eyewear company. Based on management estimates, in 2020, we recorded a net promoter score (which is an index ranging from -100 to 100 measuring the willingness of customers to recommend a company's products or services to others) higher than 70, an aided brand awareness of approximately 72% in Germany in the fourth quarter of 2020 and over 42 million online visits across all of our markets in total. Furthermore, our customer base has proven very loyal, with approximately 71% of our orders attributable to recurring customers in 2020. Thus, we have already become the leading online-driven omnichannel optical brand in Europe and preferred optician for the new generation of eyewear buyers under 40.

12.5.2 Scalable and seamless omnichannel platform providing superior customer value proposition combining convenience, fashion and broad multi-brand offering

We are channel agnostic, customer centric and think in customer journeys rather than in on- and offline touchpoints. All our sales channels (mobile, desktop, store, partner optician) share the same base:

- One technical infrastructure (down to a level that we emulate the web shop in store during the ordering process to teach our customers how to place an order by themselves afterwards);
- One customer information set/database (preferences, medical values, order history, etc.) which is easily accessible online;
- One offer (price consistency, value proposition);
- One supply chain (including centralized production);

- One set of technical convenience and experience features across channels (*e.g.*, filter options, virtual try on, eye exams, custom frames).

While we ensure consistency, we also believe in channel-specific differentiation of our go-to-market approach, *e.g.*, digital channels are tuned to serve the highly independent customer, while the experience in our inviting and convenient physical stores offer personal contact, warmth and a destination for leisure time.

Our custom-designed and seamless omnichannel platform offers an attractive user interface that is immersive, easy to use and intuitive. We offer our customers online exploration through virtual displays of a large number of models, virtual try-on, home trial as well as multiple customization options. Customers are offered a comprehensive multi-brand assortment of products and models, which is based on a multi-price point system and thereby appealing to individual customers' different perceptions of value, at competitive prices. By providing them with a superior shopping experience, we lower the barrier to purchasing eyewear online and increase consumers' willingness to switch between models to find the pair of glasses which fits them best. We complement our online displays with a convenient fulfillment process, which includes delivery services, registration support and a dedicated customer service.

12.5.3 Highly advanced information technology platform, empowering data-driven decision making and automated processes, and state-of-the-art and scalable infrastructure

As a technology-driven company, we build on our comprehensive technology platform and our software solutions to transform the eyewear shopping experience. We offer innovation-led personalization of the customer experience by state-of-the-art and augmented reality-based virtual try-on and online eye exams and demand-based content to help our customers find glasses which fit them best. Utilizing our data-driven algorithms, we are able to assess the tastes and preferences of our customers to provide them with the most relevant assortment of products and models of eyeglasses. In the future, we plan to introduce a digital image analysis tool that will enhance our ability to recommend the frames best suited to our customers' facial attributes and shapes as well as customization applications for bespoke 3D printed eyeglass frames.

We leverage comprehensive data capabilities to optimize the customer journey by collecting a wide range of data derived from our operations, with implications for in-depth market research, competitor insights, customer tracking, tracking of various media and stores as well as order and product data. We also consider our data-driven operational excellence a key strength of our technology platform, which we benefit from across the value chain: We utilize, among others, data-influenced and algorithmic-based sourcing and merchandising processes, data-driven planning, management, control and automatization of our warehousing and logistics operations, intelligent marketing and sales solutions including prediction models as well as data-driven delivery option and delivery cost optimization. Further, based on market and customer data, we use a highly structured analytical approach to physical retail store selection.

In addition, we have built one of the most powerful customer databases in the eyewear sector, containing intelligence on more than five million customers. By analyzing funnel steps, *i.e.*, the set of steps our customers go through before they make a purchase, omnichannel touchpoints, product attractiveness and contact information, we continuously optimize and personalize our assortment, offerings and consumer interaction in order to further improve customer experience.

Averaging hundreds of thousands of sessions per day, sustaining more than five million customers and hosting 400,000 stock keeping units ("**SKUs**"), our technology platform has a track record demonstrating it to be reliable and scalable, including upon excess demand for events such as Black Friday. Our scalable logistics infrastructure with locations in Berlin, Germany, Stockholm, Sweden, and Karmsund, Norway, enables us to supply all customers throughout Europe. From our central distribution center in Berlin, Germany, we ship more than 20,000 orders per day, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.). At this facility, we also operate our own in-house edging and mounting lab as well as in due course our fully automated contact lens logistics.

12.5.4 Strong financial track record with consistent high growth and proven profitability

We combine a strong growth trajectory with highly attractive eyewear margins. From 2018 to 2020, our revenue grew at a CAGR of 15.6% and our gross profit at a CAGR of 20.2%, resulting in revenue of €164.2 million and a gross profit of €81.2 million in 2020, respectively. Since 2020, prescription glasses are our largest and fastest growing product type. From 2018 to 2020, our revenue from the sale of prescription glasses grew at a CAGR of 28.1%. As prescription glasses have higher gross profit margin than sunglasses and contact lenses, the increasing share of prescription glasses in our product mix has resulted in improvement of our gross profit margin. We have also been able to improve our gross profit margins by increasing the share of our own brands in our product mix as these typically have higher gross profit margin than the sale of third-party brands. Additionally, during this period our marketing costs, expressed as a percentage of revenue, declined from 12.8% in 2018 to 11.9% in 2020 while our freight and fulfilment costs declined from 8.6% in 2018 to 8.1% in 2020. As a result of these factors, our adjusted EBITDA margin improved from 2.4% in 2018 to reach 4.1% in 2020. Our product margins are also enhanced by our high operational efficiency. We achieve this high operational efficiency through, among other things, high revenue per store, a high customer satisfaction and repeat purchase rates that are significantly above market average.

12.5.5 Experienced, founder-led management team with proven track record in delivering growth in internet, omnichannel and eyewear

Our management team, led by our founder and Chief Executive Officers Dirk Graber and Dr. Mirko Caspar, combines entrepreneurial spirit with longstanding digital industry experience and a lasting commitment to our mission. Dirk Graber developed the initial concept behind Mister Spex and has managed our business from its inception. The Management Board is supervised by a Supervisory Board comprising internationally experienced high-profile individuals. This Supervisory Board is chaired by Peter Williams, former chief executive officer of the British department store chain Selfridges, who, for over 30 years, has held a variety of both advisory and management positions on the boards, advisory councils and committees of numerous companies.

Our Chief Executive Officers are supported by an entrepreneurial team of experienced professionals, whose commitment to Mister Spex Group is evidenced by the fact that approximately 50% of our 13 senior executives have worked with us for longer than five years now. We believe that our stable, long standing management team, together with our new senior leaders, who provide us with new perspectives, experience and strong functional expertise and leadership, forms the backbone that will help us deliver on our goal of building an offering that transforms all aspects of how eyewear is purchased.

12.6 Our Strategy

We believe that our leading position in the online market for eyewear will allow us to achieve continued growth and become one of the key players in the overall market for eyewear, both on- and offline. To achieve these targets, we have identified the following key elements of our strategy:

12.6.1 Leverage the large market opportunity in the growing online market for eyewear, which has historically had a low level of online penetration

We estimate the online penetration in the European eyewear market for sales to consumers, which was just 12.6% in 2020 (*source: Euromonitor)*, to be significantly lower than online penetration in a number of other mass markets such as consumer electronics, consumer appliances and apparel and footwear, where European online penetration was, based on management estimates, in each case more than 25% in 2020. In the coming years, we expect online penetration to accelerate significantly, as consumers and large optical chains recognize the multiple benefits associated with buying and selling eyewear online. This is further underpinned by the continued development and adoption of digital functionalities such as online testing and virtual try-on. The potential for the creation of a dominant online offering is compounded by the fragmentation of the European eyewear market. We believe that competition in the fragmented eyewear market will greatly favor the market participant with the strongest brands and platform. From our position as, by our own estimate, the leading digitally native omnichannel optical brand in Europe, we plan to seize the vast market opportunity in the European eyewear market by driving the migration from offline to seamless omnichannel.

12.6.2 Continuously work on the further development of customer experience and product assortment

We plan to fuel our growth in particular by providing the best possible customer experience. Offering our customers an omnichannel access to our products and services, we allow each customer individually to determine the touchpoints and modalities of the customer journey. At the same time, we are gaining full control over the customer journey. At the outset, we want to inspire customers to look for and discover products they like, for example through our collaborations with influencers and fashion designers. In this context, we always try to suggest to our customers products they desire. We seek to personalize our approach to each customer, taking into account information from all channels, such as our large customer database including preferences, sizes, behavior and other parameters, in order to guide the customer through our large product assortment. By presenting our customers the products that correspond to their individual preferences and fit their individual shapes and personalities, we are supporting our customers in their decision making and engaging their interest in a specific, narrower selection of products. At the next step, we seek to advise our customers and offer them tailor made products, which are adjusted to their individual needs. For example, with major lens customization options we offer a way to personalize every frame. Furthermore, our technology allows us to perfectly center lenses via smartphone and thus to customize our eyewear for each individual customer online. To successfully complete the customer journey, we seek to convert potential customers into orders by offering security throughout the entire ordering process and overall ease as well as by leveraging the technological advantages of every channel. Lastly, through active customer relationship management ("**CRM**"), we want to inspire and motivate our existing customers to make repeat purchases.

In addition to delivering an unparalleled customer experience, we want to be the one-stop-shop offering the best curated and most fashionable product assortment in the market. To this end, we emphasize well-known and prestigious luxury brands, young and innovative independent brands as well as sophisticated own brands. While our 7 own brands only account for more than 1,000 SKUs in our comprehensive multi-brand offering, in contrast to our over 100 selected third-party brands, which account for over 10,000 SKUs, our own brands have a higher gross profit margin. Our own brands including exclusive brands, being third-party brands developed in close collaboration with influencers and fashion designers, which are sold exclusively by the Company, had a gross profit margin with respect to the sale of prescription glasses of 79% in 2020 compared to 68% with respect to our sales of prescription glasses of third-party brands. We therefore aim to further grow the share of our own brands and collaborations.

12.6.3 Grow our omnichannel offering internationally

We aim to expand what we believe is a position as the leading digitally native omnichannel optical business in the European eyewear market, rolling out our business opportunistically to new markets in Europe. To expand our business model in a given geographic market, our strategy is to start digitally and online before building a local partner network and rolling out stores. By entering a market digitally, we are able to achieve nationwide presence as fast as possible. We conduct online performance marketing first and, in a later stage, also advertise via TV spots, in order to build brand awareness across multiple marketing channels. To drive brand positioning, building and tracking, we conduct deep, ongoing customer research. In a later step, once we have achieved a certain critical mass of brand recognition through our online channels, we then roll out our omnichannel approach by adding additional sales channels. To this end, we build a partner network with existing opticians for regional on-site services. Finally, we select suitable micro and macro locations for opening our own physical stores based on disciplined, data-driven criteria. We have established a real estate committee, which reviews and discusses all potential new store locations on a weekly basis. The focus for our international expansion is Europe, with Northern and Central Europe as our primary focus. We are, however, also considering geographic expansion into other markets, particularly Southern Europe and Eastern Europe, which could potentially be through acquisitions.

12.6.4 Increase and improve our brand strength

We are consistently striving to increase and improve our brand strength across Europe. Our efforts to increase brand strength support us in generating traffic to our website and stores as well as in driving customer conversion rates up on marketing activities towards new and existing customers. We also see benefits from an improvement of our brand awareness and liking in areas such as the acquisition of new suppliers and business partners as well as the acquisition of talent.

Through various media channels, such as television and social media, as well as by pursuing an active CRM, we seek to raise our customers' awareness, interest and loyalty. At the same time, we ensure that we are always within our customers' immediate reach, so that they can access our offering at any time at their demand at home via electronic devices, such as desktop PC or laptop, in inner cities via our stores, both inside and outside of cities via our partner opticians, as well as anywhere via mobile device.

In order to build out our brand strength, our efforts are directed at managing our brand positioning framework – for our consumer and employer brand. For this purpose, we conduct market research to identify customer and employee needs, wishes and drivers in their consumption and work habits. These findings have a direct influence on how we further develop our brand and service offering. Our strategy for an ever-increasing positive brand perception also comprises a communication strategy that focuses on the right balance of functional and emotional benefits, *e.g.*, the presentation of Mister Spex Services (such as home trial, virtual try-on and consultation in stores) including the positive reception by our customers and the presentation of moments showing people pursuing their passions, while wearing glasses that allow them to do just that.

In addition, in order to increase and improve our brand strength, we may also acquire or invest in a direct-to-consumer (DTC) brand, meaning a brand that sells directly to customers online, which complements our existing brand portfolio and offers a well-developed but relatively small-scale business that could benefit from our expertise.

12.6.5 Continue to invest in innovation, technology and operational capabilities

We plan to continue investing in innovation, technology and our operational capabilities across the value chain, for example by automatizing our logistics capabilities. Building on our integrated omnichannel technology stack, testing, data modelling and engineering as well as machine learning, we intend to invest more than 5% of our revenue per year in technology. In October 2020, we acquired a stake in the deep technology company Tribe GmbH ("**Tribe**"), which offers, based on 3D facial scanning technology, customized digital services to measure pupil distance and grinding height, virtual try-on with true-to-scale preview and frame fitting and individual recommendations. With the aim of capitalizing on new trends and opportunities in eyewear and further improving our margins, we also seek to expand our digital service offerings, leveraging evolving state-of-the-art technology. Services we develop in-house and together with Tribe include, for example, bespoke 3D printed frames based on 3D facial scanning technology. In order to invest further in innovation and the expansion of our technology, we may also acquire or invest in other companies in the future, provided that they have a technology which meets our needs and is important for future development.

12.6.6 Further improve our profitability

We are constantly working to further improve our profitability. Our pricing strategy includes a differentiated price de-averaging, which means that we apply different prices for different countries, with a focus on being very competitive – not necessarily, however, the absolute price leader – on key value items. Thus, we seek to price our products effectively, which includes pursuing an active pricing strategy in relation to our range of niche products with lower sales volumes and higher prices, in order to achieve higher margins. Directed at further improving our margins, we also plan to offer the most competitive glass prices, and shift our focus towards exclusive brand assortment, comprising independent, luxury and own brands. By increasing the share of prescription glasses in our product mix we further seek to improve our profitability as prescription glasses account for a higher margin than sunglasses and contact lenses. We are committed to putting costs of materials at the center of our efforts and focused on value adding activities through continuous verticalization, *e.g.*, by maximizing the share of our own production. We believe we will gain further operational efficiency based on automation, further scaling of our operations, improved employee productivity and the relative reduction of our overhead expenses.

12.7 Our Operations

We have built a custom-designed and seamless omnichannel platform which offers an attractive user interface that is immersive, easy to use and intuitive. We offer our customers access to a comprehensive and multi-brand assortment of glasses, sunglasses, contact lenses and contact lens care products, online through our country-specific websites in Austria, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. Through our websites, customers can order our products, either via direct order or home trial. In addition, in order to provide customers with physical sales channels and comprehensive support in addition to our online sales channels, we operate 42 own stores under the Mister Spex brand, as well as engaging with customers through a network of over 400 partner opticians. In this way we offer physical on-site services with advice and services related to our optical products in Germany, Austria, Switzerland, the Netherlands and Sweden. Services include personal face-to-face advice, eye exams as well as adjustments of our eyewear products. Our logistics locations in Berlin, Germany, Stockholm, Sweden, and Karmsund, Norway, enable us to supply all customers throughout Europe. Fast delivery times and easy return shipping are part of our business model. We also cut lenses and assemble glasses in-house using our own machines.

12.7.1 Our Offering to Consumers

12.7.1.1 <u>Our Convenient Shopping Experience</u>

Being channel agnostic, we offer our customers an omnichannel access to our products and services, enabling each customer individually to decide where and how the customer journey is started, paused, switched between channels, and ended. In principle, our customer journey is modularized across the channels and can include the combination of many available modules or be limited to one, with few elements being the exception.

Today, usually most customers start their personal journey online, often via our mobile website. Depending on the customer's personal or situational preference, the whole shopping experience can be digital, starting from selecting the frame, with the application of sophisticated and personalized filters, modifying it, *e.g.*, with selecting a type of lens, to either ordering it directly or having it sent home for free during a trial period.

On the website of our omnichannel platform customers can, via our comprehensible user interface, explore through virtual displays of a large number of eyeglasses as part of a wide assortment comprising more than 10,000 SKUs. These models include a variety of more than 100 well-known third-party brands as well as 7 own brands and additional exclusive brands developed in close co-operation with influencers and fashion designers. Our broad assortment addresses diverse target customer groups and the variety of different brands enables a wide range of differentiated price points appealing to individual customers' different perceptions of value.

Based on customer relevant functional filter options, such as width, shape color, type, brand etc., we offer strong guidance to our customers, also including advice based on the physical features of our customers, *e.g.*, their shape of face. Beyond the individual visual acuity of each customer's lenses, we offer major lens customization options for every order to make each frame individual.

Our various options we offer for our regular prescription lenses include:

- single vision lenses,
- varifocal lenses,
- workplace lenses,
- plano lenses without any prescription values in them (leveraging a current trend),
- polarized lenses,
- self-tinting lenses,
- tinted lenses and
- blue cut/filter lenses, addressing the increasing screen time,

in up to four different glass types (differentiated in thinness, hardness and coating).

After the customer has chosen an individual set of options, the package is sent to a location of the customer's choice.

The same customer journey can also be experienced in a very similar way exclusively offline in one of our stores: The customer enters the store, selects a frame, with the sorting of frames analogue to our online filters, and then receives personal advice from our store employees before the order is finalized.

Our stores are characterized by their open, bright and particularly clear design. Unlike conventional optical stores, where customers may be accustomed to being shown and handed glasses by a store's employee for try-on or fitting, our store concept, with its open, barrier-free shelves, allows customers to try out a wide and clearly structured assortment of glasses for themselves at their convenience. At the same time, customers can take advantage of personal and professional advice at any time in our stores.

All steps described above are fully interchangeable between the different channels, on- and offline. Only the eye exam, or, more precisely, the entry of eye values into the customer account, is predetermined by the touch point our customer has chosen.

Our main sources for eye exams are:

- Easee: a third-party provider, with which we cooperate, offering an online eye exam, which can be conducted by the customer completely remotely via the third-party website of Easee without any further physical assistance;

- Our stores: providing state-of-the-art fast eye test supported by the newest technology, which can be completed in less than10 minutes in total;
- Partner opticians: providing eye-tests for our customers, who do not have one of our stores in their area, in particular in rural areas; or
- Existing eye values: in the event that a customer knows values from previous glasses/eye exams (including those conducted by other opticians).

Apart from the customer's selection of either of them, there are no other limiting parameters that determine the modalities of the ordering process.

Ultimately, we offer a very customer-friendly return policy, designed to ensure that in the end the customer is fully satisfied with the result and not just with the process.

12.7.1.2 *Our Innovative Digital Toolkit*

If customers opt for a digital shopping experience via our online platform, they can, before they make an order for home trial or as a direct purchase, conduct our 2D-3D virtual try-on based on the frame discovery and virtual try-on technology platform provided by our partner Ditto Technologies, Inc., with which we cooperate. First, they can explore our extensive range of different models through virtual displays to select models they would like to try on virtually. Through our virtual try-on, the customers can then, based on augmented reality, have the glasses they want to try on projected onto the virtual image of their face on their desktop or mobile device display, either via 2D as a static image or via 3D as a real-time moving projection.

As a further step in their purchase of glasses online, customers can take an online eye-exam, which we provide via the third-party provider Easee, completely digitally and from home.

12.7.2 Our Suppliers

Our extensive supplier portfolio ranges from large, multinational corporations and industry leaders, through mid-size, very well established local suppliers, to rather small and upcoming suppliers and brands. The choice of our suppliers is mostly driven by their brand portfolio. For interchangeable products such as lenses, own brand frames, but also packaging materials, we make sure to cooperate with those suppliers which offer us the best quality in their sphere, paired with reliable, flexible deliveries and competitive pricing. In order to keep inventory low, one of our priorities is to have constant and uninterrupted supply chains, supported by local (European) warehouses of the suppliers. A sophisticated planning department, ideally enriched by frequent, joint forecasting sessions is yet another point of high importance to us. Lastly, up-to-date IT systems, ideally with EDI transmittance of orders, delivery notes and invoices are key to a successful cooperation with our suppliers.

12.7.3 Sales locations, Logistics and Customer Service

We serve our customers physically on-site in their nearest city through 42 stores, which are all located in major metropolitan areas in highly frequented locations, *e.g.*, the major local shopping mall or the main shopping street, and over 400 independent partner opticians, which are located both in and outside of major cities. Our own stores are primarily located in Germany, although we are seeking to expand our physical presence in other markets and during 2021 have opened our first three stores outside of Germany, in Austria and Sweden.

We operate three distribution centers across Europe, with the largest one being located in Berlin, Germany, and two smaller ones in Stockholm, Sweden, and Karmsund, Norway, to serve local markets. Our DC in Berlin is a 10,000 sqm large logistic hub, which, in 2020, had an estimated utilization rate of 50%, providing sufficient capacity to further expand our business operations. From there, we ship more than 20,000 orders per day, with more than 85% of all orders shipped within the day of order (non-glazed items that are in stock where payment has been received by 4 p.m.). At this facility, we operate an integrated supply chain for glazed prescription (sun-)glasses, including our in-house lens cutting and eyeglasses assembly. This supply chain includes not only the stock for more than 10,000 different styles offered on the website, but also stock lenses. With these stock lenses, state-of-the-art edging machines and qualified employees, some of whom are trained in-house, we are able to manufacture more than 3,500 ready-glazed frames per day, with the majority being finalized for delivery within one or two days. In addition, we intend to establish fully-automized contact lens logistics in due course by installing four storage and retrieval robots complemented by automatic case erectors and sealers.

Our customer service for our Continental Europe and UK operations is centralized in Berlin, Germany, and, for our Nordics markets (Sweden, Norway, Finland), in Stockholm, Sweden. These in-house customer service operations are set up, in addition to customer services provided in our stores and by our partner opticians, to handle consultation-intensive requests (*e.g.*, requests requiring specific optician expertise). Select parts of our first level customer service are outsourced to reliable partners, which allows us to efficiently balance costs and process high volumes.

12.7.4 Marketing & Sales

Our marketing activities for all the markets we are active in are centrally managed by employees working in our head office in Berlin, Germany. We employ a diverse marketing channel mix from lower (*e.g.*, Google and price comparison sites) to upper funnel (*e.g.*, TV, display and influencer marketing) as well as customer relationship management, by which we aim to scale our marketing approach and channel-mix across different markets.

We conduct in-depth market research based on a broad set of data to identify customer needs and purchase drivers in order to be able to specifically address those within our different communication channels as well as in the creation of corresponding content, directed at a personalized and demand-based customer approach. Across our operations, we collect and analyze large amounts of data, which are continuously used to improve our organizational decision making and marketing efficiency. This helps us to develop and expand our operations, *e.g.*, by providing our customers preselected content/product offers in order to support them to find glasses that fit them best. Based on analyzed data we also localize marketing efforts if commercially feasible. Our marketing activities also include discovering new marketing formats and emerging platforms. To further automate our marketing operations, we continuously develop our marketing tech stack. By optimizing across all our marketing channels we seek to improve our marketing efficiency. In addition, our stores act as brand ambassadors, supporting a continuous increase in brand awareness. Over the years, we have been able to significantly increase our brand awareness. In Germany, based on management estimates, we recorded an aided brand awareness of approximately 18% in 2011, which was at approximately 72% in the fourth quarter of 2020.

Overall, we steer marketing activities based on revenue and margin targets. For each country, category and channel specific Cost per Order (CPO) and Customer Acquisition Costs (CAC) targets are set. To monitor marketing efficiency, we look at the development of Customer Acquisition Costs and Costs per Order as measures as well as the overall development of our Customer Lifetime Value (CLV). On a channel level, we adjust marketing steering to their dynamics and take multiple data sources and key performance indicators into account. Especially for upper funnel marketing channels, we also consider Cost per Mille (CPM) and Cost per Visit (CPV) measures to estimate their reach and performance. We regularly triangulate direct tracking models with market research and segmented or local campaign- and market-tests to capture and assess time decay, spill-over and interaction effects.

12.7.5 Information Technology

12.7.5.1 Our IT Platform

Our proprietary business-to-consumer omnichannel e-commerce platform and our business backend ecosystem are built on best-of-breed e-commerce and enterprise resource planning ("**ERP**") core solutions and are deployed to, and operated on, a multi-cloud setup. While ERP, business intelligence (BI) and fulfilment solutions run on Microsoft Azure, the e-commerce platform is operated on Amazon Web Services (AWS). Industrial logistic and glass processing systems are hosted on-premise close to the industrial hardware to ensure high level of autonomy and 24/7 operability.

Fulfilment processes are automated and handled by an extensively customized Microsoft Dynamics NAV solution developed and maintained in-house by qualified and experienced engineers with a deep understanding of technology and business processes. To maximize reliability and adaptability, the e-commerce frontend and the ERP systems are decoupled via an event-based architecture leveraging Azure Event Hub as a messaging infrastructure.

Since late 2020, we have been incrementally developing and rolling out a cloud-native, headless e-commerce solution to customers. This solution is an e-commerce software solution specifically designed for the cloud architecture, which stores, manages and delivers content without a frontend delivery layer, *i.e.*, the interface with which the user directly interacts with. As the frontend – which in most cases is a template or theme – has been decoupled and removed, there is only the backend. This allows our platform more flexible frontend development, customization, and overall flexibility and adaptability so that we can quickly and flexibly deliver our products and product-related content to any new channel that has emerged or will emerge. Additionally, we utilize state-of-the-art cloud-based solutions, such as a headless content management system, container runtime or a cloud-based programmable digital media platform to manage our proprietary digital assets.

We are already in the process of automating all transaction-based processes and we continue to invest in automation.

12.7.5.2 *Our IT Security Measures*

The safety and reliability of our platform and systems are paramount to our operations. This focus is reflected in the fact that we had 99.5% uptime of our technology platform in 2020. We follow a rigorous post-mortem management process to address the root cause of all issues. The last significant service interruption to our platform was more than twelve months ago. In addition to a security-conscious development team, several state-of-the-art security tools and measures help us maintain this level of resilience, including:

- Multi-cloud-architecture with redundancies at all layers;
- Cloud protection to prevent so-called distributed denial-of-service attacks;
- Encrypted cloud storage;
- Multi-level firewalls;
- Encryption of sensitive data;
- Automated backups and disaster recovery systems;
- Frequent penetration and security testing;
- Detailed multi-level monitoring and alerting;
- Information sharing based on a strict need-to-know principle;
- Mandatory code review process by at least two engineers; and
- Multi-factor authentication.

Besides redundancies in our cloud architecture, our disaster recovery plan comprises backups of internal infrastructure using Quest vRanger for daily incremental backup cycles, and full backups during the weekends. Furthermore, all database servers will be backed up using SQL database backup. Continuous automated security scanning is in place for all infrastructure, but also for all office infrastructure such as Windows and macOS client systems. All incoming and outgoing communications, as well as all data flow on Microsoft, are scanned for viruses, intrusions and malware by a hardware firewall using advanced gateway security software.

12.7.6 Our Commitment to Corporate Responsibility

Corporate responsibility forms an integral part of our business model. To comply with environmental, social and corporate governance ("**ESG**") criteria, we have developed a comprehensive plan focusing on the three areas: environment ("Our environment"), social ("Our people", "Our community" and "Our customers") and governance ("Our business"). We have launched and joined a number of key initiatives seeking to enhance corporate responsibility in the eyewear industry. These initiatives are mainly aimed at sustainability efforts by reducing carbon emissions and waste as well as promoting inclusion and diversity by supporting our employees and local communities.

"Our environment" subsumes our sustainability efforts to leave a positive impact on the planet's environment. For our shipping we aim to only use recycled and sustainable materials, to avoid all plastics by 2023 and seek to achieve 100% carbon neutral shipping by the end of 2021. We introduced our virtual try-on technology also to reduce carbon emissions by decreasing the number of shipments and returns. Furthermore, we rely on 100% renewable electricity for our logistics, offices and stores. Moreover, in March 2020, we commissioned an energy audit including recommendations for a reduction of energy consumption. In order to track our environmental footprint, we use specific performance indicators such as energy consumption and targets for carbon emission reduction until 2030. To enhance sustainability in the eyewear industry, we constantly seek to develop and increase our offering of eco-friendly and sustainable brands, with five eco-friendly and sustainable brands in our brand portfolio already in the first half of 2021, and plans for a further continuous increase of eco-friendly and sustainable brands in our brand portfolio. In 2020, we launched our first sustainable collection "CO CO". In 2021, we started to highlight sustainable products in our online shop and physical stores. In the future, we intend to further increase these efforts, in particular by broadening our assortment of sustainable brands.

In addition, we seek to ensure materials are retained within productive use, in a high value state, for as long as possible. To this end, we offer, for example, a repair and re-glazing service for damaged glasses.

"Our people" refers to our activities to create an inclusive environment for all of our employees. We believe that diversity is decisive for building a sustainable organization. To this end, we seek to foster an inclusive environment. Over 40% of our leading personnel and over 55% of our overall workforce are female. Our employees come from more than 55 countries. In the future, we intend to increase the proportion of women in leading positions and working as technical engineers as well as to hire more people with disabilities. Further, we want to maintain our strength of operating without any gender pay gap ensuring equal opportunities for all our employees.

"Our community" promotes our vision to improve our relationship with the communities in which we operate our business. Especially important to us is the support of local charitable organizations such as, among others, our social partnerships with the charitable agencies/organizations "Mosaik" and "BrillenWeltweit", as well as our environmental partnership with the non-profit environmental project "Clean River Project".

"Our customers" describes our efforts to stand by our customers by guaranteeing the quality and safety of products/goods and services, responsible marketing and customer data privacy.

"Our business" refers to our efforts to ensure corporate responsibility, accountability, and stewardship within both Mister Spex and its wider community. We seek to embed a corporate responsibility strategy into our corporate strategy across all company matters. In this context, we have rolled out a revised data privacy training for our workforce, established a risk management system and implemented an anti-bribery and anti-corruption policy and engaged an external service provider offering related trainings to our employees.

12.8 Intellectual Property

12.8.1 Trademarks and Registered Designs

As of the date of this Prospectus, we have registered, or filed for the registration of, more than 30 trademarks, including our most important brands Mister Spex, Linsenpate and Lensit.

For a description of pledges of intellectual property rights, see "*12.13.1.4 Intercreditor Agreement*".

12.8.2 Domains

We are the legal or beneficial owners of various domains, including the following domains that are essential to our business:

- misterspex.de;
- misterspex.nl;
- misterspex.at;
- misterspex.ch;
- misterspex fr;
- misterspex.es;
- misterspex.se;
- misterspex.no;

- misterspex.fi;
- misterspex.co.uk;
- linsenpate.de;
- lensit.no.

12.8.3 Proprietary Software

We leverage a variety of third-party software components and tools to develop, operate, run and analyze our platform. Some of those are of proprietary nature, such as, among others, MS Dynamics, while most of these software components are available as open source software, for example React.js, and many small tools to streamline our development and testing processes, for example Jenkins, Jest, Mocha and Cypress. We diligently and strictly adhere to a clear policy for the usage, licensing and tracking of open source components used, which explicitly prohibits any use of code licensed under licenses that restrict commercial use, require publication of modified code, or impose restrictions on derivative works. Furthermore, as a matter of good practice, we actively support the open source projects that we use.

12.9 Compliance Management

Our legal and compliance team, which comprises our general counsel as well as two legal counsels, has established a compliance management system aimed at ensuring lawful conduct by our employees. In addition, a compliance committee comprising our Chief Financial Officer, our general counsel and our human resources business partner discusses compliance-related topics on a quarterly basis.

Our compliance system is designed to identify potential violations in advance and to systematically prevent their occurrence. This system comprises, among other things, guidelines offering an overview of our compliance regime and our mandatory compliance policies, regular employee training courses on relevant compliance risks and measures as well as a whistleblowing system to allow employees and third parties to report potential compliance violations. Our compliance system is, among others, aimed at preventing bribery and corruption as well as violations of anti-money laundering, sanctions control, data protection, antitrust and anti-discrimination laws and regulations.

12.10 Employees

As of the date of this Prospectus, we employ a total of 1,021.8 employees (full-time equivalent ("**FTE**")).

In the fiscal year ended December 31, 2020, we employed 824 employees (FTE) on average (fiscal year ended December 31, 2019: 600 employees (FTE) on average; fiscal year ended December 31, 2018: 574 employees (FTE) on average).

At the end of December 31, 2020, we employed 848.6 employees (FTE), as shown in the following table broken down by workforce groups:

	As of December 31, 2020
	(unaudited)
	Number of FTEs
Workforce Group	
Customer Service and Operations	317.3
Retail	277.3
Overhead (Corporate and Commercial Functions)	130.8
Technology including Data and Product Management	93.2
Finland, Sweden, Norway	19.9
Lensit	9.1
France	1
Total	**848.6**

12.11 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability and transport insurance) and cover all entities of Mister Spex Group. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market standard insurance coverage customary in our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of Mister Spex Group, with a total coverage of up to €26 million *per annum* for members of the Management Board and €26 million for members of the Supervisory Board, as well as various sub-limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

12.12 Litigation

In the course of our business activities, we are regularly exposed to numerous legal risks, particularly in the areas of product liability, competition, intellectual property disputes and tax matters (see "*1.3 Risks related to Regulatory, Legal and Tax Matters*").

We are, however, not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) with a value exceeding €0.5 million or which may otherwise have, or have had, a significant effect on our financial position or profitability during the past twelve months.

12.13 Material Agreements

The following is an overview of agreements that are material to our business or profitability. Apart from these agreements, there are no other agreements which are material to our business as of the date of this Prospectus.

12.13.1 Financing Agreements

12.13.1.1 <u>*Kreos Capital*</u>

12.13.1.1.1 <u>*Loan Agreements*</u>

On May 30, 2013, the Company, as borrower, entered into a loan agreement with Kreos Capital IV (Luxembourg) S.à r.l. ("**Kreos Luxembourg**") for an aggregate amount of up to €4.0 million (the "**First Original Kreos Loan**"). On December 12, 2013 and October 13, 2014, the Company, as borrower, entered into two additional loan agreements with Kreos Luxembourg, each for an aggregate amount of up to €4.0 million, (the "**Second Original Kreos Loan**" and "**Third Original Kreos Loan**", respectively, and the Second Original Kreos Loan and the Third Original Kreos Loan together with the First Original Kreos Loan, the "**Original Kreos Loans**").

On April 13, 2016, the Company, as borrower, entered into a loan agreement with Kreos Capital V (UK) Limited ("**Kreos UK**" and Kreos UK and Kreos Luxembourg each individually "**Kreos**") for an aggregate amount of up to €10.0 million (the "**First Kreos Loan**"). On March 1, 2017, the Company, as borrower, entered into an additional loan agreement with Kreos, for an aggregate amount of up to €10.0 million (the "**Second Kreos Loan**"), and, on January 24, 2018, into another additional loan agreement for an aggregate amount of up to €10.0 million (the "**Third Kreos Loan**" and, together with the First Kreos Loan, the Second Kreos Loan and the Original Kreos Loans, the "**Kreos Loans**", and each a "**Kreos Loan**"). In 2018, the Kreos Loans were repaid in full.

12.13.1.1.2 <u>Warrant Agreements</u>

In connection with each of the Kreos Loans, the Company, all of the respective shareholders of the Company (in each case as at the date of entering into the Kreos Loans) and Kreos Capital IV (Expert Fund Fund) Limited and Kreos Capital V (Expert Fund) LP, respectively, both affiliates of Kreos (the "**Kreos Affiliates**"), entered into a total of six warrant agreements, each pursuant to which one of the Kreos Affiliates was granted warrant rights enabling the relevant Kreos Affiliates to acquire a certain number of new shares in the Company against contribution of, in total, €4.1 million in cash (the "**Kreos Warrants**"). The Kreos Warrants have a term until the earlier of (i) the tenth annual anniversary of the execution date, (ii) the acceptance by the Company's shareholders of an offer for a share deal, or (iii) the fifth anniversary of an initial public offering of the shares in the Company at a national or international stock exchange. As of the date of this Prospectus, the Kreos Affiliates have not exercised their rights under the Kreos Warrants to subscribe for shares in the Company; the Kreos Affiliates do not intend to exercise their Kreos Warrants at the Offering.

The share entitlement under each series of the Kreos Warrants amounts to the respective total warrant amount (*i.e.*, €0.5 million for the first series of Kreos Warrants, €0.5million for the second series of Kreos Warrants, €0.2 million for the third series of Kreos Warrants, €1.1million for the fourth series of Kreos Warrants, €1.1 million for the fifth series of Kreos Warrants and €0.8 million for the sixth series of Kreos Warrants out of which only €0.6 million have been utilized) divided by the respective strike price (*i.e.*, €3.25 for the first series of Kreos Warrants, €4.67 for the second series of Kreos Warrants, €5.41 for the third series of Kreos Warrants, €6.94 for the fourth series of Kreos Warrants, €6.94 for the fifth series of Kreos Warrants and €10.50 for the sixth series of Kreos Warrants) and is subject to customary anti-dilution adjustments.

This results in 150,390 shares for the first series of Kreos Warrants, 104,640 for the second series of Kreos Warrants, 45,150 for the third series of Kreos Warrants, 154,095 for the fourth series of Kreos Warrants, 154,800 for the fifth series of Kreos Warrants and 56,295 for the sixth series of Kreos Warrants assuming full exercise of the Kreos Warrants.

The full exercise of all conversion rights could result in the issuance of up to 665,370 shares in the Company (as of the date of this Prospectus) and would thereby increase the Company's current share capital (*i.e.*, 24,385,425 shares as of the date of this Prospectus) by up to 2.7%.

The Company has an authorized capital of in total nominal €9,203,647.00 under which shares can be issued upon exercise of the Kreos Warrants (see "*16.1.3.4 Authorized Capital 2021").*

12.13.1.2 *Term Loan Facility*

On April 23, 2021, the Company as borrower, International Eyewear GmbH, Nordic Eyewear Holdings AB, Nordic Eyewear AB and Lensit.no AS as guarantors (the "**Guarantors**"), Barclays as original lender and mandated lead arranger, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent, entered into the Bridge Facility Agreement with a term facility in an amount of €35.0 million. On April 30, 2021, JIL, an affiliate of JEG, has assumed a participation of €17.5 million from Barclays as lender following the full utilization of the Bridge Facility. The termination date for the Bridge Facility is July 31, 2022 (the "**Termination Date**"). Upon completion of the Offering, the Bridge Facility will, subject to certain conditions, be cancelled and all outstanding utilizations, together with all accrued (yet unpaid) interest, fees, costs and expenses, and all other amounts owed by the Company to the finance parties will become due and payable.

The interest period for a loan under the Bridge Facility is one month. The rate of interest for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and EURIBOR (with a zero floor). The applicable margin is determined as follows:

- 6.5% per annum from and including April 23, 2021, to and including December 31, 2021.
- 10.0% per annum from and including January 1, 2022, to and including March 31, 2022.
- 15.0% per annum from and including April 1, 2022, to and including the Termination Date.

The Guarantors guarantee (*garantieren*) by way of an independent payment obligation (*selbständiges Zahlungsversprechen*) to pay to the finance parties any amount due under the Bridge Facility Agreement (and any other finance document under or in connection therewith) that has not been fully and irrevocably paid by the Company.

The Bridge Facility Agreement contains a number of covenants with respect to the Company or the Mister Spex Group (as applicable), including restrictions on the incurrence of financial indebtedness, a negative pledge and limitations on the disposal of assets, in each case subject to certain exceptions and thresholds. The Bridge Facility Agreement also provides for customary events of default, including a material adverse effect, the non-payment of amounts payable under the Bridge Facility Agreement (or other finance documents under or in connection therewith) or a default under any other financial indebtedness of the Company (cross-default) (subject to a certain threshold). Furthermore, the Company undertakes to comply with a certain minimum liquidity covenant and a maximum debt covenant, subject to certain cure rights.

12.13.1.3 *Working Capital Facility*

On April 30, 2021, the Company as borrower and Commerzbank as lender entered into a (revolving) Working Capital Facility Agreement with a facility in an amount of €7.5 million (the "**Working Capital Facility**"). Upon completion of the Offering, the Company may request an increase of the facility amount by a further €7.5 million. The commitment to such increase is at the sole discretion of Commerzbank. The termination date for the Working Capital Facility is 31 July, 2022. The Company is entitled to repay a loan in full or in part at any time, and may cancel the Working Capital Facility Agreement subject to the conditions set forth in the Working Capital Facility Agreement (*e.g.*, delivery of prepayment notice in advance).

The interest period for a loan under the Working Capital Facility is one month. The rate of interest for each interest period is 5.80 per cent per annum, subject to certain interest rate adjustments. A commitment fee in the amount of 4.00 per cent per annum is payable with respect to undrawn parts of the Working Capital Facility.

Under the Working Capital Facility Agreement the Company has to ensure that a certain equity ratio and, subject to cure rights, a certain minimum liquidity covenant are complied with.

12.13.1.4 *Intercreditor Agreement*

The finance parties under the Bridge Facility Agreement and the Working Capital Facility Agreement are secured by:

- pledges over shares in the Guarantors (other than shares in Nordic Eyewear Holdings AB);
- pledges of bank accounts of the Company, International Eyewear GmbH, Nordic Eyewear AB and Lensit.no AS;
- security assignment of intra-group claims and insurance receivables of the Company;
- security over moveable assets of the Company; and
- security over IP rights (including trademarks)

on a *pari passu* basis subject to the terms and conditions of an intercreditor agreement dated April 26, 2021, and entered into by, among others, Barclays as lender under the Bridge Facility Agreement, Commerzbank as lender under the Working Capital Facility Agreement, GLAS Trust Corporation Limited as security agent, the Company and the Guarantors under the Bridge Facility Agreement. Upon completion of the Offering and prepayment of the Bridge Facility, the security over moveable assets of the Company shall remain and continue to secure the Working Capital Facility.

12.13.2 Tribe Acquisition

By way of a purchase agreement signed in October 2020 (the "**Tribe SPA**") and in connection with a capital increase of Tribe GmbH ("**Tribe**"), which was resolved in November 2020 and registered in January 2021, we acquired, in the aggregate, 48.17% of the share capital in Tribe for a total purchase price of €3.2 million, including incidental purchase costs. Tribe is a deep technology company based in Berlin, Germany, focusing on artificial intelligence (AI)-based online solutions. These solutions can be used to measure head and face dimensions to help customers find a frame that fits their face and style and, overall, improve the customer experience when buying glasses on the internet.

By means of the Tribe SPA, we acquired a 45.00%-shareholding in Tribe from the founding/operating shareholders of Tribe for an initial purchase price of approximately €2.3 million, which was paid to the founding/operating shareholders upon closing, and a deferred purchase price amounting to approximately €0.5 million in total, which is payable in three equal installments of approximately €0.1 million per year to each of the two operating/founding shareholders. The initial purchase price at the time of closing was, and the deferred purchase price in the three annual installments will be, paid in cash. Furthermore, we acquired claims vis-à-vis Tribe under convertible loan agreements from several lenders in the overall amount of approximately €0.3 million.

The Tribe SPA provides for certain put options in favor of the founding/operating shareholders, which are subject to different conditions, such as that certain targets with regard to Tribe's development are met in the future or that the founding/operating shareholders have not left Tribe until a certain end date. These put options may, at the earliest, be exercised in 2022 or 2023. In addition, the Tribe SPA provides for a call option in favor of the Company, which may be exercised at any time and at the sole discretion of the Company. In the event any of these options should be exercised in full, we would acquire the remaining outstanding shares from the holding companies of the founding/operating shareholders, as a result of which we would become the sole shareholder of Tribe.

The purchase price which is to be paid to the founding/operating shareholders, subject to the condition that the founding/operating shareholders have not left Tribe and have met certain milestones, amounts to approximately €2.9 million in total. The founding/operating shareholders are obliged to reinvest the purchase price they receive as consideration for their shares in Tribe into the Company by way of subscription of 229,395 newly issued shares of the Company at a share price of €1 per share, together with the obligation to contribute their option price receivable.

The Company has an authorized capital in the nominal amount of €12,192,712.00 under which shares can be issued upon exercise of the options under the Tribe SPA.

The Company has an authorized capital of in total nominal €9,203,647.00 under which shares can be issued upon exercise of the options under the Tribe SPA (see "*16.1.3.4 Authorized Capital 2021").*

In connection with the capital increase of Tribe, we acquired an additional stake of 3.17% in the increased share capital of Tribe against cash contribution and contribution of the claims under the convertible loan agreements into Tribe's capital reserves, which thus expired.

13. REGULATORY AND LEGAL ENVIRONMENT

We operate in several countries in the European Union as well as in Norway, Switzerland and in the United Kingdom. Therefore, our business is subject to various regulatory requirements under European Union law, the applicable national laws of the European countries in which we operate as well as the laws of Norway, Switzerland and the United Kingdom.

While the relevant laws and regulations are typically of a national scope, within the European Union, a considerable degree of regulatory harmonization exists in a number of areas relevant to our business. The European Union has created a common regulatory framework that applies not only in our most important market Germany but in all member states of the European Union and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union. In addition, Norway, the United Kingdom and Switzerland have enacted national regulatory frameworks that are somewhat similar to the framework applicable in the European Union.

The following description provides an overview of selected regulations applicable to our business.

13.1 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European (*e.g.*, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing directive 95/46/EC (the "**General Data Protection Regulation**")) and national legislation (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")) in Germany).

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how they may be transferred. The General Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without cause, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside Europe is subject to specific requirements.

The General Data Protection Regulation also requires organizational measures, such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, among other things, must monitor compliance with the General Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the General Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. In Germany, operators of online platforms have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and app).

The following selected areas of data protection and data privacy are of particular relevance to our business:

13.1.1 Individual Rights of Data Subjects

Under the General Data Protection Regulation, data subjects have a right to require information about what data have been recorded with respect to them, how their data is being processed, to have their data rectified, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the General Data Protection Regulation establishes a so-called "right to be forgotten". Therefore, data subjects may require that data relating to such data subjects are deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data. In addition, data subjects have the right to object to the processing of their data, if such processing is based on the performance of a task in the public interest or on the controller's (*Verantwortlicher*) legitimate interests.

13.1.2 Web Analysis

Web analysis technology, such as cookies or tracking tools (*e.g.*, Google Analytics), enables us to utilize traffic to our websites to personalize our offering and marketing efforts to better match the interests of our users. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

On May 28, 2020 the Federal Court of Germany (*Bundesgerichtshof*), based on a decision by the Court of Justice of the European Union of October 1, 2019, ruled that under German law, the use of certain cookies requires a clear affirmative act of the user and that a pre-activated checkbox does not fulfil this requirement. The use of cookies may be restricted further by a new regulation of the European Parliament and of the Council, which is currently undergoing the European legislative process. This legislation provides for an opt-in regime, pursuant to which the use of certain cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of users of websites and app.

13.1.3 Profiling

The General Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior.

13.1.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained through a so-called double opt in procedure. This procedure requires that recipients give their consent twice (*i.e.*, firstly by filling out an online registration form and secondly by confirming their email address after they have registered).

When obtaining consent, the respective sender has to clearly inform the recipients of the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent, provided that such recommendations only relate to products identical or similar to those previously purchased by these customers and that these customers have been duly informed about their right to object to receiving such recommendations.

13.1.5 Social Plugins

Operators of online platforms use social plugins (*e.g.*, Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. The use of such social plugins may, however, infringe data privacy laws, depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click-solution, pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons.

13.1.6 Data Transfer to Countries outside the EU

The General Data Protection Regulation sets forth specific requirements and obligations in relation to the transfer of personal data outside the EU. The Company transfers personal data to service providers outside the EU, in particular for the purposes of website, offer, and user experience optimization. We also rely on the adequacy decisions issued by the EU Commission (*i.e.*, the decisions in which the EU Commission confirms that a third country provides an appropriate level of data protection according to EU standards) and have to observe judicial decisions, such as the decision of the Court of Justice of the European Union on July 16 2020 (C-311/18/"Schrems II") relating to the transfer of personal data from the EEA to countries outside the EEA.

13.1.7 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, among other things, covers online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

13.1.8 Consequences of Non-Compliance

Non-compliance with the General Data Protection Regulation may result in severe fines. Depending on the individual infringement, fines of up to the higher of 4% of the annual worldwide turnover for the last year and €20.0 million may be imposed. In addition, the General Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the General Data Protection Regulation.

13.1.9 New Proposal for a Data Privacy Regulation

On January 10, 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. This proposal has meanwhile been replaced by a new draft version of an ePrivacy Regulation released by the Counsel of the European Union on January 5, 2021. While the latest proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

13.2 Cybersecurity

We have to comply with various cybersecurity requirements. In particular, the General Data Protection Regulation and the Data Protection Act stipulate that entities that collect and process personal data, including operators of online platforms, must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption and protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, operators of online platforms must ensure that appropriate compliance measures cover the detection and control of technology related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their technology, in particularly any data they collect and store, against outside attacks in accordance with the current standards of technology.

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems, which was implemented among others by amendments to the German Act on the Federal Office for Information Security (*Gesetz über das Bundesamt für Sicherheit in der Informationstechnik*) and the German Telecommunications Act (*Telekommunikationsgesetz*), requires digital service providers, including online platforms, to:

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the General Data Protection Regulation generally requires us to inform the competent supervisory authorities of any breach of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of the breach without undue delay.

13.3 Consumer Protection

As an online retailer of consumer products, our products must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of various directives, in particular:

- Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, as amended;
- Directive 1999/44/EC of the European Parliament and of the Council of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees, as amended;
- Directive (EC) 2000/31 of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market, as amended;
- Directive (EC) 2005/29 of the European Parliament and of the Council of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market, as amended; and
- Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended (the "**Consumer Rights Directive**").

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on us, in particular:

13.3.1 Information Requirements

Online platforms are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "*13.3.3 Withdrawal Rights*"). Operators of online platforms have to observe these requirements when designing and structuring their websites and apps as well as their ordering, payment and logistics processes.

As a result of changing legislation, operators of online platforms are regularly required to adapt their offerings and processes. For example, the Consumer Rights Directive requires online operators to ensure that during the order process, consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labeled "order with obligation to pay" or be similarly labeled, and the operator must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

13.3.2 Warranty Rights

Online retailers including Mister Spex Group, are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge.

13.3.3 Withdrawal Rights

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which such consumers come into possession of the relevant products. Online operators are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (*e.g.*, in writing, per email or telephone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, consumers are required to return the relevant products within 14 days. During the same period, sellers are required to reimburse the purchase price, including shipping costs, if any. Such sellers are, however, not required to reimburse consumers for any additional costs, if consumers have expressly opted for a more expensive type of delivery (*e.g.*, express delivery). Consumers generally have to bear the expenses for the return, unless the seller has agreed to bear them or failed to properly inform consumers that they will have to bear such expenses in case of a withdrawal. In addition, consumer are required to compensate online operators for any losses in the value of the returned products, unless (i) such losses were caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the sellers failed to properly inform the consumers of their statutory withdrawal rights.

13.3.4 Advertising

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how regulators, governmental agencies and other competent bodies will apply them. Furthermore, advertising for medical devises is subject to specific limitations (*e.g.*, restricting the use of financial inducements and gifts) resulting from the German Health Services and Products Advertising Act (*Heilmittelwerbegesetz*) and comparable foreign regulations.

13.3.5 Consequences of Non-Compliance

Failure to comply with the provisions on consumer protection may give rise to civil liability, administrative orders or fines, and may even result in the invalidity of the relevant purchase agreements. Competitors and consumer protection associations could issue formal warnings, and the latter may also assert claims for injunctive relief.

13.4 Product Safety

13.4.1 Requirement to ensure Product Safety

Online retailers who market their products in the European Union have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended (the "*Product Safety Directive*"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. However, the Product Safety Directive does not apply to secondhand products supplied as antiques or as products that need to be repaired or reconditioned prior to being used, if the retailer clearly informs the consumer of this condition.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

Moreover, the Act on Food, Feed and Consumer Products (*Lebensmittel-*, *Bedarfsgegenstände- und Futtermittelgesetzbuch*) as well as the Governmental Regulation on Consumer Products (*Bedarfsgegenständeverordnung*) have to be observed by any retailer when performing its business in Germany. Both acts are primarily aimed at protecting the health of consumers that get into contact with certain products and grant extensive powers to the competent authorities in order to supervise the compliance of the manufacturers and the distributors of products with their legal duties. Optical devices and instruments as well as washing and cleansing products, generally qualify as consumer products within the meaning of both acts.

13.4.2 Consequences of Non Compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* (the "**Product Liability Act**")) provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product

Liability Act, retailers are generally considered manufacturer with respect to establishing their product liability obligations. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of €85.0 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of €500.00 himself.

13.5 Medical Devices Laws

As a manufacturer and distributor of optical devices such as corrective glasses and contact lenses, the Company is subject to medical devices regulations on a national and European level.

The purpose of such regulations is to regulate the circulation of medical devices and thereby ensure the safety, suitability and performance of medical devices as well as the health and necessary protection of patients, users and third parties. A violation of such regulations may result, inter alia, in fines and criminal sanctions.

On May 25, 2017, Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices and amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No 1223/2009, and Regulation (EU) 2017/746 of the European Parliament and of the Council on in vitro diagnostic medical devices entered into force. The two regulations are applicable since May 26, 2021 and have replaced the European directives on active implantable medical devices (90/385/EEC), on medical devices (93/42/EEC) and on in vitro diagnostic medical devices (98/79/EC). The new regulations apply directly in the EU member states and therefore do not need to be transposed into national law, and, in particular, the German Medical Devices Act (*Medizinproduktegesetz* (the "**Medical Devices Act**")) was hence in large parts repealed. Nevertheless, in Germany, extensive adaptations of national medical devices law were required, and were implemented to a large extent based on the Medical Devices EU Adaptation Act (*Medizinprodukte-EU-Anpassungsgesetz*) as well as the Medical Devices EU Adaptation Ordinance (*Medizinprodukte-EU-Anpassungsverordnung*). The Adaption Act implements, inter alia, the so-called "Medicrime" Convention of the Council of Europe with regard to the counterfeiting of medical devices.

In addition, the Company's operations are subject to special rules and licenses that apply to the profession of optician as this is a licensed profession in all of the jurisdictions in which we operate. In Germany, for example, opticians must complete special training in accordance with the requirements of the German Crafts Code (*Handwerksordnung*). In addition, the operation of each single optical store selling medical devices (as are prescription glasses) requires the employment of at least one certified master optician pursuant to the German Crafts Code.

13.6 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, among others, governed by the Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as amended (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as amended (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as amended.

- On a European Union level, trademarks are governed by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the member states relating to trademarks and, with respect to the creation of a union wide trademark registration and protection regime, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017 on the European Union trade mark, as amended.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

Trademarks may be registered with a national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent und Markenamt*)), the European Union Intellectual Property Office for union wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for ten-year periods. Such registrations may be renewed repeatedly.

Upon receiving an application, the competent trademark authority will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European Union trademark, the proprietor may prohibit any third-party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, among other things, receive compensation for damages arising from the illegal use of his trademark.

13.7 Internet Domains

The reservation, transfer and renewal of generic top level Internet domains (*e.g.*, ".com") and national top level Internet domains (*e.g.*, ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is a US based non-profit organization. The reservation, transfer and renewal of second level Internet domains are administered by certain registrars which are accredited by ICANN. In Germany, Internet domains ending with ".de" are administered by DENIC eG ("**DENIC**"), a German non-profit organization. Reservations of second level Internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, *inter alia*, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains *vis-à-vis* third parties against abusive reservation or use on the grounds of trademark protection.

14. SHAREHOLDER INFORMATION

14.1 Major Shareholders

As of the date of this Prospectus, the following shareholders of the Company directly hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 *et seq.* of the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")), if these provisions were already applicable to the Company (the "**Major Shareholders**"):

- SEP IV LP, with its registered offices in Glasgow, United Kingdom;
- Broad Street Equity Investments Europe Ltd.(an affiliate of Goldman Sachs), with its registered offices in London, United Kingdom;
- Albert Büll GmbH, with its registered offices in Hamburg, Germany;
- Grazia Beteiligungen GmbH & Co. KG, with its registered offices in Stuttgart, Germany;
- Luxottica Holland B.V., with its registered offices in Heemstede, the Netherlands;
- DN Capital Global Venture Capital II L.P., with its registered offices in St Helier, Jersey;
- High-Tech Gründerfonds GmbH & Co. KG, with its registered offices in Bonn, Germany;
- Siparex XAnge Venture SAS, indirectly holds an interest in the Company's share capital and voting rights as qualified above through the following direct shareholders of the Company, each with their registered offices in Paris, France:
    - FCPI La Banque Postale Innovation 12
    - FCPI La Banque Postale Innovation 14
    - FPCI XAnge Capital 2
    - XAnge Selection Fund II
- Co-Investor SPX GmbH & Co. KG, with its registered offices in Frankfurt am Main, Germany.

The following table sets forth (i) the direct shareholdings of the Major Shareholders, (ii) the ultimate controlling shareholders of the Major Shareholders within the meaning of Sections 33 *et seq.* WpHG immediately prior to the Offering, and (iii) their expected shareholdings, together with the expected shareholdings of the public float, upon completion of the Offering, assuming final placement of 9,782,609 New Shares and 1,956,521 Over-Allotment Shares, and full exercise of the Greenshoe Option:

Ultimate Shareholder	Direct Shareholder	Ownership of the Company immediately prior to the Offering (in %)[(1)(2)]	upon completion of the Offering
Scottish Equity Partners LLP [(3)]	SEP IV LP	16.6	8.2
The Goldman Sachs Group, Inc.[(4)]	Broad Street Equity Investments Europe Ltd	15.4	6.6
Albert Büll, Christa Büll, Nathalie Büll-Testorp, Sabine Büll-Schröder [(5)]	Albert Büll GmbH[(6)]	14.9	10.6
EssilorLuxottica SA[(7)]	Luxottica Holland B.V.[(8)]	7.9	11.5
Alexander Rauschenbusch[(9)]	Grazia Beteiligungen GmbH & Co. KG/ Grazia Fonds MB GmbH & Co. KG	7.5	4.5
DN Capital – GVC II General Partner Limited[(10)]	DN Capital Global Venture Capital II L.P	6.8	2.9
Siparex XAnge Venture SAS[(11)]	FCPI La Banque Postale Innovation 12/ FCPI La Banque Postale Innovation 14/ FPCI XAnge Capital 2/ XAnge Selection Fund II	5.1	2.5
Federal Republic of Germany (*Bundesrepublik Deutschland*) represented by the Federal Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft und Energie*)[(12)]	High-Tech Gründerfonds GmbH & Co. KG	5.1	3.6
Co-Investor AG[(13)]	Co-Investor SPX GmbH & Co. KG	3.7	1.6
Treasury shares		4.1	3.0
Other shareholders		12.9	6.9
Public float		–	38.0
Total		**100.00**	**100.00**

(1) Shareholdings do not take into account any shares that (i) may be issued to beneficiaries under our existing incentive programs (see "*17.6 Share Incentive Programs*"), (ii) may be issued as Kreos Warrants (see "*12.13.1.1 Kreos Capital*") or (iii) have been sold prior to the Offering, but for which the transfer has not been completed as of the date of this Prospectus.

(2) In connection with a capital increase resolved upon on June 14 and 15, 2021 in order to compensate certain holders of Preference Shares, Quirin Privatbank, as sole subscriber, subscribed for and acquired all shares in connection with the capital increase, with the obligation to allot and transfer these shares to the relevant shareholders of the Company against payment of the subscription price of the notional value of €1.00 per share (see "*14.3 Pre-IPO Share Conversion*").

(4) The voting rights held by SEP IV LP are attributed to Scottish Equity Partners LLP pursuant to Sec. 34 para. 1 sent. 1 no. 6 WpHG. In addition, the voting rights held by SEP IV LP are attributed to Scottish Equity Partners LLP pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG.

(4) The voting rights held by Broad Street Equity Investments Europe Ltd are attributed to The Goldman Sachs Group, Inc, through GSSG Holdings LLC pursuant to Section 34 para. 1 sentence 1 no. 1, sentence 3 WpHG.

(5) The voting rights held by Albert Büll GmbH are attributed to Albert Büll, Christa Büll, Nathalie Büll-Testorp, Sabine Büll-Schröder as multiple-mothers (*Mehrmütter*) through ABACON Invest GmbH, ABACON GmbH & Co. KG, Verwaltung ACB GmbH pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG.

(6) By way of individual share loan agreements dated June 21, 2021, Albert Büll GmbH has transferred in total 254,821 of its shares in the Company to one member of the Management Board and several employees of the Company as Optionees in order for those Optionees to place these shares in the Offering. Each of the Optionees undertook to re-transfer shares of the same type, quality and quantity (*gleiche Art, Güte und Menge*) on or prior to September 30, 2021, to Albert Büll GmbH (see "*3.10 Share Loan*").

(7) The voting rights held by or attributed to Luxottica Holland BV are attributed to EssilorLuxottica SA, through Luxottica Group S.p.A. pursuant to Section 34 para. 1 WpHG.

(8) On June 18, 2021, Luxottica Holland B.V. agreed to purchase shares at the Offer price in the aggregate amount of €50.0 million. On the same day, both Henderson Global Investors Limited and M&G Investment Management Limited agreed to purchase shares at the Offer price at a purchase price of €30.0 million each. For further information on the cornerstone investments by the Cornerstone Investors, see "*3.7 Cornerstone Investment*".

(9) Grazia Beteiligungen GmbH & Co. KG holds 7.0% of the voting rights in the Company. The voting rights held by Grazia Beteiligungen GmbH & Co. KG are attributed to Alexander Rauschenbusch through Grazia Verwaltungs GmbH, Grazia Equity GmbH and 5r Private Equity KG pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG. In addition, Grazia Fonds MB GmbH & Co. KG holds 0.4% of the voting rights in the company. The voting rights held by Grazia Fonds MB GmbH &

Co. KG are also attributed to Alexander Rauschenbusch through Grazia Capital Management GmbH, Grazia Equity GmbH and 5r Private Equity KG pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG.

(10) The voting rights held by DN Capital – Global Venture Capital II L.P. are attributed to DN Capital – GVC II General Partner (Jersey) Limited through DN Capital – GVC GP L.P. pursuant to Section 34 para. 1 sent. 1 no. 1 WpHG. At the same time, the voting rights held by DN Capital – Global Venture Capital II L.P. are attributed to DN Capital (UK) LLP pursuant to Section 34 para. 1 sentence 1 no. 6 WpHG.

(11) FCPI La Banque Postale Innovation 12 holds 0.4%, FCPI La Banque Postale Innovation 14 holds 0.7%, FPCI XAnge Capital 2 holds 1.3% and XAnge Selection Fund II holds 2.8% of the voting rights in the Company. FCPI La Banque Postale Innovation 12, FCPI La Banque Postale Innovation 14, FPCI XAnge Capital 2 and XAnge Selection Fund II are in each case attributed to Siparex XAnge Venture SAS in each case pursuant to Sec. 34 para. 1. sent. 1 no. 6 WpHG.

(12) The voting rights held by High-Tech Gründerfonds GmbH & Co. KG are attributed to the Federal Republic of Germany represented by the Federal Ministry for Economic Affairs and Energy pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG. In addition, the voting rights held by High-Tech Gründerfonds GmbH & Co. KG are attributed to the Federal Republic of Germany represented by the Federal Ministry for Economic Affairs and Energy through High-Tech Gründerfonds Komplementär GmbH and High-Tech Gründerfonds III GmbH & Co. KG pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG. In addition, the voting rights held by High-Tech Gründerfonds GmbH & Co. KG are first attributed to High-Tech Gründerfonds Management GmbH pursuant to Sec. 34 para. 1 sent. 1 no. 6 WpHG and are then attributed to the Federal Republic of Germany represented by the Federal Ministry for Economic Affairs and Energy through High-Tech Gründerfonds III GmbH & Co. KG pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG.

(13) The voting rights held by Co-Investor SPX GmbH & Co. KG are first attributed to Co-Investor Deutschland GmbH pursuant to Sec. 34 para. 1 sent. 1 no. 6 WpHG and are then attributed from Co-Investor Deutschland GmbH to Co-Investor AG pursuant to Sec. 34 para. 1 sent. 1 no. 1 WpHG.

14.2 Shareholders' Agreement

On December 11, 2020, all of the shareholders of the Company, including but not limited to the Major Shareholders, entered into a shareholders' agreement, which was amended on June 11, 2021, (the "**Shareholders' Agreement**"), governing their cooperation and status as shareholders of the Company, in particular defining and governing several different classes of shares (different classes meaning only within the framework of the Shareholders' Agreement). Under the Shareholders' Agreement, some of these classes of shares are subject to different preferential rights relating to the allocations of the exit proceeds in connection with an initial public offering. To this end, the Shareholders' Agreement provides for the issuance of additional common shares at nominal value by way of a capital increase necessary to compensate certain shareholders of the Company, who are holders of certain classes of shares and related preferential rights (the "**Preference Shares**"), for the cancellation of these preferential rights and conversion of the Preference Shares into common shares of the Company in connection with the Offering. Under the Shareholders' Agreement, the shares of the Company are subject to customary transfer restriction rights. The Shareholders' Agreement shall end automatically on the day of the closing of the Offering.

14.3 Pre-IPO Share Conversion

Until shortly before the Offering, the Company had several different classes of shares issued and outstanding as provided for by the Shareholders' Agreement (different classes meaning only within the framework of the Shareholders' Agreement), comprising various types of Preference Shares and common shares. Prior to the Offering, these Preference Shares, including the preferential rights associated herewith, were eliminated by a capital increase necessary to compensate the holders of Preference Shares for the cancellation of the Preference Shares and conversion into common shares in connection with the Offering. On June 14 and 15, 2021, the Company resolved to increase its share capital by €365,069.00 from €1,260,626.00 to €1,625,695.00 resulting in the issuance of 365,069 new shares at nominal value against payment of €1.00 for each new share by the holders of Preference Shares. Quirin Privatbank, as sole subscriber, subscribed for and acquired all shares in connection with the capital increase, with the obligation to allot and transfer these shares to the relevant shareholders of the Company against payment of the subscription price of the notional value of €1.00 per share. On June 14 and 15, 2021, the Company resolved on a further capital increase from its own resources and a share split, creating 24,385,425 shares each with a nominal value of €1.00 as of the date of this Prospectus.

15. GENERAL INFORMATION ON THE COMPANY AND MISTER SPEX GROUP

15.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by memorandum of association (*Gesellschaftsvertrag*) dated August 3, 2007. Its legal name was changed to Mister Spex GmbH by resolution of the shareholders' meeting of January 31, 2008, with its registered office in Berlin, Germany, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 111176 B.

By resolution of the shareholders' meeting of December 11, 2020, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to Mister Spex AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the Company's new docket number HRB 224441 B on December 21, 2020.

By resolution of the shareholders' meeting of May 20, 2021, the Company changed its legal form from a stock corporation (*Aktiengesellschaft*) under German law into a European company (*Societas Europaea* (*SE*)) organized under European and German law by way of a change of legal form (*formwechselnde Umwandlung*) and changed its legal name to Mister Spex SE. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 8, 2021.

The Company's legal name is Mister Spex SE. The Company is the parent company of Mister Spex Group and primarily operates under the commercial name "Mister Spex".

The Company has its registered offices at Greifswalder Straße 156, 10409 Berlin, Germany (telephone: +49 (0) 30 4431230373), LEI 391200SBGUML8UFGNW39. The Company's registered seat is Berlin, Germany, and the Company is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under docket number HRB 230317 B.

15.2 Governing Law

The Company is organized under European Union law as a European company (*Societas Europaea* (*SE*)) and therefore subject to European Union legislation on such companies, in particular to the SE Regulation. As a company registered in Germany, the Company is also subject to German law. In certain areas, the SE Regulation provides discretion to the members states to set forth national rules applicable to an SE. In Germany, these provisions are mainly included in the German Act on the SE-Implementation (*SE-Ausführungsgesetz* ("**SEAG**"). If any matter is not covered or only partially covered by the SE Regulation, the provisions of German law that apply to a German stock corporation (*Aktiengesellschaft*) also apply to the Company. Therefore, the Company is generally governed by German law, subject to the provisions of the SE Regulation. Thus, besides the SEAG, the AktG as well as other laws applicable to a German stock corporation (*Aktiengesellschaft*), in particular the UmwG, the HGB, the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")), apply to the Company.

15.3 Fiscal Year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

15.4 History of Mister Spex Group

We launched our business as an online shop in Germany in the year 2008 and later expanded to Austria, Finland, France, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. Since the opening of our first physical store in Berlin in 2016, our offering has been based on an omnichannel retail strategy, combining online and offline offerings. Since then, we have further expanded our digital offering and have also been offering online eye exams since April 2020. To meet our need for well-trained specialists in a competitive market, we have been training our own opticians since 2019.

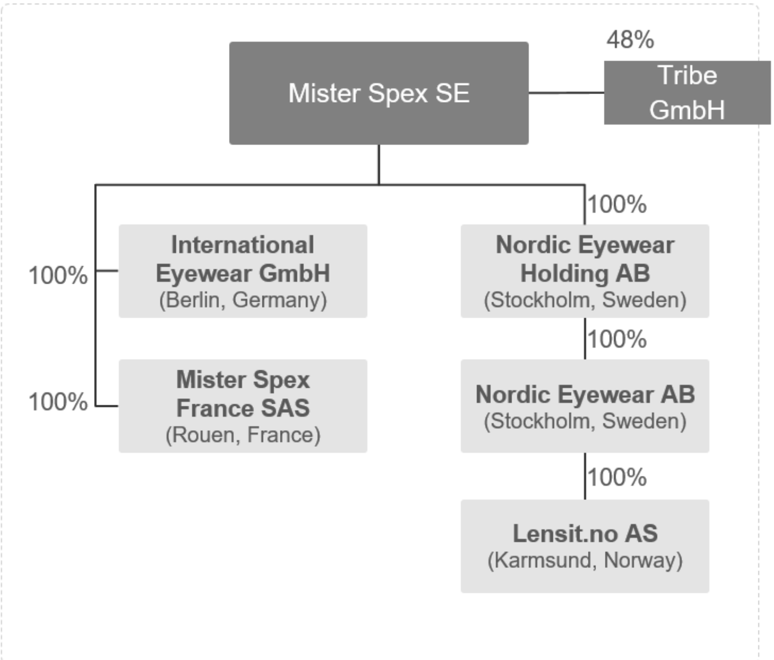
15.5 Corporate Purpose

Section 2 of the Company's Articles of Association defines the Company's corporate purpose as follows:

- The purpose of the Company is to trade, distribute and produce as well as to import and export corrective glasses, reading glasses, sunglasses, sports glasses, ski goggles, eyeglass lenses, contact lenses, other optical devices and instruments as well as related cleansing and care products.
- The Company's purpose includes the mail order business of the products mentioned above including any and all manners of e-commerce as well as the provision of services to third parties supporting the sale of the Company's products and range of goods in the previous sentence and also of products and product ranges of third parties.
- The Company shall be entitled to execute any and all actions and measures serving the development of the above-mentioned purpose of the Company.
- The Company may participate in other enterprises with the same or a similar business, may establish branches in Germany and abroad and shall be entitled to operate any and all business activities which are deemed adequate for the development of the purpose of the Company.
- The Company's activities also include the acquisition, holding, administration and sale of investments in such companies, pooling of such companies under a uniform management structure and their support and advice, including the provision of services for these companies.
- The Company can also completely or partially have its operations, including the participations it holds, conducted by affiliated companies or transfer or outsource its operations to such affiliated companies as well as conclude company agreements. It may furthermore confine itself to the management of its participations.

15.6 Group Structure

The Company is the parent company of Mister Spex Group which is overall structured as follows:



15.7 Subsidiaries

The following table presents an overview of the Company's direct and indirect subsidiaries:

		For the fiscal year ended December 31, 2020		Share in equity As of December 31,	
Subsidiary	**Registered office**	**Equity**	**Net income/ net loss for the year(1)**	**2020**	**2019**
		(in € thousand)		(in %)	
International Eyewear GmbH	Berlin, Germany	25	0	100	100
Mister Spex France SAS	Rouen, France	56	(18)	100	100
Nordic Eyewear Holdings AB	Stockholm, Sweden	824	(913)	100	100
Nordic Eyewear AB(2)	Stockholm, Sweden	5,829	(347)	100	100
Lensit.no AS(2)	Karmsund, Norway	734	88	100	100
Associate					
Tribe GmbH	Berlin, Germany	(266)	(404)	48.17	–

(1) Calculated in accordance with local GAAP.
(2) Indirect investment via Nordic Eyewear Holdings AB.

15.8 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Germany, has audited in accordance with Section 317 of the HGB and German generally accepted standards for financial statement audits and issued German language unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on:

- the German language financial statements of the Company as of and for the fiscal year ended December 31, 2020 prepared in accordance with generally accepted accounting principles of the HGB; and

- the German language consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the HGB.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

16. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

16.1 Share Capital of the Company and Applicable Regulations

16.1.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €24,385,425.00 and is divided into 24,385,425 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany, including applicable European Union law.

The shares of the Company are denominated in Euros.

Each share of the Company carries one vote at the shareholders' meeting of the Company. There are no restrictions on voting rights and the shares carry full dividend rights.

For information on the Company's existing shareholders, see "*14. Shareholder Information*".

16.1.2 Development of the Share Capital

The Company was initially incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) on August 3, 2007 with a share capital of €100,000.00.

On January 31, 2008, the Company's shareholders meeting resolved to increase the Company's share capital to €133,100.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 29, 2008.

On February 22, 2008, the Company's shareholders meeting resolved to increase the Company's share capital to €171,550.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on March 28, 2008.

On May 28, 2008, the Company's shareholders meeting resolved to increase the Company's share capital to €195,550.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on August 4, 2008.

On December 22, 2008, the Company's shareholders meeting resolved to increase the Company's share capital to € 312,850.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on January 2, 2009.

On December 29, 2009, the Company's shareholders meeting resolved to increase the Company's share capital to €332,404.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 24, 2010.

On August 13, 2010, the Company's shareholders meeting resolved to increase the Company's share capital to €426,771.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court *(Amtsgericht*) of Charlottenburg, Germany, on November 29, 2010.

On June 5, 2012, the Company's shareholders meeting resolved to increase the Company's share capital to €525,274.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on July 27, 2012.

On November 19, 2012 and February 12, 2012, the Company's directors resolved to increase the Company's share capital by using an authorized capital to €525,689.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 22, 2013.

On January 11, 2013, the Company's shareholders meeting resolved to increase the Company's share capital first to €735,841.00 and then to €736,841.00. The capital increases were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 22, 2013.

On December 12, 2014, the Company's shareholders meeting resolved to increase the Company's share capital to €960,538. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on January 12, 2015.

On January 28, 2015, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €969,578.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 12, 2015.

On June 15, 2015, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €970,957.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 30, 2015.

On March 17, 2016, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €973,812.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on December 9, 2016.

On July 27, 2017, the Company's shareholders meeting resolved to increase the Company's share capital to €994,35. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on September 1, 2017.

On September 4, 2017, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated July 27, 2017, to €1,021,367.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on September 19, 2017.

On September 29, 2017, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated July 27, 2017, to €1,027,527.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on October 25, 2017.

On December 5, 2017 and December 21, 2017 the Company's shareholders meeting resolved to increase the Company's share capital to €1,049,710.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on September 1, 2017.

On December 11, 2018, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €1,050,644.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on January 29, 2019.

On January 29, 2019, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €1,050,857.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 18, 2019.

On June 20, 2019, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €1,052,098.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 25, 2019.

On July 4, 2019, the Company's directors resolved to increase the Company's share capital to €1,182,213.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on August 13, 2019.

On August 15, 2019 the Company's directors resolved to increase the Company's share capital by using an authorized capital dated December 16, 2014, to €1,190,859.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on September 13, 2019.

On December 18, 2019, the Company's directors resolved to increase the Company's share capital by using an authorized capital dated July 4, 2019, to €1,260,626.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on January 24, 2020.

By resolution of the Company's shareholders' meeting of December 11, 2020, the Company was converted into a German stock corporation (*Aktiengesellschaft (AG)*) and the share capital was transferred to Mister Spex AG.

On May 20, 2021, the Company's shareholders' meeting resolved to transform the Company from a German stock corporation (*Aktiengesellschaft (AG)*) to a European Company (*Societa Europae (SE)*) and the share capital was transferred to Mister Spex SE.

On June 14 and 15, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital to €1,625,695.00, necessary to compensate certain shareholders for the cancellation of preference shares and conversion into common shares in accordance with the shareholders' agreement of the Company dated December 11, 2020, as amended on June 11, 2021. Quirin Privatbank, as sole subscriber, subscribed for and acquired all shares in connection with the capital increase, with the obligation to allot and transfer these shares to the relevant shareholders of the Company against payment of the subscription price of the notional value of €1.00 per share.

On June 14 and 15, 2021, the Company resolved on a capital increase from its own resources and a share split, creating 24,385,425 shares each with a nominal value of €1.00 as of the date of this Prospectus.

Both capital increases on June 14 and 15 June, 2021 were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 18, 2021.

As part of the IPO Capital Increase, which is expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021, up to 9,782,609 New Shares will be issued from a capital increase against cash contributions. Upon entry of the IPO Capital Increase in the commercial register, the Company's share capital will be increased from €24,385,425.00 by up to €9,782,609 to up to €34,168,034. The consummation of the IPO Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about June 30, 2021.

16.1.3 Authorized Capital

As of the date of this Prospectus, the Articles of Association provide for the following authorized capitals:

16.1.3.1 *Authorized Capital 2017/III*

Pursuant to Section 4 para. 3 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until June 5, 2023, with the consent of the Supervisory Board once or repeatedly by up to €300,000.00 by the issuance of up to 300,000 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly (the "**Authorized Capital 2017/III**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2017/III serves the fulfilment of acquisition rights (option rights) which have been granted or promised by the Company prior to its conversion into a European company to current or former employees and managing directors of the Company; shares out of the Authorized Capital 2017/III may only be issued for this purpose. The new shares shall be issued at the minimum issue price. The Management Board shall, with the consent of the Supervisory Board, be entitled to specify the further details of the utilization of the Authorized Capital 2017/III. Furthermore, the Supervisory Board shall be expressly entitled to amend the Articles of Association according to the extent of the respective utilization of the Authorized Capital 2017/III.

16.1.3.2 *Authorized Capital 2019/I*

Pursuant to Section 4 para. 4 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 12, 2024, with the consent of the Supervisory Board, once or repeatedly by up to €1,500,000.00 by the issuance of up to 1,500,000 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly (the "**Authorized Capital 2019/I**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2019/I serves the fulfilment of acquisition rights (option rights) which have been granted or promised by the Company prior to its conversion into a European Company to current or former employees and managing directors of the Company; shares out of the Authorized Capital 2019/I may only be issued for this purpose. The new shares shall be issued at the minimum issue price. The Management Board shall, with the consent of the Supervisory Board, be entitled to specify the further details of the utilization of the Authorized Capital 2019/I. Furthermore, the Supervisory Board shall be expressly entitled to amend the Articles of Association according to the extent of the respective utilization of the Authorized Capital 2019/I.

16.1.3.3 *Authorized Capital 2020/I*

Pursuant to Section 4 para. 5 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until November 30, 2025, with the consent of the Supervisory Board, once or repeatedly by up to €1,189,065.00 by the issuance of up to 1,189,065 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly (the "**Authorized Capital 2020/I**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2020/I serves the fulfilment of acquisition rights (option rights) which have been granted or promised by the Company prior to its conversion into a European company to current or former employees and managing directors of the Company; shares out of the Authorized Capital 2020/I may only be issued for this purpose. The new shares shall be issued at the minimum issue price. The Management Board shall, with the consent of the Supervisory Board, be entitled to specify the further details of the utilization of the Authorized Capital 2020/I. Furthermore, the Supervisory Board shall be expressly entitled to amend the Articles of Association according to the extent of the respective utilization of the Authorized Capital 2020/I.

16.1.3.4 *Authorized Capital 2021*

Pursuant to Section 4 para. 6 of the Articles of Association, the Management Board is authorized to increase the registered capital until June 13, 2026, with the consent of the Supervisory Board once or repeatedly, by up to a total amount of €9,203,647.00 through the issuance of up to 9,203,647 new ordinary bearer shares no-par value against contributions in cash and/or in kind ("***Authorized Capital 2021***"). In principle, the shareholders are to be offered subscription rights. The shares may also be subscribed by one or more banks or enterprises in the meaning of Article 5 of the SE Regulation together with Section 186 para. 5 sentence 1 of the German Stock Corporation Act (*Aktiengesetz, AktG*) with the obligation to offer the shares to the shareholders of the Company. The Management Board is authorized to exclude, with the approval of the Supervisory Board, the subscription rights of the shareholders with the consent of the Supervisory Board for one or more capital increases in the context of the Authorized Capital 2021,

- in order to exclude fractional amounts from the subscription right;
- in the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the Company already listed. However, this authorization shall be subject to the provision that the pro rata amount of the registered share capital attributable to the shares sold under the exclusion of the shareholders' subscription rights, in accordance with Article 5 of the SE Regulation together with Section 186 para. 3 sentence 4 AktG, shall not exceed 10% of the registered share capital of the Company at the time the Authorized Capital 2021 comes into effect or – in case such amount is lower – is exercised. Towards the above threshold of 10% of the registered share capital shall also count (a) any shares that are sold during the term of the Authorized Capital 2021 on the basis of an authorization to sell own shares according to Article 5 of the SE Regulation together with Sections 71 para. 1 no. 8 sentence 5, 186 para. 3 sentence 4 AktG, provided that shareholders' subscription rights are excluded, (b) any shares that are issued during the term of the Authorized Capital 2021 to satisfy subscription, or conversion or option rights or obligations arising from convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of these instruments) (together the "**Bonds**"), provided that such Bonds are issued subject to the exclusion of the shareholders' subscription rights in analogous application of Article 5 of the SE Regulation together with Section 186 para. 3 sentence 4 AktG; and (c) any shares that are issued during the term of the Authorized Capital 2021 on the basis of other capital measures provided that such shares are issued subject to the exclusion of the shareholders' subscription rights in analogous application of Article 5 of the SE Regulation together with Section 186 para. 3 sentence 4 AktG;
- to the extent necessary in order to be able to grant new shares of the Company to holders or creditors of Bonds that will be issued or have already been issued by the Company or its subordinated group companies upon their exercise of conversion or option rights or fulfilment

of conversion or option obligations and to the extent necessary in order to grant holders of Bonds that will be issued or have already been issued by the Company or its subordinated group companies a subscription right to new shares in the amount to which they would be entitled to as shareholders upon exercise of the option or conversion rights or fulfilment of their conversion or option obligations;

- in the event of a capital increase against contributions in kind, in particular in the context of mergers or acquisitions (including indirect acquisitions) of companies, businesses, parts of businesses, participations or other assets or claims for the acquisition of assets, including claims against the Company or any of its group companies.

- In the case of a capital increase against cash contributions and/or contributions in kind, if the shares are to be issued as part of participation programs and/or as part of share-based payment and no other authorization to exclude subscription rights is used for this purpose. The shares may only be issued to persons who participate in the participation program as a member of the Management Board of the Company, as a member of the management of a company dependent on the Company or as an employee of the Company or a company dependent on the Company, or to whom the share-based remuneration was granted as a member of the Management Board of the Company, as a member of the management of a company dependent on the Company or as an employee of the Company or a company dependent on the Company, or to third parties grant the economic ownership and/or the economic fruits from the shares to these persons. The new shares may in particular also be issued on preferential terms (including an issue at the lowest issue price within the meaning of Section 9 para. 1 AktG and/or against the contribution of compensation claims. The new shares may also be issued through the intermediary of a bank or a company operating in accordance with Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or 7 of the German Banking Act (KWG), which assumes these shares with the obligation to offer them to the aforementioned persons. The shares issued in exercise of this authorization to exclude subscription rights may not exceed a total of 10% of the capital stock, either at the time this authorization becomes effective or at the time it is exercised. The nominal amount of any conditional capital of the Company resolved for the purposes of Section 192 para. 2 no. 3 AktG shall be offset against this 10% limit. To the extent that shares are to be granted to members of the Executive Board of the Company under this authorization, the Supervisory Board of the Company shall decide on the allocation in accordance with the allocation of responsibilities under stock corporation law.

The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board; this also includes the determination of the profit participation of the new shares, which may, in deviation of Article 9 para. 1 lit. c) (ii) of the SE Regulation together with Section 60 para. 2 AktG, also participate in the profit of completed fiscal years.

16.1.4 Authorization to issue convertible bonds, options, profit rights and/or profit bonds (respectively combinations of these instruments) with the possibility of excluding subscription rights

The Management Board is authorized with the approval of the Supervisory Board, until June 13, 2026 once or several times to issue bearer or registered convertible bonds, options, profit rights and/or profit bonds in the total nominal amount of up to €3,177,855.00 with or without a limited term and to grant the creditors or holders of Bonds, conversion or option rights to shares in the Company with a proportional amount of the share capital of up to €3,177,855.00 in accordance with the more detailed terms of the relevant convertible options or bonds or profit rights or profit bonds (together the “Terms”). The relevant Terms can also provide for compulsory conversions at the end of the term or at other times, including the obligation to exercise the conversion or option rights. The issue of Bonds can also take place against contributions in kind.

The authorization to issue Bonds sets out certain parameters which include the following: The Bonds may stipulate an obligatory conversion or an obligation to exercise the option upon maturity or earlier or provide for the right of the Company, in whole or in part, instead of paying the amounts due to deliver to the holders or creditors shares of the Company. In the event of an option being exercised or of a conversion, and in the event of fulfilment of option or conversion obligations, the Company may at its discretion grant new shares from authorized capital, treasury shares or other consideration. The terms and conditions of the Bonds may also provide for the right of the Company not to grant shares, but rather to pay the equivalent value in cash or shares of another listed company.

The option or conversion price for a share must be either:

(i) at least 80% of the volume weighted average stock exchange price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on the last ten trading days prior to the date on which the resolution on the issue of the Bonds is adopted by the Management Board, or

(ii) alternatively, if the shares of the Company are not admitted or included to trading at a stock exchange, either

(1) at least 80% of the issue amount for each share in Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the day of this decision, or

(2) alternatively, at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares.

In the event of subscription rights being granted the option or conversion price must be either:

(i) at least 80% of the volume weighted average stock exchange price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange in the period during which the subscription rights are traded on the Frankfurt Stock Exchange or in the period from the start of the subscription period up to the final determination of the subscription price, or

(ii) alternatively, if the shares of the Company are not admitted or included to trading at a stock exchange at this time, either

(1) at least 80% of the issue amount for each share in Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the relevant subscription period, or

(2) alternatively, at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares.

In case of Bonds with a mandatory conversion obligation or with an obligation to exercise the option right or a put option entitling the Company to deliver shares, the conversion or option price may either be at least equal to the minimum price set out above or correspond to the average volume weighted price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on at least ten trading days immediately before or after the day of maturity, even if the average price is below the minimum price (80%). If the shares in the Company are not admitted or included to trading at a stock exchange on the day of maturity, the conversion or option price for a share in the Company can correspond to at least 80% of the issue amount for each share in the Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the day of maturity. In case of an initial public offering and an (intended) admission or inclusion of the Company's shares to trading at a stock exchange, the conversion or option price for a share in the Company can correspond to at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares. The terms and conditions may also provide for certain anti-dilution mechanisms pursuant to which the option or conversion rights and obligations may — notwithstanding any applicable law — be adjusted to retain value, if during the term of the Bonds the financial value of the existing option or conversion rights and obligations is diluted. The terms and conditions may also provide for a cash compensation instead of granting subscription rights or changing the conversion price. The Bonds may also be issued by companies in which the Company has a direct or indirect majority share. In such case, the Management Board is authorized to provide for a guarantee for the repayment of the Bonds for the issuing company and to grant holders or creditors of such Bonds shares of the Company in order to satisfy the conversion or option obligations conceded with such Bonds.

Shareholders have, in principle, subscription rights to the Bonds. The Bonds may also be acquired by one or several credit institutions or enterprises within the meaning of Section 186 para. 5 AktG, subject to the obligation to offer them to shareholders for subscription. The Management Board may, with the approval of the Supervisory Board, exclude subscription rights to the Bonds in certain cases and under certain conditions, including, if the Bonds are issued for cash payment, provided that the issue price is not significantly lower than the theoretical market price as determined in accordance with recognized actuarial calculation methods and that the Bonds carry option or conversion rights and/or option or conversion obligations to shares with a proportionate amount of the share capital which must not exceed 10% of the Company's share capital at the time said authorization comes to effect or — in case such amount is lower — the authorization is exercised. Any pro rata amount of the share capital attributable to any shares shall count towards the aforementioned threshold of 10% of the registered share capital that (a) are sold during the term of this authorization on the basis of an authorization pursuant to Section 71 para. 1 no. 8 sentence 5 AktG in conjunction with Section 186 para. 3 sentence 4 AktG subject to the exclusion of shareholders' subscription rights or (b) are issued during the term of this authorization on the basis of authorized capital, provided that such shares are issued subject to the exclusion of the shareholders' subscription rights pursuant to Section 203 para. 2 sentence 1 in conjunction with Section 186 para. 3 sentence 4 AktG or on the basis of other capital measures subject to the exclusion of the shareholders' subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG. The Management Board may, with the approval of the Supervisory Board, also exclude subscription rights, if the Bonds are issued against contributions in kind, provided that the value of the contribution in kind is in reasonable relation to the market value of the Bonds. Subscription rights may also be excluded for fractional amounts, or if Bonds are issued, to grant holders of previously issued Bonds subscription rights to which they would be entitled to as shareholders after exercising option or conversion rights or after fulfilling option or conversion obligations.

To the extent that profit participation rights or income Bonds are issued that do not carry option or conversion rights and/or option or conversion obligations, the Management Board, with the approval of the Supervisory Board, shall be authorized to exclude subscription rights of shareholders overall if these profit participation rights or profit bonds are structured in the same way as Bonds, *i.e.*, do not constitute any membership rights in the Company, do not grant any participation in liquidation proceeds and the amount of interest is not calculated on the basis of the amount of the annual surplus, the profit according to the balance sheet or the dividends. In this case, the interest and the issue amount of the profit participation rights or profit bonds must correspond to the actual market conditions for a comparable acquisition of funds at the time of issue. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate further particulars and terms of the Bonds in accordance with the parameters of the authorization.

16.1.5 Conditional Capital 2021/I and 2021/II

Pursuant to Section 4 para. 7 of the Articles of Association, the Company's share capital is conditionally increased by in total up to €3,177,855.00 by issuing up to 3,177,855 new no-par value bearer shares (**Conditional Capital 2021/I**). The Conditional Capital 2021/I serves to grant shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the holder or creditor of convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) issued on the basis of the authorizing resolutions by the shareholders' meeting of June 14 and 15, 2021. The new shares are issued on the basis of the conversion or option price to be determined in accordance with the authorizing resolutions by the shareholders' meeting of June 14 and 15, 2021. The conditional capital increase will only be implemented to the extent that holders or creditors of Bonds which are issued or guaranteed by the Company or by a subordinated group company of the Company, on the basis of the authorizing resolution up to June 13, 2026, exercise their conversion or option right or satisfy the conversion or option obligations under such Bonds, or to the extent the Company grants shares in the Company instead of paying the amount due as well as to the extent the conversion or option rights or conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration. The new shares participate in profits from the beginning of the financial year in which they are created and for all subsequent financial years. In deviation hereof, the Management Board can, insofar as legally permissible, and with the approval of the Supervisory Board, determine that the new shares participate in profits from the beginning of the financial year for which at the time of the exercise of the conversion or option rights, the fulfilment of the conversion or option obligations or the granting (of shares) instead of the amount due, still no resolution by the general shareholders' meeting as to the appropriation of the balance sheet profit has been passed The Management Board is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board will be authorized to amend the Articles of Association accordingly after the respective utilization of the Conditional Capital 2021/I and upon expiration of all option or conversion periods.

The registered share capital is conditionally increased by in total up to €1,588,920 (in words: Euro one million five hundred eighty-eight thousand nine hundred twenty) by issuing up to 1,588,920 new no-par value bearer shares (**Conditional Capital 2021/II**). The Conditional Capital 2021/II serves exclusively to service subscription rights issued on or before June 13, 2026, based on the authorization granted by resolutions of the extraordinary shareholders' meeting on June 14 and 15, 2021 by the Company under stock option programs to employees and members of the management board of the Company. The conditional capital increase will be implemented only to the extent that the holders of the granted subscription rights exercise their right to subscribe for shares of the Company and the Company neither grants treasury shares no cash payments to fulfil the subscription rights. The new shares under the conditional capital will be issued for the minimum issue amount pursuant to Section 9 para.1 AktG. The new shares participate in profits from the beginning of the financial year in which they are created and for all subsequent financial years. In deviation hereof, the Management Board can, insofar as legally permissible, and with the approval of the Supervisory Board, determine that the new shares participate in profits from the beginning of the financial year for which at the time of the exercise of option rights, still no resolution by the general shareholders' meeting as to the appropriation of the balance sheet profit has been passed. The Management Board or, to the extent members of the Management Board are affected, the Supervisory of the Company, is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the articles of association of the Company accordingly after the respective utilization of the Conditional Capital 2021/II and upon expiration of all exercise periods.

16.1.6 Authorization to Purchase and Use Treasury Shares

As of the date of this Prospectus, the Company holds 1,008,000 treasury shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

Until June 13, 2026, the Management Board is authorized, with approval of the Supervisory Board, and in compliance with the principle of equal treatment (Article 9 para. 1 c) (ii) of the SE Regulation together with Section 53a AktG) to acquire treasury shares up to a total of 10% of the Company's share capital at the time of the resolution or – if this amount is lower – at the time the authorization is exercised. The shares acquired on the basis of this authorization may not, together with other treasury shares which the Company has already acquired and still holds or which are attributable to it according to Article 5 of the SE Regulation together with Sections 71a et seq. AktG, exceed 10% of the Company's share capital at any point in time. The authorization can be used, in whole or in part, by the Company once or several times in pursuit of one or more of the Company's objectives, but also by group companies or third parties for the account of the Company or the group companies. The authorization may not be used for the purpose of trading treasury shares. The acquisition of treasury shares takes place (i) through the stock exchange or (ii) by means of a public offer directed to all shareholders of the Company or by means of a public invitation to the shareholders to make a sales offer, in each case in accordance with the additional provisions of the authorizing resolution.

The Management Board may, with the consent of the Supervisory Board, utilize acquired treasury shares in a number of ways, including:

- for sale, provided that the sales price per share is not significantly lower than the stock exchange price of the Company's shares (Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 3 sentence 4 AktG)

- in return for contributions in kind, in particular for the acquisition of companies, parts of companies or equity interests in companies or in mergers, or for the acquisition of other assets, including rights and receivables;

- to fulfill option and/or conversion rights or obligations attached to convertible and/or option bonds and/or convertible profit participation rights, which are granted by the Company or by entities dependent from the Company or entities in which the Company holds a majority interest;

- within the framework of employee participation programs and/or as share-based remuneration.

16.2 General Provisions Governing a Liquidation of the Company

Apart from a liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, Article 63 of the SE Regulation in conjunction with the AktG provides that any assets remaining once all of the Company's liabilities have been settled are distributed among the Company's shareholders in proportion to their shareholdings. The AktG stipulates certain protections for creditors in the event of a liquidation of the Company.

16.3 General Provisions Governing a Change in the Share Capital

Pursuant to Articles 5, 57 and 59 of the SE Regulation in conjunction with the AktG, a European company (*Societas Europaea* (*SE*)) requires a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase the share capital and change the articles of association accordingly. Yet, pursuant to the Articles of Association and in accordance with Article 59 para. 2 of the SE Regulation in conjunction with Section 51 of the SEAG, capital increases may be resolved by the Company's shareholders' meeting with a simple majority of the share capital represented at the vote, if at least 50% of the Company's share capital is represented at the vote.

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register (*Handelsregister*)).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

16.4 General Provisions Governing Subscription Rights

Pursuant to Article 5 of the SE Regulation in conjunction with Section 186 AktG, all shareholders generally have the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. Yet shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Company's shares.

16.5 Exclusion of Minority Shareholders

16.5.1 Squeeze-Out under Stock Corporation Law

Pursuant to Article 9 para. 1 lit. (c) (ii) of the SE Regulation in conjunction with Sections 327a *et seq.* AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

16.5.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

16.5.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or a European company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

16.5.4 Integration

Pursuant to Article 9 para. 1 lit. (c) (ii) of the SE Regulation in conjunction with Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered offices in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

16.6 Shareholder Notification Requirements; Mandatory Offers; Managers' Transactions

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, among other things, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, among other things, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

16.6.1 Notification Requirements of Shareholders

16.6.1.1 Notification Thresholds and Attribution Rules

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to notify BaFin and the Company of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold, or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third-party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to Mister Spex Group's business model or a sale of a substantial part of Mister Spex Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, Section 38 para. 1 WpHG sets forth similar notification requirements towards BaFin and the Company, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In general, the number of voting rights from financial instruments is calculated by reference to the full nominal amount of shares underlying the financial instrument, except where such financial instrument is only settled in cash. Details for such calculations are set forth in Commission Delegated Regulation (EU) 2015/761 of December 17, 2014 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to certain regulatory technical standards on major holdings.

In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

16.6.1.2 *Exceptions to Notification Requirements*

There are certain exceptions to these notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company itself is a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

16.6.1.3 *Fulfillment of Notification Requirements*

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice must be submitted to BaFin electronically via BaFin's MVP portal (which requires prior registration) either in the German or the English language. The MVP portal will then create documents which must be sent to the Company via electronic means of communications. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and country of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications may only be made in the German and/or the English language. The Company is also required to inform BaFin about this publication, specifying the time of publication and the media used, and to submit the information received in the notice to the German Company Register (*Unternehmensregister*) for storage.

16.6.1.4 *Consequences of Violations of Notification Requirements*

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. Yet it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations. Pursuant to Sections 38 para. 1 and 39 para. 1 WpHG, the same rules apply if a shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments.

16.6.1.5 *Special Notification Requirements for more than 10% of the Voting Rights*

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom. Furthermore, the Company is required to publish any acts of non-compliance with notification obligations by a shareholder in the same manner.

16.6.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights reaches or exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

16.6.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €20,000.00 *de minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications must be made promptly and no later than three business days after the date of the relevant transaction. The Company must ensure that such notifications are made public promptly and no later than two business days after it received the notification.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities. According to BaFin's interpretative guidance, quarterly reports and quarterly statements for the first and third quarter of a fiscal year in accordance with section 53 of the Frankfurt Stock Exchange rules, do not trigger a closed period.

16.7 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

17. GOVERNING BODIES OF THE COMPANY

17.1 Overview on the Governing Bodies of the Company

As a European stock corporation (*Societas Europaea* (*SE*)) with a two-tier management and control system, the Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the SE Regulation, the SEAG, the AktG, the Articles of Association and the rules of procedure of both the Supervisory Board and the Management Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the revocation of appointments, and the conclusion of service agreements of members of the Management Board as well as for the change and termination of these service agreements.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. In exceptional cases and for an interim period of not more than one year, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and the rules of procedure of the Management Board, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in Article 40 of the SE Regulation in conjunction with the AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company.

The Articles of Association designate the following transactions and measures that may only be conducted with the prior consent of the Supervisory Board with a majority of the votes cast:

- Modifying the Company's fields of business as well as the termination of existing and the beginning of new fields of business;

- Acquiring, selling or encumbering real estate and rights equivalent to real property or rights to real estate with a value of more than €500,000.00 in the individual case.

The Supervisory Board may in the rules of procedure for the Management Board or the Supervisory Board or by resolution, make further transactions or types of transactions subject to its approval with a majority of the votes cast. The Supervisory Board may grant its revocable approval in advance for certain types of transactions either in general or in the event that a selected transaction meets certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The Federal Court of Germany (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board, if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court appoints such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court appoints different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or the Supervisory Board, if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses its influence over the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. In particular, a controlling shareholder may not use its influence to cause the Company to act contrary to its own interests, unless (i) the Company and the controlling shareholder enter into a domination agreement (*Beherrschungsvertrag*) or (ii) the controlling shareholder compensates the Company for any disadvantages resulting from its influence. Moreover, the members of the Management Board and the Supervisory Board are jointly and severally liable in addition to the person using its influence if such members acted in breach of their duty of care towards the Company.

17.2 Management Board

Under the Articles of Association, the Management Board comprises one or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board has set the current size of the Management Board to 4 members.

The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

Members of the Management Board who abstain from voting are counted for purposes of calculating the quorum. If the Management Board comprises three or more members, the chairman of the Management Board has a casting vote in case of a tie. The Management Board generally passes resolutions in meetings. If no member of the Management Board objects, resolutions may also be passed outside meetings (*i.e.*, orally, by telephone or in writing (*Textform*)).

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board comprises several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

The rules of procedure for the Management Board provide for an allocation of responsibilities among the members of the Management Board. The Supervisory Board may amend or repeal this allocation of responsibilities at any time.

Additional provisions regarding, among other things, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the plan regarding the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on June 21, 2021.

17.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities
Dirk Graber	44	2007	2026	Operations, IT, Data, Corporate Development
Dr. Mirko Caspar	49	2011	2026	Marketing, Product Management, Category Management, Retail, International Business
Dr. Sebastian Dehnen.............	36	2021	2024	Finance and Controlling, Legal, Internal Audit and Investor Relations
Maren Kroll............................	41	2021	2024	Human Resources, ESG, Public Relations

Dirk Graber was born in Halle (Saale), Germany, on April 20, 1977.

Dirk Graber studied business administration in Marburg, Hong Kong, Moscow, and Leipzig. He received his degree in business administration from the Leipzig University of Applied Sciences (HHL). Before founding Mister Spex, Graber worked as a consultant for the Boston Consulting Group for several years. He gained his first e-commerce experience while still at university thanks to internships at eBay and Jamba. He also worked at KPMG and Commerzbank. As part of the Mister Spex Management Board, he is responsible in particular for the areas of operations, IT, data, and corporate development.

Alongside his office as a member of the Management Board, Mr. Graber is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- Walbusch Walter Busch GmbH & Co. KG (member of the supervisory board)
- minubo Inc. (board member)

- Graber Investment Ltd (director)
- JCCD GmbH (managing director)
- Kirschkernkissen IV GmbH (managing director)
- Kirschkernkissen V GmbH (managing director)

Previously:

- HHL gGmbH (supervisory board member)

Other than listed above, Mr. Graber has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Dr. Mirko Caspar was born in Berlin, Germany, on January 21, 1972.

Mirko Caspar studied business administration at the Westphalian Wilhelms-University of Münster. In addition, he gained his PhD in brand strategies with Professor Heribert Meffert.

Mirko Caspar worked as a management consultant with a focus on strategy, marketing and brand management at McKinsey before he took on a leadership role at Universal Music Germany. In 2006 he co-founded the virtual world company Metaversum and acted as one of the managing directors. He has also co-founded the agencies Userlutions GmbH and Caspar-Feld Marketing-Performance GmbH. Since 2011, he has been managing director at Mister Spex and is responsible for marketing, product management, category management, retail and international business.

Alongside his office as a member of the Management Board, Mirko Caspar is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- Bastei Lübbe AG (supervisory board member)
- MiCa Invest UG (haftungsbeschränkt) (managing director)

Previously:

- none

Other than listed above, Mirko Caspar has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Dr. Sebastian Dehnen was born in Mülheim an der Ruhr, Germany, on April 21 1985.

Sebastian Dehnen studied economics in Wuppertal. In addition, he gained his PhD in International Management while in parallel working in the commercial vehicle strategy department of Daimler AG. Sebastian Dehnen worked as a senior management consultant with a focus on Performance Improvement and Finance at EY before he took on a leadership role at Daimler Mobility Services GmbH being responsible for Controlling and M&A. In 2015 he became Managing Director and CFO of moovel Group GmbH. In 2018 Sebastian took over the Managing Director and CFO as well as COO position at car2go Group GmbH followed by a CFO position at AutoGravity Corp in Irvine, California.

Since 2020, he has been CFO at Mister Spex being responsible for Finance & Controlling, Legal, Internal Audit and Investor Relations.

Alongside his office as a member of the Management Board, Sebastian Dehnen is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- none

Previously:

- moovel Group GmbH (managing director and CFO)
- car2go Group GmbH (managing director and CFO and COO)
- AutoGravity Corp. (CFO)

Other than listed above, Sebastian Dehnen has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Maren Kroll was born in Kiel, Germany, on August 29, 1979.

Maren Kroll received her degree in Psychology from the Technical University of Berlin (TU Berlin). She also holds a Diploma in Human Resources Management from SGD Business School. Maren Kroll started her career as a Consultant at Intelligence System Transfers before she moved to Melbourne, Australia in 2007 to work for EnergyAustralia Pty. Ltd. where she held various human resources specialist and leadership roles and gained experience in working abroad. In 2014 she joined Zalando SE in Berlin as the Global Head of People Development & Employer Branding and Head of HR Technology in Berlin. In 2017 she became Vice President Human Resources at Harry's Inc. located in New York, London and Eisfeld, Germany. Both at Harry's and Zalando she gained eCommerce experience and scaling and maturing organizations in times of strong growth. In January 2020 Maren Kroll joined Mister Spex as Chief Human Resources Officer where she oversees Human Resources, ESG and public relations.

Alongside her office as a member of the Management Board, Maren Kroll is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- none

Previously:

- none

The members of the Management Board can be reached at the Company's offices at Greifswalder Straße 156, 10409 Berlin, Germany (telephone: +49 (0) 30 4431230373).

17.2.2 Management Service Agreements

Each member of the Management Board has entered into a service agreement with the Company governed by German law. Mr. Graber's and Mr. Caspar's service agreement is each set to expire on May 26, 2026. Mr. Dehnen's and Ms. Kroll's service agreement is each set to expire on May 26, 2024.

17.2.2.1 <u>*Fixed Remuneration*</u>

The members of the Management Board each receive a fixed base compensation amounting to €250,000.00 which is paid in twelve equal installments as a monthly salary.

17.2.2.2 <u>*Variable Remuneration*</u>

In addition to the fixed compensation, an annual bonus of €83,000 is payable upon achievement of 100% of annual objectives as stipulated by the Supervisory Board in a bonus plan; in cases of over- or under-performance the bonus amount is proportioned accordingly. The Company has also established stock option plans for each member of the Management Board (see "*17.6 Share Incentive Programs*").

17.2.2.2.1 <u>Variable Remuneration of Dirk Graber</u>

The variable remuneration of Mr. Graber comprises 579,525 stock options for the acquisition of shares in the Company ("**Option Rights**"), granted under three different option plans (1, 2, 4), which are granted under a harmonized general stock option plan dated May 20, 2021 (see "*17.6.2. General Stock Option Terms 2021*"). 68,085 Option rights shares are granted under stock option plan 1 and 264,720 under stock option plan 2 and 264,720 Option rights are granted under stock option plan 4.

The Option Rights will be served by utilizing the Company's authorized capital or treasury shares.

Each Option Right relates to one share of the Company with different exercise prices for each of the three option plans. For option plan 1, the exercise price is €1, for option plan 2 the exercise price is €3.71 and for option plan 4 the exercise price is €7.52.

The Option Rights for option plan 1 and option plan 2 are already fully vested.

The Option Rights granted under option plan 4 vest monthly over a period of four years commencing on January 1, 2019 and ending on December 31, 2022 and are subject to certain leaver provisions.

17.2.2.2.2 Variable Remuneration of Dr. Mirko Caspar

The variable remuneration of Mr. Caspar comprises 755,835 Option Rights, granted under three different option plans (1, 2, 4), which are granted under a harmonized general stock option plan dated May 20, 2021 (see "*17.6.2. General Stock Option Terms 2021*"). 341,100 Option Rights are granted under option plan 1 and 150,015 Options Rights are granted under option plan 2 and 264,720 Option Rights are granted under option plan 4.

The Option Rights will be served by utilizing the Company's authorized capital or treasury shares.

Each Option Right relates to one share of the Company with different exercise prices for each of the three option plans. For option plan 1 the exercise price is €1.00, for option plan 2 the exercise price is €3.71 and for option plan 4 the exercise price is €7.52.

Option Rights granted under option plan 1 and 2 are already fully vested.

The Option Rights granted under option plan 4 vest monthly over a period of four years commencing on January 1, 2019 and ending on December 31, 2022 and are subject to certain leaver provisions.

On June 21, 2021, Mr. Caspar, along four employees of the Company, entered into an individual securities loan agreements with one of the Company's major shareholders, Albert Büll GmbH, for certain of Albert Büll GmbH's shares of the Company in order to be able to sell those shares in the course of the Offering. Mr. Caspar undertook to exercise 137,933 Option Rights upon the vesting of such rights as corresponds to the number of shares borrowed by Mr. Caspar for the purpose of retransferring the borrowed shares to Albert Büll GmbH (see "*3.10 Share Loan*").

17.2.2.2.3 Variable Remuneration of Dr. Sebastian Dehnen

The variable remuneration of Mr. Dehnen comprises 88,245 Option Rights, which were granted under a stock option agreement dated May 20, 2021 (see "*17.6.2. General Stock Option Terms 2021*").

The Option Rights will be served by utilizing the Company's authorized capital or treasury shares.

Each Option Right relates to one share of the Company and has an exercise price of €7.52.

The Option Rights vest monthly over a period of four years commencing on August 1, 2020 and ending on July, 31 2024 and are subject to certain leaver provisions. A cliff period ending on July 31, 2021 applies, meaning that Mr. Dehnen is only entitled to the Option Rights after this date.

17.2.2.2.4 Variable Remuneration of Maren Kroll

The variable remuneration of Ms. Kroll comprises 88,245 Option Rights, which were granted under a stock option agreement dated May 20, 2021 (see "*17.6.2. General Stock Option Terms 2021*").

The Option Rights will be served by utilizing the Company's authorized capital or treasury shares.

Each Option Right relates to one share of the Company and has an exercise price of €7.52.

70,596 Option Rights vest monthly over a period of four years commencing on January 1, 2020 and ending on December 31, 2023 and are subject to certain leaver provisions. In addition, 17,649 Option Rights vest monthly over a period of four years commencing on January 1, 2021 and ending on December 31, 2024.

With regard to the Option Rights granted January 1, 2021, a cliff period ending on December 31, 2021 applies, meaning that Ms. Kroll is only entitled to the Option Rights after this date.

17.2.2.3 *Other Benefits of Members of the Management Board*

In addition to their remunerations, the members of the Management Board receive reimbursement of expenses (*e.g.*, travel expenses). Furthermore, the members of the Management Board are covered by our D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*12.11 Insurance Coverage*").

As of the date of this Prospectus, the Company has not made any pension commitments to members of the Management Board.

17.2.2.4 *Future Remuneration of Members of the Management Board*

The Company intends to introduce a new remuneration system for the Management Board starting January 1, 2022 to meet market best practice and at the same time offer an attractive performance-oriented remuneration package for the Management Board members. The new system will comprise a base salary, an annual short term incentive and new long term incentive components. In order to incentivize sustainable development the short term incentive component will be focused on non-financial Key Performance Indicators (KPIs), Net Promoter Score (NPS) performance weighted with 50% and environmental, social and governance targets weighted with 50%. The possible target achievement can range from 0% to 150%. The long term incentive component will be structured as a stock option plan with an additional performance condition. The stock option plan has a waiting period of four years including a performance period of three years and a subsequent exercise period of another three years. Each fiscal year, a number of stock options will be conditionally granted to the Management Board members. The performance factor can range from 0% to 100% depending on the CAGR of the Company's revenue during the relevant performance period of three years. Exercised stock options may be settled, at the discretion of the Company, in shares of the Company or in cash. The maximum remuneration is set at €3.5 million for co-CEOs from 2022 onwards. Until the end of 2021 the current remuneration system will stay in place. Options Rights pertaining to the old stock option programs for the Management Board members will vest until 2022, 2023 and 2024, respectively. Granting of new options to the Management Board members will in each case start twelve months prior to such vesting of the current Option Rights (with the first annual grant being pro-rated at 50% of the target amount).

17.3 Supervisory Board

In accordance with Articles 9 para. 1 lit. (c) (i) and 40 para. 3 of the SE Regulation in conjunction with Section 17 of the SEAG as well as Section 9 para. 1 of the Articles of Association, the Supervisory Board comprises seven members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Article 9 para 1 lit. (c) (ii) of the SE Regulation in conjunction with Section 100 para. 5 AktG, the members of the Supervisory Board as a whole must be familiar with the industry in which the Company conducts its business.

The Company has appointed Nicole Srock.Stanley as a member of the Supervisory Board with effect from July 1, 2021, increasing the share of female members to more than 25%.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office, but in any event for a maximum of six years. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member would end, once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without cause by giving written notice one month in advance to the chairman of the Supervisory Board, or, in case of a resignation by the chairman, to the deputy chairman. The chairman of the Supervisory Board or, in case of a resignation of the chairman, the deputy chairman, may approve a shorter notice period or a waiver of the notice period. In case of a resignation for cause, the one-month notice period does not apply.

The Supervisory Board must hold two meetings in each half year of the calendar year. Meetings of the Supervisory Board are generally called at least seven calendar days in advance by the chairman of the Supervisory Board, not taking into account the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, via email or using another common means of telecommunication. In urgent cases, the chairman may shorten this period and may convene the meeting orally or by telephone.

The rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. At the order of the chairman, resolutions of the Supervisory Board may also be passed by way of conference call or other electronic means of communication (in particular video transmission). Absent members of the Supervisory Board may also participate in the voting by submitting their votes in writing through another member of the Supervisory Board.

The Articles of Association provide that the Supervisory Board has a quorum if at least three of its members participate in the vote. Any members who abstain from voting are considered present for purposes of calculating the quorum. Unless otherwise provided for by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. If a vote by the Supervisory Board results in a tie, the chairman has a deciding vote. Such resolutions are documented by the chairman and circulated to all members of the Supervisory Board.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, responsibilities, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from among its members. The rules of procedure of the Supervisory Board were adopted on June 21, 2021.

17.3.1 Members of the Supervisory Board

17.3.1.1 *Current Members of the Supervisory Board*

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed[1]	Appointed until	Responsibilities
Peter Williams	67	2020	2024	Chairman of the Supervisory Board
Jochen Klüppel[2]	49	2020	2021	Deputy chairman of the Supervisory Board
Tobias Krauss	44	2020	2026	Member of the Supervisory Board
Pietro Luigi Longo	48	2021	2022	Member of the Supervisory Board
Birgit Kretschmer	51	2021	2024	Member of the Supervisory Board
Nicola Brandolese[3]	51	2021	2024	Member of the Supervisory Board
Stuart Paterson	51	2020	2022	Member of the Supervisory Board

(1) Prior to the Company's change of legal form into a European company (*Societas Europaea* (*SE*)), membership in the Supervisory Board refers to the supervisory board of Mister Spex AG.

(2) Mr. Klüppel has resigned from his office as member of the Supervisory Board with effect from June 30, 2021, and will be replaced by Nicole Srock.Stanley (see "*17.3.1.2 Future Members of the Supervisory Board*").
(3) Mr. Brandolese will become deputy chairman of the Supervisory Board with effect of July 1, 2021.

Peter Williams was born in Winchester, United Kingdom, on December 18, 1953.

Peter Williams holds a degree in Mathematics and has spent over 30 years in a variety of both executive and non-executive positions in consumer-facing business spanning retail, leisure, media and consumer products. In the retail sector he has worked in department stores, ecommerce, duty-free- sportswear and fashion multiples, and mail order. For 13 years up to 2004, Peter was on the board of Selfridges plc, initially as Chief Financial Officer and then as Chief Executive Officer, during its transformation to one of the world's leading department stores. Following Selfridges, he was the Chief Executive Officer of Alpha Airports Group plc, which operated duty free retailing and airline catering businesses in 15 countries across the globe. In his non-executive career Peter played a major role in the growth of the two major international online fashion retailers – at ASOS plc, he was the Senior Independent Director for eight years during which time the market value of the company grew from £70 million to over £4.5 billion; and at Boohoo Group plc he was chairman for 5 years from the IPO, during which time the market value grew from £560 million to £2.2. billion. Now pursuing a portfolio career, Peter Williams is chairman or non-executive director of a number of consumer-facing businesses, both public and privately owned.

Alongside his office as chairman of the Supervisory Board, Peter Williams is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- DP Eurasia N.V. (chairman)
- U and I Group PLC (chairman)
- Miinto A/S (deputy chairman)

Previously:

- Superdry plc (chairman)
- Sophia Webster Limited (chairman)
- Brissi London Limited
- Rightmove plc (senior independent director)
- Boohoo Group plc (chairman)
- Design Council Enterprises Limited (trustee, chairman of the audit committee)
- London Transport Museum (Trading) Limited
- Sportech plc
- ASOS Foundation Limited

Other than listed above, Peter Williams has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Andrew Stuart Weir Paterson was born in Bellshill, Scotland, the United Kingdom, on January 1, 1970.

Stuart Paterson holds a joint degree in Accounting and Computing Science from Heriot-Watt University, Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. He is Co-founder and Partner of Scottish Equity Partners LLP, a leading Growth Equity Investor which has been investing in high growth European private companies for over 20 years. He is currently an advisory board member of Berlin based online language learning business Babbel GmbH and Mister Spex and has been instrumental in building Scottish Equity Partners LLP's ("**SEP**") presence and reputation in Germany. Stuart also led SEP's investments in Reykjavík based travel technology business Dohop ehf, online craft equipment and supplies company LoveCrafts Group Ltd and sits on the boards of both companies. Stuart has a strong track record in consumer internet investments having led the original investment in travel search business Skyscanner Ltd which was sold in 2016 to leading Chinese travel agency Trip.com Group Ltd for £1.5bn. Stuart also led SEP's investment in Bluetooth technology specialist CSR plc which subsequently listed on the London Stock Market at a value of over £1 billion, becoming a FTSE 250 company.

Alongside his office as member of the Supervisory Board, Stuart Paterson is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- Dohop ehf (Icelandic board director)
- European Assets Trust Plc (UK director & audit chairman)
- LoveCrafts Group Ltd (UK director)
- Babbel GmbH, formerly Lesson Nine GmbH (German advisory board member)
- Alice Charlotte Capital Ltd (UK director)
- Scott-Weir Estates Ltd (UK director)
- Scottish Equity Partners LLP (UK partner/director of group entities)

Previously:

- Sports Pursuit Ltd (UK non-executive director)

Other than listed above, Stuart Paterson has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Tobias Krauss was born in Villingen-Schwenningen, on May 3, 1976.

Tobias Krauss holds a degree in Economics and was senior consultant at Porsche Consulting GmbH before becoming vice president at ConLead Performance Manager GmbH, a position he held until 2008. He is now the head of Büll Family Office.

Alongside his office as member of the Supervisory Board, Tobias Krauss is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- ABACON CAPITAL GmbH (managing director)
- TKrauss Private Equity Investments GmbH (managing director)
- Noventic Group (member of the advisory board)
- perma-tec GmbH & Co. KG (deputy chairman of the advisory board)
- Axxum GmbH (deputy chairman of the advisory board)
- Vsquared Ventures (chairman of limited partners committee)

Previously:

- Possehl Mittelstandsbeteiligungen GmbH (CEO)

Other than listed above, Tobias Krauss has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Pietro Luigi Longo was born in Padova, Italy, on July 4, 1972.

Mr. Longo holds a degree of the L. Bocconi University. He was head of the Corporate Advisory Group Italy at Credit Suisse (Italia) S.p.A. before becoming a managing director at Banca IMI, which is part of Intesa Sanpaolo S.p.A., a position he held until 2014. Having joined the Luxottica Group as director of M&A and Business Development in April 2014, he is now head of M&A and Co-Chief Integration Officer at EssilorLuxottica S.A.

Alongside his office as member of the Supervisory Board, Mr. Longo is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- EssilorLuxottica S.A. (M&A and Co-Chief Integration Officer)

Previously:

- none

Other than listed above, Mr. Longo has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Birgit Kretschmer was born in Schillingsfürst, Germany, on May 20, 1971.

Birgit Kretschmer holds a degree in International Business Administration from the University of Nuremberg. She was CFO of adidas Europe, a market segment of adidas AG, from 2012 to 2016 and senior vice president responsible for corporate finance with adidas AG from 2017 to 2020. Since January 2021, she has been CFO with C&A Europe, responsible for finance, IT, logistics, legal and internal audit.

Alongside her office as member of the Supervisory Board, Ms. Kretschmer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- C&A AG, Zug (CFO)

Previously:

- adidas AG (senior vice president corporate finance)
- adidas Europe (CFO)
- adidas international Re DAC, Dublin (chairwoman)
- adidas Espana S.A.U., Zaragoza (supervisory board member)
- adidas Portugal - Artigos de Desporto, S.A., Lisboa (supervisory board member)

Other than listed above, Ms. Kretschmer has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Nicola Brandolese was born in Milan, Italy, on April 5, 1971.

Nicola Brandolese holds a degree from the Politecnico di Milano in management, economics and industrial engineering. He began his career with Oy Erikstone Ab Ltd in Finland, before his management consulting career with The Boston Consulting Group Inc. and Sapient Corp. His focus in his subsequent positions at Sky Italia S.r.l. from 2003 to 2012 was Marketing and Sales. He joined the Luxottica Group S.p.A. as Chief Digital Officer from 2012 to 2013, before becoming President, Retail in 2014.

Alongside his office as member of the Supervisory Board, Nicola Brandolese is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- None.

Previously:

- Net-A-Porter (managing director)
- Giuseppe Zanotti, S.p.A. (CEO)
- LVMH Moët Hennessy Louis Vuitton SE (group executive)
- Luxottica Group S.p.A. (president, retail)

Other than listed above, Nicola Brandolese has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

Jochen Klüppel was born in Munich, Germany, on February 28, 1972.

Jochen Klüppel holds a degree in business administration and was a consultant at McKinsey and Company. Afterwards, he founded a business and served as managing director of 100world.media AG in Nuremberg. In 2002, he joined Grazia Equity, first as investment manager before becoming a partner in 2005.

Alongside his office as member of the Supervisory Board, Jochen Klüppel is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- Grazia Equity GmbH (general power of attorney)
- Grazia Beteiligungen GmbH & Co. KG (general power of attorney)
- Grazia Fonds MB GmbH & Co. KG (general power of attorney)
- Grazia Capital Management GmbH (managing director)
- Grazi Carry GmbH & Co. KG (managing limited partner)
- Gyant Inc. (member of the supervisory board)
- Gitti GmbH (member of the advisory board)
- Lingoda GmbH (member of the advisory board)

Previously:

- Moviepilot (member of the advisory board)
- Urbanara (member of the advisory board)
- YEAY GmbH (member of the advisory board)
- Merolt (member of the advisory board)

Other than listed above, Jochen Klüppel has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

The members of the Supervisory Board can be reached at the Company's offices at Greifswalder Straße 15, 10409 Berlin, Germany (telephone: +49 (0) 30 4431230373).

17.3.1.2 *Future Members of the Supervisory Board*

The Company's shareholders meeting held on June 14, 2021, elected Ms. Nicole Srock.Stanley to the Supervisory Board with effect from July 1, 2021, as replacement for Mr. Jochen Klüppel who has resigned from his office with effect from the same date.

Nicole Srock.Stanley was born in Celle, on December 6, 1969.

Nicole Srock.Stanley studied design, art and interior architecture in Hanover and London, graduating as Dipl. ing. (FH) in interior design. Nicole Srock.Stanley founded the dan pearlman Group in 1999, a group of owner-managed, strategic creative agencies based in Berlin. Since its founding, she has headed the group as CEO and is responsible for the areas of brand and corporate strategies. In addition to her work at the dan pearlman Group, Nicole Srock.Stanley is the founder of Climate Education GmbH, which promotes climate protection. In addition, she is involved as Chair of the Advisory Board of the Berlin Life Foundation and Senior Fellow of the Institute of Place Management at the University of Manchester.

Alongside her office as member of the Supervisory Board, Nicole Srock.Stanley is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Mister Spex Group:

Currently:

- dan pearlman Markenarchitektur Gesellschaft von Architekten und Innenarchitekten GmbH (CEO and co-founder)
- dan connect GmbH (CEO and co-founder)
- Stiftung Berliner Leben (member of the advisory board)
- Stiftung Zukunft Berlin (member of the advisory board)
- Tresor Berlin Foundation (member of the foundation council)

Previously:

- Stiftung Berliner Leben (member of the management board)
- IHK Berlin (member of the board (*Präsidium*))
- Create Berlin e.V. (board member)

Other than listed above, Nicole Srock.Stanley has not been a member of any administrative, management or supervisory body of any other company or partnership outside Mister Spex Group within the last five years.

17.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board may establish committees from among its members. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, responsibilities, decision-making powers and rights to these committees.

As of the date of this Prospectus, the Supervisory Board has established the following committees:

17.3.2.1 *Audit Committee*

The audit committee shall, in particular, deal with:

- the monitoring of the accounting process,
- the effectiveness of the internal control system,
- the risk management system and the internal audit system,

- the audit of the annual financial statements, in particular the independence of the auditor and the quality of the audit,
- the services rendered additionally by the auditor,
- the issuing of the audit mandate to the auditor,
- the determination of auditing focal points and the fee agreement, and

  compliance.

The audit committee comprises four members. The following table sets forth the current members of the audit committee:

Name	Responsibilities
Birgit Kretschmer	Chairwoman of the audit committee
Stuart Paterson	Member of the audit committee
Peter Williams	Member of the audit committee
Tobias Krauss	Member of the audit committee

The chair of the Supervisory Board may not simultaneously hold the position of chair of the audit committee.

The audit committee performs its duties in compliance with applicable laws, in particular Regulation (EU) No 537/2014 of the European Parliament and the Council of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities, as amended, the Articles of Association and the rules of procedure of the Supervisory Board.

The chair of the audit committee regularly conducts discussions with the auditors. As a rule, the chief financial officer of the Company also attends these discussions. In certain cases, discussions may also take place without the chief financial officer. In connection with the fulfillment of its responsibilities, the audit committee may request information from the auditor, the Management Board, the audit department and the senior executives of the Company directly reporting to the Management Board.

17.3.2.2 *Nomination and Remuneration Committee*

The nomination and remuneration committee has the following responsibilities:

- preparing the Supervisory Board’s proposals to the shareholders’ meeting regarding the election of Supervisory Board members;
- preparing resolutions of the Supervisory Board on specific objectives regarding its composition and the skills and expertise profile;
- preparing resolutions of the Supervisory Board on selecting, appointing, dismissing and remunerating the members of the Management Board as well as on their service agreements;
- preparing resolutions of the Supervisory Board pursuant to Sections 87a and 162 AktG;
- setting the Company’s remuneration policy for the members of the Management Board.

The nomination and remuneration committee comprises four members. One of the members is the chairman of the Supervisory Board. The following table sets forth the current members of the nomination remuneration committee:

Name	Responsibilities
Peter Williams	Chairman of the nomination and remuneration committee
Stuart Paterson	Member of the nomination and remuneration committee
Nicola Brandolese	Member of the nomination and remuneration committee
Tobias Krauss	Member of the nomination and remuneration committee

17.3.2.3 *Strategy and ESG Committee*

The strategy and ESG committee has the following responsibilities:

- preparing an annual strategy day together with the Management Board;
- preparing resolutions of the Supervisory Board on long-term and annual ESG targets;
- monitoring the implementation of the agreed business strategy;
- preparing resolutions and approval of M&A activities.

The strategy and ESG committee comprises six members. The following table sets forth the current members of the strategy and ESG committee:

Name	Responsibilities
Nicola Brandolese	Chairman of the strategy and ESG committee
Stuart Paterson	Member of the strategy and ESG committee
Peter Williams	Member of the strategy and ESG committee
Birgit Kretschmer	Member of the strategy and ESG committee
Nicole Srock.Stanley(1)	Member of the strategy and ESG committee
Tobias Krauss	Member of the strategy and ESG committee

(1) With effect from July 1, 2021.

17.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

The chairman of the Supervisory Board receives a fixed annual remuneration of €87,500, while the deputy chairman receives €52,500 and all other members of the Supervisory Board receive €35,000.

As a member of the audit committee, Supervisory Board members receive an additional annual remuneration of € 10,000. The chair of the audit committee receives an additional annual remuneration of €20,000.

As a member of the nomination and remuneration committee, Supervisory Board members receive an additional annual remuneration of €2,500. The chair of the nomination and remuneration committee receives an additional annual remuneration of €5,000.

As a member of the strategy and ESG committee, Supervisory Board members receive an additional annual remuneration of €5,000. The chair of the strategy and ESG committee receives an additional annual remuneration of € 10,000.

In addition to the remuneration set forth above, the Company reimburses the members of the Supervisory Board for all reasonable out-of-pocket expenses incurred when fulfilling their duties as members of the Supervisory Board, and for any value added taxes payable on such out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are covered by the D&O insurance policy of Mister Spex Group. The Company believes that the terms of this insurance policy are in line with market standards (see "*12.11 Insurance Coverage*").

As of the date of this Prospectus, the Company has not made any pension commitments to members of the Supervisory Board.

For a description of Supervisory Board remuneration in the past, see "*18.2 Relationships with Members of the Management Board and the Supervisory Board*"

17.4 Establishment of an SE Works Council

On May 7, 2021, with a view to the transformation into a European Company (*Societas Europaea*), the Company concluded an employee involvement agreement with the special negotiation body of Mister Spex Group's employees. The agreement has a minimum term of eight years and stipulates that, inter alia, an SE works council shall be established and that the Supervisory Board of the Company shall be composed exclusively of representatives of the shareholders.

17.5 Shareholdings of the Members of the Management Board and the Supervisory Board

As of the date of this Prospectus, our founder and Co-Chief Executive Officer and member of the Management Board Dirk Graber holds 523,470 shares indirectly via Graber Investment Limited in the Company. Our Co-Chief Executive Officer and member of the Management Board Mirko Caspar holds 2,865 shares and an additional 137,933 shares, which Mr. Caspar borrowed from Albert Büll GmbH and which he will place in the Offering (see "*3.10 Share Loan*").

In total, our founder and members of the Management Board hold 526,335 shares in the Company, corresponding to 2.16% of the Company's current share capital (*i.e.*, 24,385,425 shares as of the date of this Prospectus), not taking into account an additional 137,933 shares, which Mr. Caspar borrowed from Albert Büll GmbH and which Mr. Caspar will place in the Offering.

For a description of the lock-up agreements entered into by our founder and members of the Management Board, see "*3.9.3 Lock-up of the Members of the Management Board*".

As of the date of this Prospectus, our chairman and member of the Supervisory Board Peter Williams holds 50,325 shares. In addition, Peter Williams holds 139,875 Option Rights, of which 122,220 have an exercise price of €3.68 and 17.655 have an exercise price of €7.52.

The 139,875 stock option rights are fully vested.

17,655 of Mr. William's Option Rights vest monthly over a period of four years commencing on January 1, 2019 and ending on December 31, 2022 and are subject to certain leaver provisions.

In total, the members of the Supervisory Board hold 50,325 shares in the Company, corresponding to 0.21% of the Company's current share capital (*i.e.*, 24,385,425 shares as of the date of this Prospectus).

17.6 Share Incentive Programs

The following is a description of the share incentive programs, which the Company has established as of the date of this Prospectus:

17.6.1 Stock Option Plans

Between 2012 and 2019, the Company implemented long term share incentive programs in the form of a Stock Option Plan I, a Stock Option Plan II, a Stock Option Plan III and a Stock Option Plan IV (the Stock Option Plan I, the Stock Option Plan II, the Stock Option Plan III and the Stock Option Plan IV each a "**Stock Option Plan**" and together the "**Stock Option Plans**"). Under such Stock Option Plans the Company granted a total of 3,670,557 Option Rights to members of the Management Board, one member of the Supervisory Board and certain key employees of the Company (each a "**Beneficiary**" and together the "**Beneficiaries**") pursuant to separate stock option agreements (each a "**Stock Option Agreement**" and together the "**Stock Option Agreements**").

17.6.2 General Stock Option Terms 2021

As a consequence of the transformation of the Company into an AG, the Company took steps to harmonize the Stock Option Plans by implementing general terms regarding the Option Rights (the "**General Stock Option Terms**") through separate amendment agreements to the existing Stock Option Agreements (each an "**Amendment Agreement**") with the Beneficiaries, dated May 20, 2021 and June 7, 2021. Each Amendment Agreement amended the provisions of the underlying Stock Option Agreement to the extent that the general terms and conditions of the Stock Option Agreement were replaced by the General Stock Option Terms and Conditions. In this context, each Amendment Agreement reflects individual provisions which result from the respective underlying Stock Option Plan (as the case may be) and which only apply between the Company and the relevant Beneficiary in deviation from the provisions of the General Stock Option Terms and Conditions. Deviations between the Amendment Agreements of individual Beneficiaries generally only affect the number of Option Rights, their strike price and the start of their vesting.

Each Option Right grants the right, subject to and in accordance with the General Stock Option Terms, to acquire one Common Share in the nominal value of €1.00 in the share capital of the Company.

The Option Rights are subject to a monthly vesting over a period of forty-eight (48) months following the relevant start date which is determined in the relevant Amendment Agreement (the "**Vesting Period**").

The vesting ends upon occurrence of a good leaver event (*e.g.*, the termination of the employment of the relevant Beneficiary by the Beneficiary with good cause or by the Company with good cause whereby the good cause is not an alleged criminal misconduct or an alleged commission of a criminal offence) within the Vesting Period.

In case of a bad leaver event (*e.g.*, the termination of the employment of the relevant Beneficiary by the Company with good cause based on alleged criminal misconduct) within the Vesting Period, all Option Rights are immediately forfeited and become null and void without any compensation of any kind.

The vested Option Rights may be exercised at an exercise price of €1.00 per Option Right for stock option plan 1, an exercise price of €3.71 for stock option plan 2, €9.07 for stock option plan 3 and €7.52 for stock option plan 4 (a) upon the earlier of (i) an exit event other than an initial public offering (a "**Trigger Event**"), (ii) within three (3) years after the occurrence of a good leaver event and (iii) after expiry of four (4) years following the relevant Beneficiary's start date or (b) in case of an initial public offering.

The sum of the Option Rights is adjusted in the event of a capital increase or decrease from the Company's reserves proportionally to the increase or decrease of the Company's share capital. The Company may request that the Beneficiaries exercise their vested Option Rights in case of a Trigger Event. In case the vested Option Rights are not executed by a Beneficiary within twenty (20) days of such request by the Company in connection with a Trigger Event, the Option Rights expire. In connection with an initial public offering, Beneficiaries may exercise their vested Option Rights within a certain exercise window as determined by the Company. In case the vested Option Rights are not exercised by a Beneficiary in connection with an initial public offering, the Option Rights remain exercisable following the initial public offering until the expiry of the first exercise period to occur after the later of (i) forty-eight (48) months after the initial public offering or (ii) two (2) years after expiry of the Vesting Period.

As of the date of this Prospectus, 3,670,438 Option Rights are outstanding under the Stock Option Plans and have not lapsed or expired. The total strike price of all Option Rights amounts to €20,436,236.80. The Company would be required to issue a total of 3,670,438 new shares to the respective Beneficiaries (corresponding to approximately 10.7% of the Company's share capital upon completion of the Offering, *i.e.*, 34,168,034 shares) if all Option Rights were exercised.

The following table provides a breakdown of the outstanding Option Rights granted under the Stock Option Plans as of the date of this Prospectus:

Outstanding Option Rights	**Strike price per Call Option**	**Total Strike Price**	**Vested Option Rights**	**Unvested Option Rights**
	(in €)	**(in €)**		
652,813	1.00	652,813.00	652,813	0
11,730	2.15	25,270.00	11,730	0
68,085	3.68	250,750.78	68,085	0

Outstanding Option Rights	Strike price per Call Option	Total Strike Price	Vested Option Rights	Unvested Option Rights
820,005	3.71	3,038,271.15	736,423	83,582
352,995	9.07	3,200,271.98	239,393	113,602
1,764,810	7.52	13,268,887.22	773,702	991,108

In connection with the Offering, 254,821 Shares of the shares derived from the Vested Option Rights will be placed by one member of the Management Board, Dr. Mirko Caspar, and certain employees of the Company in the Offering; see "*3.10 Share Loan*".

17.7 One-time Employee Bonus and Deal Bonus in Connection with the Offering

Upon successful completion of the Offering, the Company's employees will receive a one-time cash-based transaction bonus totaling between €2.0 million and €2.5 million, which will benefit the Company's employees. The bonus will be distributed based on the length of employment at Mister Spex and is independent of individual employee salaries. Of the total amount of up to €2.5 million, the Company's co-CEOs, Dirk Graber and Dr. Mirko Caspar, will each contribute €1.0 million and €0.5 million, respectively, by waiving already vested stock options in the same amount. The remaining amount of up to €1.0 million will be borne by the Company.

In addition, upon successful completion of the Offering, the members of the Management Board and certain employees of the Company will receive a one-time cash based deal bonus of in total €0.8 million.

17.8 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- the subject of any official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies; or
- disqualified from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

Our future Supervisory Board member Nicole Srock.Stanley was on the board of Create Berlin e.V., which was liquidated in 2021. Otherwise, no member of the Management Board or the Supervisory Board has been associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body in the last five years.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

Supervisory Board member Mr. Pietro Luigi Longo holds the role of Head of M&A and co-Chief Integration Officer of EssilorLuxottica SA, which is one of the main suppliers of the Company. Should a planned acquisition of GrandVision N.V. by EssilorLuxottica SA be completed, Mr. Longo will have a management position in one of the Company's main competitors, as GrandVision N.V. operates the retail stores of "Apollo Optik" in Germany. Apart from this, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other hand.

None of the members of the Management Board or the Supervisory Board has entered into a service agreement with the Company that provides for benefits upon termination of employment or office.

Apart from the lock-up agreements as described in "*3.9 Lock-up Agreements*", none of the members of the Management Board or the Supervisory Board are subject to any restrictions on the disposal of their holdings (including shares promised to them) in the Company's shares within a certain period of time.

17.9 Shareholders' Meetings

17.9.1 Convening of Shareholders' Meetings

Pursuant to Article 54 para. 1 of the SE Regulation, the annual shareholders' meeting of the Company must be held within the first six months of each fiscal year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company, in Berlin, in a German city with a stock exchange or at a place in Germany located within a radius of 50 kilometers around these locations. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the German Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see *"17.9.2 Shareholders' Rights to Participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a pro rata share of €500,000.00 in the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a pro rata share of €100,000.00 in the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

17.9.2 Shareholders' Rights to Participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or the English language in writing (*Textform*), or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings must be provided in the form of proof set forth in Section 67c para. 3 AktG. Such evidence must refer to the beginning of the 21st day prior to the shareholders' meeting (so-called record date).

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be submitted in writing (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

17.9.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person determined by the chairman of the Supervisory Board. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person determined by the chairman of the Supervisory Board takes over the position of chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the Supervisory Board members present at the shareholders' meeting. In the event that no member of the Supervisory Board is present at the shareholders' meeting and no other person determined by the chairman of the Supervisory Board takes over the position of chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the shareholders' meeting under the chairmanship of the shareholder with the highest shareholding present at the shareholders' meeting.

The chairman of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a reasonable limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders' meeting.

17.9.4 Resolutions of the Shareholders' Meeting

Pursuant to Section 19 para. 2 of the Articles of Association, resolutions of the shareholders' meeting are generally passed with a simple majority of the votes validly cast, provided that pursuant to Section 19 para. 4 of the Articles of Association, resolutions on the removal of members of the Supervisory Board require a majority of at least three quarters of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

Pursuant to Articles 5, 57 and 59 of the SE Regulation, and Section 51 of the SEAG in conjunction with the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude or amend corporate agreements (*Unternehmensverträge*);
- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation; and
- any actions within the meaning of the UmwG.

Neither European law nor German law or the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

17.9.5 Virtual Shareholders' Meetings

Pursuant to the German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020 (the "**COVID-19-Act**") as extended by the Act on the Further Reduction of the Procedure for the Relief of Reaming Debt (*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens*) dated December 22, 2020, the Management Board may decide, with the approval of the Supervisory Board, to hold shareholders' meetings on or before December 31, 2021 as virtual shareholders' meetings without physical attendance of the shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the opportunity to ask questions via electronic communication; and
- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the shareholders' meeting without the requirement to attend in person at the shareholders' meeting.

Under the COVID-19-Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, shareholders' meetings held on or before December 31, 2021. In particular, the shareholders' meeting may be convened as late as on the 21st day prior to the day of the meeting. In accordance with Articles 53 and 54 of the SE Regulation, these rules for German stock corporations apply to Mister Spex SE as well.

17.10 German Corporate Governance Code

The German Corporate Governance Code, as amended on December 16, 2019 (the "**Code**"), contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. Pursuant to Section 161 para. 1 AktG, the Management Board and the Supervisory Board are, however, required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- ***Section C.4 of the Code – Composition of the Supervisory Board***: Section C.4 of the Code provides that a Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice. As disclosed in Section 17.3.1.1 of this Prospectus, our Supervisory Board Chairman Peter Williams is chairman of two supervisory boards of listed companies outside the Mister Spex Group. Due to his clear commitment to Mister Spex – he had already been a member of the advisory board of the former Mister Spex GmbH since 2013 – as well as his wide-ranging experience of over 30 years, we nevertheless consider Mr. Williams to be an excellent choice as our Supervisory Board Chairman. We believe that the total number of mandates held by members of the Supervisory Board in non-group listed companies and comparable functions can be appropriately assessed on a case-by-case basis rather than by means of a rigid upper limit.

- ***Section F.2 of the Code – Reporting***: Section F.2 of the Code provides that the consolidated financial statements and the group management report should be made publicly accessible within 90 days following the end of the respective fiscal year, while mandatory interim financial information should be made publicly accessible within 45 days after the end of the respective reporting period. With respect to the consolidated financial statements, the group management report as well as any mandatory interim financial information required under statutory laws or applicable stock exchange rules, in each case to be published during the fiscal year ending December 31, 2021, the Company has decided to publish the respective financial information within the respective publication periods stipulated by mandatory law or the applicable stock exchange rules for such financial information. The Company believes that a publication within such periods will sufficiently satisfy the need for information of the shareholders, creditors and other stakeholders as well as the public. Starting with the financial information to be published for the fiscal year ending December 31, 2021, the Company intends to comply with the publication timelines provided for in Section F.2 of the Code.

- ***Section G of the Code – Remuneration of the Management Board and the Supervisory Board:*** The Code provides a clear and differentiated compensation system for the Management Board, consisting of a short-term and a long-term incentive program. The current system of Management Board compensation consists of service agreements and separate bonus plans as described in Section 17.2.2 of this Prospectus, providing for an annual fixed remuneration and an additional short-term bonus. After consulting an external remuneration advisor, the Supervisory Board of the Company resolved on a new Code-compliant remuneration system as outlined in Section 17.2.2.4 of this Prospectus in April 2021, which will then also cover the long-term incentive components recommended by the Code. This new remuneration system will become effective starting January 1, 2022. Certain other elements of the Code-compliant remuneration have already been implemented in the current service agreements of the Management Board member, for example, stipulations of Section G.13 of the Code regarding severance payments.

18. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below in is a detailed description of such transactions with related parties as of and for the fiscal years ended December 31, 2020, December 31, 2019, 2020, and December 31, 2018 and up to and including the date of this Prospectus. Business relationships between companies of Mister Spex Group are not included. Further information with respect to related party transactions, including quantitative amounts, are contained in the notes to the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2020, December 31, 2019, and December 31, 2018, which are all included in this Prospectus in the Section "21. Financial Information" on pages F-1 et seq.

18.1 Cost Sharing and Indemnity Agreement

On June 22, 2021 the Selling Shareholders and the Company entered into an agreement regarding their cooperation relating to the preparation of the Offering. As required by law, the Selling Shareholders have agreed that they will reimburse the Company for all external costs incurred in connection with the preparation and the execution of the Offering (except for costs relating to certain corporate measures such as the IPO Capital Increase) on a *pro rata* basis. The costs for which the Selling Shareholders will reimburse the Company include legal, auditor and other advisors' fees. With respect to commissions to be paid to the Underwriters in connection with the Offering, see "*19.2 Commissions*".

The obligations of the Selling Shareholders to reimburse the Company remain unaffected if the Offering is postponed or terminated. As required by law, the Selling Shareholders have also agreed to indemnify the Company from any potential liability in connection with the Offering on a *pro rata* basis including for the *pro rata* share of any reasonable legal costs and expenses. Furthermore, the Company has agreed that upon indemnification by the Selling Shareholders and to the extent legally permissible, it will assign certain claims the Company may have against members of the Management Board or the Supervisory Board or third parties to the Selling Shareholders.

18.2 Relationships with Members of the Management Board and the Supervisory Board

In the fiscal year ended December 31, 2020, the members of the Management Board received an aggregate remuneration of €541,666 (fiscal year ended December 31, 2019: €657,072). In the fiscal year ended December 31, 2018, the members of the Management Board of Mister Spex AG, the parent company of Mister Spex Group at the time, received an aggregate remuneration of €417,312.

In the fiscal year ended December 31, 2020, the members of the Supervisory Board received an aggregate remuneration of €56,000 (fiscal year ended December 31, 2019: €72,000 and fiscal year ended December 31, 2018: €72,000). In addition, the share-based remuneration of the Supervisory Board amounted to €74,000 in the fiscal year ended December 31, 2020.

For a description of the current remuneration of the members of the Management Board, see "*17.2.2 Management Service Agreements*".

For a description of the current remuneration of the members of the Supervisory Board, see "*17.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board*".

19. UNDERWRITING

On June 22, 2021, the Company, the Selling Shareholders, the Lending Shareholders and the Underwriters entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions, including the execution of the pricing agreement, the Underwriters will be required to acquire such number of Offer Shares as will be specified and agreed in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth opposite the respective Underwriters' name below:

Underwriters	Maximum number of Offer Shares to be underwritten(1)	Percentage of maximum number Offer Shares to be underwritten (in %)
Barclays Bank Ireland PLC	4,200,001	28
Joh. Berenberg, Gossler & Co. KG	4,200,001	28
Jefferies GmbH Jefferies International Limited	4,200,001	28
Bryan Garnier Securities SAS	1,499,998	10
COMMERZBANK Aktiengesellschaft	749,999	5
Quirin Privatbank AG	149,999	1
Total	**14,999,999**	**100.00**

(1) Assuming placement of the maximum number of Offer Shares and full exercise of the Greenshoe Option.

In connection with the Offering, the Underwriters and any of their respective affiliates, acting as an investor for their own account, may acquire Offer Shares in the Offering and in that capacity may retain, purchase or sell for their own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments outside the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to the Underwriters or any of their respective affiliates acting in such capacity. The Underwriters do not intend to disclose the extent of any such investments or transactions, other than in accordance with any legal or regulatory obligation to do so. In addition, the Underwriters or their respective affiliates may enter into financing arrangements, including swaps with investors, due to which the Underwriters or their affiliates may, from time to time, acquire, hold or dispose of Offer Shares.

19.1 Underwriting Agreement

In the Underwriting Agreement, the Underwriters agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price.

The Underwriters agreed to remit the purchase price from the sale of the New Shares, less agreed upon commissions and expenses, to the Company at the time the New Shares are delivered to investors. Furthermore, the Underwriters agreed to acquire the Existing Shares from the holdings of the Selling Shareholders, to sell such shares as part of the Offering and to remit the purchase price, less agreed commissions and expenses, to the Selling Shareholders at the time the Existing Shares are delivered to investors.

For purposes of a potential Over-Allotment, Berenberg will be provided with 1,956,521 Over-Allotment Shares from the holdings of the Lending Shareholders in the form of a securities loan. The Lending Shareholders have granted Berenberg an option to acquire a number of shares of the Company equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions.

The obligations of the Underwriters under the Underwriting Agreement are subject to various conditions, including:

- the agreement of the Underwriters, the Company and the Selling Shareholders on the Offer Price and the final number of Offer Shares to be purchased by the Underwriters;

- the absence of a material event (*e.g.*, a material adverse change, or any development involving a reasonably likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of Mister Spex Group, or a suspension in trading (other than for technical reasons) in securities of the Company or in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange);

- receipt of certain customary deliverables (*e.g.*, legal opinions); and
- the admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

The Underwriters and their respective affiliates have provided, and may in the future provide, services to Mister Spex Group in the ordinary course of business and may extend credit to, and have regular business dealings with Mister Spex Group in their capacity as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see "*3.13 Interests of Parties Participating in the Offering*".

19.2 Commissions

The Underwriters will offer the Offer Shares at the Offer Price. In return, the Underwriters will receive a fixed underwriting commission calculated as a percentage of the gross proceeds from the Offering. In addition, the Company, the Selling Shareholders and the Lending Shareholders may in their sole discretion decide to pay the Underwriters a discretionary fee, which is calculated as a percentage of the gross proceeds from the sale of the New Shares, the Existing Shares and the Over-Allotment Shares, respectively.

The Company will bear any fees in connection with the sale of the New Shares, while the Selling Shareholders and the Lending Shareholders will bear any fees in connection with the sale of the Existing Shares and the Over-Allotment Shares, respectively. Assuming placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full, the Company estimates that at the mid-point of the Price Range, the Underwriters would receive approximately €12.2 million in commissions in connection with the Offering.

The Underwriters will withhold the base fees from the proceeds from the sale of the Offer Shares. The Company, the Selling Shareholders and the Lending Shareholders will decide whether to grant the respective discretionary fee, if any, within 38 calendar days following the settlement.

19.3 Greenshoe Option and Securities Loan

To cover potential Over-Allotments, the Lending Shareholders agreed to provide Berenberg with 1,956,521 Over-Allotment Shares free of charge in the form of a securities loan.

The Stabilization Manager may exercise the Greenshoe Option to the extent Over-Allotments were initially made. The number of shares of the Company that can be acquired under the Greenshoe Option is reduced by the number of shares of the Company held by the Stabilization Manager on the date when the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures, if any. However, Berenberg is entitled to exercise the Greenshoe Option during the Stabilization Period even if such exercise follows any sale of shares by the Stabilization Manager which the Stabilization Manager had previously acquired as part of any stabilization measures (so-called refreshing the shoe). The Greenshoe Option will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

19.4 Termination and Indemnification

Under certain circumstances, the Joint Global Coordinators, acting for the account of the Underwriters, may terminate the Underwriting Agreement, including after the Offer Shares have been allocated and admitted to trading, up to closing of the Offering, in particular, if:

- Mister Spex Group has sustained a loss or interference with respect to its business from fire, explosion, flood or other calamity (whether or not covered by insurance), or from any labor dispute or court or governmental action, order or decree; or
- any material change or development reasonably likely to result in a material change to the share capital of the Company has occurred; or

- any material change or development reasonably likely to result in a material change in the long-term debt of the Company or Mister Spex Group has occurred; or

- any material adverse change, or any development involving a reasonably likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company or Mister Spex Group has occurred; or

- any material adverse change that would prevent the Company from performing any of its obligations under the Underwriting Agreement has occurred; or

- the Company or Mister Spex Group has incurred any liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business; or

- a suspension in trading on the stock exchanges in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States, has occurred; or

- a general moratorium on banking activities is declared in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States, by the relevant authorities; or

- a material disruption in commercial banking or securities settlement, payment or clearance services in Europe or the United States has occurred; or

- a material adverse change in national or international financial, political, or economic conditions or currency exchange rates or currency controls has occurred which could have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States; or

- an outbreak or escalation of hostilities or the declaration of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States has occurred; or

- any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or currency controls have occurred which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allocations already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to purchase fees already paid and costs incurred by an investor in connection with the purchase will solely be governed by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholders, the Lending Shareholders or the Underwriters to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of this Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

19.5.1 Selling Restrictions with respect to the United States

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from, or not subject to, the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements.

The Offer Shares may only be sold in or into the United States to persons who are reasonably believed to be QIBs as defined in Rule 144A, pursuant to Rule 144A or another available exemption from, or transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Regulation S and in compliance with other United States legal requirements. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above have the meanings ascribed to them by Regulation S and Rule 144A, as applicable.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

19.5.2 Selling Restrictions with respect to the United Kingdom

In the United Kingdom, this Prospectus is only addressed and directed to:

- investors who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**");

- investors who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order; and

- other persons to whom it may otherwise lawfully be communicated

(all such persons together being referred to as "**Relevant Persons**").

In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

19.5.3 Selling Restrictions with respect to the EEA

In the member states of the EEA, no offer of Offer Shares to the public has been or will be made, except for (i) the offer to the public in Germany and (ii) any offers of Offer Shares in any member state of the EEA in accordance with the following exceptions under the Prospectus Regulation:

- to qualified investors as defined in Article 2 lit. (e) of the Prospectus Regulation; or

- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 lit. (e) of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The tax legislation of the investor's country of residence and of Germany as the Company's country of incorporation may have an impact on the income received from the securities. Tax consequences may differ according to the provisions of different tax treaties and the investor's particular circumstances. Therefore, investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of shares in the Company.

Income received from shares of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat and place of effective management (i.e., Germany) may have an impact on the income received from shares of the Company.

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders of the Company. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries. We cannot rule out that the German tax authorities or courts will interpret these laws and provisions differently than what is described in this section.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. Therefore, prospective shareholders are advised to consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders of the Company.

20.1 General Taxation of Dividends

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

20.1.1 No Taxation in Case of Payments from a Tax-Recognized Contribution Account

In the future, the Company may pay dividends out of a tax-recognized contribution account (*steuerliches Einlagekonto*). To the extent the Company pays dividends from such tax-recognized contribution account, such dividends are not subject to withholding tax, personal income tax or corporate income tax, as the case may be (including the solidarity surcharge and church tax, if applicable). Any dividends paid out of a tax-recognized contribution account would, however, lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

20.1.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's shareholders' meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, one of the following entities is responsible and authorized to collect withholding tax in Germany and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutes, which holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit shares in custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as shares being held separately (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**"). Aside from shares being held separately (*abgesetzte Bestände*), the Company generally does not assume any responsibility for the withholding of withholding tax.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, in each case only upon application and provided that certain additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. Further prerequisites for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for twelve months and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered offices in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met. If there is a holding of at least 10% of the Company's registered share capital and the shares held in collective safe custody by Clearstream are treated as so-called stock being held separately (*abgesetzte Bestände*), the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company disburses dividends without deducting withholding tax, assuming a valid exemption certificate (*Freistellungsbescheinigung*) and proof that the relevant shares have been held separately are presented. An exemption certificate is granted upon application with the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable in the tax withholding process, if the shareholder has applied for an exemption certificate (*Freistellungsbescheinigung*) from the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure are available at the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*).

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to special rules on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*20.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base in an assessment procedure for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax (*i.e.*, due to a tax exemption without qualifying for a full tax credit) or that has already obtained a refund of taxes withheld, has to notify the competent local tax office accordingly and has to make a payment in an amount corresponding to 15% of the relevant dividends. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has published a decree outlining the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests described above are met, in order to prevent abuse.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

In case of individual shareholders holding shares in the Company as private assets, the Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for offsetting losses (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case, the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

20.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany

20.2.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (*i.e.,* once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (*Abgeltungsteuer* (the "**Flat Tax**"))).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.,* taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their entire capital investment income, including dividends paid by the Company, assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test, any tax and solidarity surcharge withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) on the entire private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and – by virtue of his professional activity (*berufliche Tätigkeit*) for the Company – is able to exercise a significant entrepreneurial influence on the business activity of the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method (see "*20.2.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the dividends is, however, deducted from the withholding tax (including the solidarity surcharge) withheld. If no church tax is withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to declare his dividends in his income tax return. The church tax on the dividends will then be imposed by way of a tax assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income, but reduce the acquisition costs for such shares. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs will arise which may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*20.4 Taxation of Capital Gains*").

20.2.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation depends on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge (and church tax, if applicable), is credited against the income or corporate income tax and the solidarity surcharge (and church tax, if applicable) of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*20.4 Taxation of Capital Gains*"). As regards the application of the 95% exemption in case of a corporation, this is, however, not undisputed.

20.2.2.1 <u>*Corporations*</u>

In general, dividends received by corporations that are tax resident in Germany are effectively 95% exempt from corporate income tax and solidarity surcharge. 5% of the dividends are, however, treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the beginning of the respective calendar year) are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes. The applicable trade tax depends on the tax rate imposed by the local municipalities in which the shareholder maintains its operations or permanent establishment.

20.2.2.2 <u>*Sole Proprietors (Individuals)*</u>

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his tax residence in Germany, 40% of any dividend is tax exempt (so-called partial income method (*Teileinkünfteverfahren*)). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method also applies when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). The partial income method does, however, not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. Trade tax is, however, generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

20.2.2.3 *Partnerships*

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge (and church tax, if applicable) are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95% tax exempt. Dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are, however, fully subject to taxation (see "*20.2.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial income method does not apply with respect to church tax, if applicable (see "*20.2.2.2 Sole Proprietors (Individuals)*"). Upon application and subject to further conditions, an individual who is a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum, in full or in part, against the individual's personal income tax liability depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the application of the rules for the taxation of portfolio participations is, however, unclear. Consequently, shareholders are strongly recommended to consult their own tax advisors.

20.2.2.4 *Financial and Insurance Sector*

Special rules apply to companies operating in the financial and insurance sectors, as well as pension funds (see "*20.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.3 Taxation of Dividends of Shareholders without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*20.1.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

20.4 Taxation of Capital Gains

20.4.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

20.4.1.1 <u>*Shares Held as Private Assets*</u>

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the current 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, payments from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the acquisition costs of the shares and may lead to negative acquisition costs, which can increase capital gains if such shares are held as private assets and do not qualify as a Qualified Participation. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares (in the Company or in other stock corporations) during the same assessment period or in subsequent assessment periods. In case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such losses is further restricted and can only be offset for up to €10,000.00 per calendar year.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank including the domestic branches of foreign banks and financial service institutes, or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. The withholding tax rate of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, will, however, be applied to 30% of the gross sales proceeds, if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the capital gain is, however, deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax, the solidarity surcharge and any applicable church tax on the capital gains will then be collected by way of assessment.

In general, it is not possible to deduct income-related expenses in connection with capital gains, except for expenses directly related in substance to the disposal, which can be deducted when calculating the capital gains. Only the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) may be deducted from the entire capital investment income.

A shareholder may request that his entire capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax withheld is credited against the income tax so determined, and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method (*Teileinkünfteverfahren*) and not the Flat Tax. Consequently, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate, if the shareholder, or his legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years. 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In case of a Qualified Participation, withholding tax (including the solidarity surcharge and church tax, if applicable) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

Withholding tax will not be withheld by a Domestic Paying Agent if the shareholder provides such Domestic Paying Agent with an application for exemption (*Freistellungsauftrag*), to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Furthermore, no withholding tax will be levied if the shareholder provides the Domestic Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

20.4.1.2 *Shares Held as Business Assets*

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs/book value. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments funded from the Company's tax-recognized contribution account exceed the original acquisition costs/book value for tax purposes, a taxable capital gain may arise.

1. **Corporations**: In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the holding period of the shares. 5% of the capital gains are, however, treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax. Losses from the sale of shares and any reductions in profits connected therewith generally do not qualify as tax-deductible business expenses.

2. **Sole proprietors (Individuals)**: If the shares of the Company form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, only 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial Partnerships**: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 1 above apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 above apply. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profits related to the shares sold are generally not deductible if the partner is a corporation, and 60% thereof are taken into account if they are attributable to the share in the profits of an individual. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum, in full or in part, against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective taxpayer.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*20.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*20.4.1.1 Shares Held as Private Assets*"). The Domestic Paying Agent may, however, refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

20.4.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

The German Federal Fiscal Court (*Bundesfinanzhof*) has stated that if the shareholder is a corporation that is neither tax resident in Germany nor maintains a permanent establishment or has appointed a permanent representative in Germany, the capital gains on the disposal of a Qualified Participation are not subject to German taxation. The German tax authorities have adopted this view.

If the shareholder is an individual and holds a Qualified Participation as a private asset, only 60% of the gains on the disposal of the shares are subject to progressive income tax, plus solidarity surcharge thereon. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25%, plus 5.5% solidarity surcharge thereon. If, however, (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then the German tax authorities have taken the view that the Domestic Paying Agent is, in general, not required to withhold tax on capital investment income, plus solidarity surcharge thereon. In case of a Qualified Participation, the capital gains must be declared in a tax return and are taxed by way of a tax assessment, subject to an exemption under a double taxation treaty or under domestic law.

For gains or losses on the disposal of shares that can be allocated to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for shareholders with a tax residence in Germany whose shares are business assets apply accordingly (see "*20.4.1.2 Shares Held as Business Assets*"). The Domestic Paying Agent may refrain from deducting withholding tax, if the shareholder declares to the Domestic Paying Agent on the official form that the shares form part of domestic business assets and certain other requirements are met.

Most double taxation treaties provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case.

20.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are generally fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares that are allocated to the trading portfolio of credit institutions and financial services institutions (*Handelsbestand*) within the meaning of Section 340e para. 3 HGB, as well as to shares that, upon acquisition of such shares, are allocated to the current assets (*Umlaufvermögen*) of a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act (*Kreditwesengesetz*), 50% or more of which are directly or indirectly held by a credit institution or financial services institution. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds as well as for shares held by a financial institution, financial service institution and financial institution which is tax resident in another member state of the European Union or in a member state of the EEA, and which has a permanent establishment in Germany. An exemption to the foregoing (*i.e.*, and thus a 95% effective tax exemption) does, however, apply to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies. Further relief from German taxation might be obtained pursuant to an applicable double taxation treaty, subject to further prerequisites.

20.6 Amendments to the Solidarity Surcharge

Pursuant to a new law, the solidarity surcharge (*Solidaritätszuschlag*) is set to be abolished for 90% of all German taxpayers and reduced for an additional 6.5% of all German taxpayers, depending on certain income thresholds. The new rules apply from the beginning of the assessment period for the fiscal year ending December 31, 2021. Pursuant to the new law, the solidarity surcharge will remain in place for purposes of withholding tax, the Flat Tax regime and corporate income tax. Shareholders are advised to monitor additional future developments.

20.7 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered offices in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

2. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1 above, and also with certain restrictions in case of No. 2 above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

20.8 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany. Such directive could under, depending on the actual circumstances, apply to certain transactions in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if at all. Recently, the German Federal Minister of Finance submitted a proposal to introduce a financial transaction tax, which has also not been adopted or implemented in Germany yet. Prospective shareholders are advised to monitor future developments closely and should consult their own tax advisors in relation to the consequences of a financial transaction tax.

21. FINANCIAL INFORMATION

The following English-language consolidated financial statements of Mister Spex AG as of and for fiscal the year ended December 31, 2020 (F-13-F-49), the English-language consolidated financial statements of Mister Spex GmbH as of and for the fiscal year ended December 31, 2019 (F-53-F-84), the English-language consolidated financial statements of Mister Spex GmbH as of and for the fiscal year ended December 31, 2018 (F-88-F-117), and the English-language financial statements of Mister Spex AG prepared in accordance with the German Commercial Code (Handelsgesetzbuch) as of and for the fiscal year ended December 31, 2020 (F-121-F-133), are translations of the respective German-language audited consolidated financial statements and the respective German-language audited financial statements.

Unaudited condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2021 (prepared in accordance with IFRS on interim financial reporting (IAS 34)) of Mister Spex AG, Berlin

Consolidated statement of comprehensive income
For the three months ended 31 March 2021

Consolidated statement of profit or loss (in EUR k)	Note	2021	2020
Revenue	1.	44,399	35,043
Own work capitalized		1,143	1,005
Other operating income		526	106
Total operating performance		**46,069**	**36,154**
Cost of materials		-21,501	-18,613
Personnel expenses	2.	-10,319	-8,402
Other operating expenses	3.	-15,199	-10,120
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-950**	**-981**
Amortization and depreciation		-3,393	-2,248
Earnings before interest and taxes (EBIT)		**-4,342**	**-3,229**
Financial result	4.	-1,142	-1,232
Share in loss of associates		-123	—
Earnings before taxes (EBT)		**-5,608**	**-4,460**
Income taxes	5.	-118	-175
Loss for the period		**-5,726**	**-4,636**
Thereof loss attributable to the shareholders of Mister Spex AG		-5,726	-4,636
Basic and diluted earnings per share (in EUR)		**-4.80**	**-3.90**

Consolidated statement of other comprehensive income (in EUR k)		
Loss for the period	**-5,726**	**-4,636**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign financial statements	27	-122
Other comprehensive income / loss	**27**	**-122**
Total comprehensive loss	**-5,699**	**-4,757**
Thereof loss attributable to the shareholders of Mister Spex AG	-5,699	-4,757

Consolidated statement of financial position
As of 31 March 2021 (in EUR k)

Assets	Note	31 Mar 2021	31 Dec 2020
Non-current assets		**87,439**	**82,561**
Goodwill		12,113	12,113
Intangible assets		14,271	13,947
Property, plant and equipment		15,791	15,311
Right-of-use assets		39,685	35,783
Investments in associates		2,295	2,418
Other financial assets	**7.**	3,284	2,988
Current assets		**44,889**	**40,182**
Inventories		24,688	17,606
Right of return assets	**1.**	2,216	695
Trade receivables		1,421	1,322
Other financial assets	**7.**	1,295	1,604
Other non-financial assets		4,423	4,420
Cash and cash equivalents		10,847	14,536
Total Assets		**132,328**	**122,743**
Equity & Liabilities			
Equity		**28,090**	**33,412**
Subscribed capital		1,193	1,193
Capital reserves		116,424	116,048
Other reserves		-809	-835
Accumulated loss		-88,719	-82,993
Non-current liabilities		**36,956**	**33,487**
Provisions		301	259
Lease liabilities		35,064	31,698
Other financial liabilities	**7.**	320	320
Other non-financial liabilities		270	327
Deferred tax liabilities		1,000	882
Current liabilities		**67,282**	**55,843**
Provisions	**1.**	791	728
Trade payables		8,680	10,028
Refund liabilities	**1.**	4,715	1,993
Lease liabilities		6,650	5,741
Liabilities to banks		30,689	30,255
Other financial liabilities	**7.**	536	467
Contract liabilities	**1.**	1,002	698
Other non-financial liabilities	**8.**	14,218	5,933
Total Equity and Liabilities		**132,328**	**122,743**

Consolidated statement of changes in equity
As of and for the three months ended 31 March 2021

In EUR k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2021		**1,261**	**-67**	**116,048**	**-835**	**-82,993**	**33,412**
Loss for the period						-5,726	-5,726
Other comprehensive income					27		27
Total comprehensive loss							-5,699
Share-based payments				377			377
As of 31 Mar 2021		**1,261**	**-67**	**116,424**	**-809**	**-88,719**	**28,090**

As of and for the three months ended 31 March 2020

In EUR k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2020		**1,191**	**-67**	**101,518**	**-755**	**-72,735**	**29,152**
Loss for the period						-4,636	-4,636
Other comprehensive loss					-122		-122
Total comprehensive loss							-4,757
Capital Increases		70		14,930			15,000
Transaction costs				-331			-331
Share-based payments				164			164
As of 31 Mar 2020		**1,261**	**-67**	**116,282**	**-877**	**-77,371**	**39,228**

Consolidated statement of cash flows
For the three months ended 31 March 2021

Consolidated statement of cash flows (in EUR k)	Note	2021	2020
Operating activities			
Loss for the period		-5,726	-4,636
Adjustments for:			
Finance income	4.	-200	-41
Finance costs	4.	1,342	1,272
Income tax expense	5.	118	175
Amortization of intangible assets		1,069	629
Depreciation of property, plant and equipment		569	420
Depreciation of right-of-use assets		1,755	1,199
Non-cash expenses for share-based payments	6.	377	164
Increase (+)/decrease (-) in non-current provisions		42	3
Increase (-)/decrease (+) in inventories		-7,082	-7,454
Increase (-)/decrease (+) in other assets		-1,580	13,986
Increase (+)/decrease (-) in trade payables and other liabilities		10,101	-16,802
Share in loss of associates		123	—
Interest paid		-771	-697
Interest received		0	0
Cash flow from operating activities		**138**	**-11,780**
Investing activities			
Investments in property, plant and equipment		-1,050	-3,539
Investments in intangible assets		-1,393	-1,170
Cash flow from investing activities		**-2,442**	**-4,710**
Financing activities			
Cash received from capital increases, net of transaction costs		—	14,599
Payment of principal portion of lease liabilities		-1,385	-991
Cash flow from financing activities		**-1,385**	**13,608**
Net increase (+)/decrease (-) in cash and cash equivalents		**-3,689**	**-2,882**
Cash and cash equivalents at the beginning of the period		14,536	23,295
Cash and cash equivalents at the end of the period		**10,847**	**20,412**

Notes to the condensed consolidated interim financial statements

I. Corporate information

Mister Spex AG, Berlin (the 'Company') is a company, incorporated and domiciled in Germany. These condensed consolidated interim financial statements ('interim financial statements') as of and for the three months ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as 'the Group').

The Group primarily engages in the marketing of prescription glasses, sunglasses and contact lenses in Europe.

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

Basis of preparation

These unaudited interim financial statements as of and for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as of and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all information and disclosures required for a complete set of financial statements prepared in accordance with IFRSs. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

As of 31 March 2021, the Group reported liabilities to a bank amounting to EUR 30,689k, which was repaid on 30 April 2021. With signing date 23 April 2021, the Group has agreed with various banks the refinancing in the amount of EUR 42.5m. The amount has been drawn as of 30 April 2021 and is due on 31 July 2022. Upon the occurrence of a liquidity event in form of an IPO the facility in the amount of EUR 35.0m will be cancelled and all outstanding utilisations, together with all accrued (yet unpaid) interest, fees, costs and expenses, and all other amounts accrued shall become due and payable within ten days following the settlement of the IPO.

In light of this financing agreement, the management board expects the solvency of the Mister Spex Group to be secured until at least the end of July 2022. These interim financial statements were thus prepared on a going concern basis.

These interim financial statements were authorized for issue by the management resolution dated 10 May 2021.

Basis of consolidation

The number of subsidiaries included in the basis of consolidation increased from five as of 31 December 2020 to six as of 31 March 2021. On 15 January 2021 Mister Spex N.V., Amsterdam, was newly founded. The company was founded due to the planned merger with Mister Spex AG in 2021 and the subsequent planned conversion from the AG to a SE.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

New standards, interpretations and amendments adopted by the Group

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as of and for the year ended 31 December 2020, except for the adoption of new standards effective as of January 2021. Several amendments and interpretations are effective from 1 January 2021, but they do not have a material effect on the Group's interim financial statements.

The policy for recognizing and measuring income taxes in the interim period is described in note (3).

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these interim financial statements.

III. Operating segments

Information about reportable segments

The following tables present revenue and adjusted EBITDA information for the Group's reportable segments for the three months ended 31 March 2021 and 2020, respectively:

For the three months ended 31 March 2021 In EUR k	**Germany**	**International**	**Reconciliation**	**Total**
External revenue	31,347	13,052	—	44,399
Inter-segment revenue	1,912	54	-1,966	—
Segment revenue	**33,259**	**13,106**	**-1,966**	**44,399**
Adjusted EBITDA	**1,158**	**-432**	**—**	**726**

For the three months ended 31 March 2020 In EUR k	**Germany**	**International**	**Reconciliation**	**Total**
External revenue	25,155	9,888	—	35,043
Inter-segment revenue	1,283	60	-1,343	—
Segment revenue	**26,438**	**9,948**	**-1,343**	**35,043**
Adjusted EBITDA	**-164**	**-715**	**—**	**-879**

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

	For the three months ended 31 March	
In EUR k	**2021**	**2020**
I. Segment revenue		
Revenue of the reportable segments	46,365	36,386
Elimination of inter-segment revenue	-1,966	-1,343
Consolidated revenue	**44,399**	**35,043**
II. Adjusted EBITDA		
Adjusted EBITDA of the reportable segments	726	-879
Special effects	-1,676	-102
Thereof effects arising from the application of IFRS 2	-377	-164
Thereof transformation costs	-1,330	-20
Thereof other special effects	30	82
Finance income and costs	-1,142	-1,232
Depreciation and amortization	-3,393	-2,248
Share of results of associates	-123	—
Earnings before taxes	**-5,608**	**-4,460**

Transformation costs for the three months ended 31 March 2021 mainly consist of non-recurring legal, consulting and audit fees related to the planned issue of new shares.

IV. Notes to the condensed consolidated interim financial statements

1. Revenue

The following table shows the Group's revenue by product type:

	For the three months ended 31 March	
In EUR k	**2021**	**2020**
Revenue		
Prescription glasses	20,832	15,675
Sunglasses	8,975	4,645
Contact lenses	13,970	14,423
Total products	**43,777**	**34,744**
Marketing services	561	266
Other services	61	34
Total	**44,399**	**35,043**

The Group's product type 'Sunglasses' is subject to seasonal fluctuations as a result of weather conditions. Due to the seasonal nature of this product type, higher revenue is usually expected in Q2 und Q3 of the fiscal year. Higher sales during the summer period are mainly attributed to the increased demand for sunglasses during the sunny season. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not highly seasonal in accordance with IAS 34.21.

The following table provides information about assets and liabilities from contracts with customers.

In EUR k	31 Mar 2021	31 Dec 2020
Right of return assets	2,216	695
Refund liabilities	4,715	1,993
Provisions for warranties	791	728
Contract liabilities	1,002	698

The contract liabilities amounting to EUR 1,002k (31 December 2020: EUR 698k) consist of advance payments received and are generally realized within a few weeks after the balance sheet date by product transfer to the customers.

The right of return assets amounting to EUR 2,216k (31 December 2020: EUR 695k) and the refund liabilities amounting to EUR 4,715k (31 December 2020: EUR 1,993k) are presented as separate items in the consolidated statement of financial position. Both assets and liabilities have increased as of 31 March 2021 compared to 31 December 2020. This increase is mainly due to seasonal effects.

2. Personnel expenses

Personnel expenses for the interim reporting period developed as follows:

	For the three months ended 31 March	
In EUR k	2021	2020
Wages and salaries	8,778	7,094
Social security costs	1,541	1,307
Total	**10,319**	**8,402**

3. Other operating expenses

Other operating expenses for the interim reporting period break down as follows:

	For the three months ended 31 March	
In EUR k	2021	2020
Marketing costs	6,375	4,786
Freight and fulfilment costs	4,029	2,870
General business costs	1,621	1,150
Legal and consulting fees	1,614	148
External services	926	599
Miscellaneous	633	567
Total	**15,199**	**10,120**

The increase in freight and fulfilment costs compared to prior year quarter is mainly in line with increased online-revenue. The increase of legal and consulting fees compared to the prior year quarter mainly results from the efforts in conjunction with the Initial Public Offering and the planned conversion from an AG to a SE.

4. Financial result

Financial income for the interim reporting period breaks down as follows:

	For the three months ended 31 March	
In EUR k	2021	2020
Interest income	10	0
Income from change in exchange rates	190	41
Total	**200**	**41**

Finance costs for the interim reporting period breaks down as follows:

In EUR k	For the three months ended 31 March 2021	2020
Interest expense	1,253	1,101
Expenses from change in exchange rates	90	172
Total	**1,342**	**1,272**

5. Income taxes

Income tax expense is recognized at an amount determined by multiplying the EBT for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year.

The Group's consolidated effective tax rate in respect for the three months ended 31 March 2021 was 2% (31 March 2020: 4%).

Income tax expenses in profit or loss relate to the following items:

In EUR k	For the three months ended 31 March 2021	2020
Current taxes	0	29
Deferred taxes	118	146
Income tax expenses	**118**	**175**

6. Share-based payments

The Group has set up four stock option plans (ESOP I to IV) which give eligible employees the option of investing directly or indirectly in equity instruments of the Company. The share-based payment awards granted by the Mister Spex Group are equity-settled plans.

During the three months ended 31 March 2021, 14,850 new options were granted under the plan ESOP IV. All new options are vested up to a maximum of four years after the grant date.

For the three months ended 31 March 2021, the Group has recognized EUR 377k of share-based payment expense in the statement of profit or loss (31 March 2020: EUR 164k).

7. Financial instruments – Fair values and risk management

The financial instruments used by the Mister Spex Group comprise liabilities to banks, cash and cash equivalents as well as factoring instruments which serve to finance its business activities. Furthermore, the Group has other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its business activities.

The fair value information is not disclosed for the financial instruments because their carrying amount is a reasonable approximation of fair value. The carrying amounts of the financial assets and the financial liabilities as of 31 March 2021 and as of 31 December 2020 are the same as their fair values.

In the ordinary course of business, the Mister Spex Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk). These risks have remained unchanged and are described in detail in the last annual financial statements.

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

8. Other non-financial liabilities (current)

As of 31 March 2021, current other non-financial liabilities increased from EUR 5,933k (31 December 2020) to EUR 14,218k. This increase is mainly driven from the rise in liabilities from outstanding invoices, VAT liabilities and accrued personnel-related expenses.

9. Related parties

Other related party transactions

In EUR k	Interest income for the three months ended 31 March		Outstanding receivable as of	
	2021	2020	31 Mar 2021	31 Dec 2020
Others				
Associated companies				
Loans and related interest	10	—	511	253

All outstanding balances with these related parties were concluded at arm's length. None of the balances is secured.

10. Subsequent events

As of 30 April 2021, the loan due on 1 May 2021 has been repaid and replaced by a new loan agreement. With signing date 23 April 2021, the Group has agreed with various banks the refinancing in the amount of EUR 42.5m. The amount has been drawn as of 30 April 2021 and is due on 31 July 2022. Upon the occurrence of a liquidity event in form of an IPO the facility in the amount of EUR 35.0m will be cancelled and all outstanding utilisations, together with all accrued (yet unpaid) interest, fees, costs and expenses, and all other amounts accrued shall become due and payable within ten days following the settlement of the IPO.

No further events having a significant impact on the Group's assets, liabilities, financial position and financial performance have occurred since the reporting date.

Berlin, May 10, 2021

The Management Board

Dirk Graber Dr. Mirko Caspar

Audited consolidated financial statements
as of and for the fiscal year ended December 31, 2020
(prepared in accordance with IFRS)
of Mister Spex AG, Berlin (formerly Mister Spex GmbH)

Consolidated statement of comprehensive income

Consolidated income statement (in EUR k)	Note	2020	2019
Revenue	1.	164,201	139,282
Own work capitalized	6.	4,289	3,386
Other operating income	3.	478	1,332
Total operating performance		**168,968**	**144,000**
Cost of materials	10.	(82,984)	(74,464)
Personnel expenses	2., 14.	(35,747)	(27,815)
Other operating expenses	3.	(44,424)	(38,435)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**5,814**	**3,286**
Amortization and depreciation	6., 7.	(10,937)	(8,277)
Earnings before interest and taxes (EBIT)		**(5,123)**	**(4,991)**
Financial result	4.	(4,654)	(4,182)
Share in loss of associates	8.	(94)	—
Earnings before taxes (EBT)		**(9,870)**	**(9,173)**
Income taxes	5.	(388)	(135)
Loss for the period		**(10,258)**	**(9,308)**
Thereof loss attributable to the shareholders of Mister Spex AG		(10,258)	(9,308)
Basic and diluted earnings per share (in EUR)	26.	**(8.63)**	**(8.98)**

Consolidated statement of other comprehensive income (in EUR k)	2020	2019
Loss for the period	**(10,258)**	**(9,308)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign financial statements	(81)	24
Other comprehensive income	**(81)**	**24**
Total comprehensive loss	**(10,339)**	**(9,284)**
Thereof loss attributable to the shareholders of Mister Spex AG	(10,339)	(9,284)

Consolidated statement of financial position

(In EUR k)

ASSETS	Note	31 Dec 2020	31 Dec 2019
Non-current assets		**82,561**	**60,420**
Goodwill	**6.**	12,113	12,113
Intangible assets	**6.**	13,947	11,421
Property, plant and equipment	**7.**	15,311	9,188
Right-of-use assets	**16.**	35,783	25,814
Investments in associates	**8.**	2,418	—
Other financial assets	**9.**	2,988	1,884
Current assets		**40,182**	**60,199**
Inventories	**10.**	17,606	14,586
Right of return assets	**1.**	695	750
Trade receivables	**9.**	1,322	1,425
Other financial assets	**9.**	1,604	16,648
Other non-financial assets	**11.**	4,420	3,496
Cash and cash equivalents	**12.**	14,536	23,295
Total assets		**122,743**	**120,619**
EQUITY AND LIABILITIES			
Equity	**13.**	**33,412**	**29,152**
Subscribed capital		1,193	1,124
Capital reserves		116,048	101,518
Other reserves		(835)	(755)
Accumulated loss		(82,993)	(72,735)
Non-current liabilities		**33,487**	**52,983**
Provisions	**18.**	259	126
Liabilities to banks	**15.**	—	28,625
Lease liabilities	**16.**	31,698	22,981
Other financial liabilities	**15.**	320	—
Other non-financial liabilities	**17.**	327	581
Deferred tax liabilities	**5.**	882	670
Current liabilities		**55,843**	**38,484**
Provisions	**18.**	728	573
Trade payables	**15.**	10,028	10,695
Refund liabilities	**15.**	1,993	2,038
Lease liabilities	**16.**	5,741	3,455
Liabilities to banks	**15.**	30,255	290
Other financial liabilities	**15.**	467	15,539
Contract liabilities	**1.**	698	1,408
Other non-financial liabilities	**17.**	5,933	4,486
Total equity and liabilities		**122,743**	**120,619**

Consolidated statement of changes in equity

In EUR k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2019		**1,050**	**(67)**	**76,535**	**(779)**	**(63,427)**	**13,311**
Loss for the period						(9,308)	(9,308)
Other comprehensive income					24		24
Total comprehensive income							(9,284)
Capital increases		141		24,542			24,683
Transaction costs				(638)			(638)
Share-based payments				1,080			1,080
As of 31 Dec 2019		**1,191**	**(67)**	**101,518**	**(755)**	**(72,735)**	**29,152**
Loss for the period						(10,258)	(10,258)
Other comprehensive income					(81)		(81)
Total comprehensive income							(10,339)
Capital increases	13.	70		14,930			15,000
Transaction costs				(349)			(349)
Share-based payments	14.			658			658
Other changes	13.			(710)			(710)
As of 31 Dec 2020		**1,261**	**(67)**	**116,048**	**(835)**	**(82,993)**	**33,412**

Consolidated statement of cash flows

(In EUR k)	Note	2020	2019
Operating activities			
Loss for the period		(10,258)	(9,308)
Adjustments for:			
Finance income	4.	(430)	(133)
Finance costs	4.	5,084	4,315
Income tax expense	5.	388	135
Amortization of intangible assets	6.	3,173	3,367
Depreciation of property, plant and equipment	7.	2,015	1,366
Depreciation of right-of-use assets	16.	5,749	3,544
Non-cash expenses for share-based payments	14.	658	1,080
Increase (+)/decrease (-) in non-current provisions	18.	134	38
Increase (-)/decrease (+) in inventories	10.	(3,019)	(360)
Increase (-)/decrease (+) in other assets	9.	12,817	(15,711)
Increase (+)/decrease (-) in trade payables and other liabilities	15., 17.	(14,970)	15,559
Share in loss of associates	8.	94	—
Income tax paid	5.	(25)	(281)
Interest paid		(2,961)	(2,457)
Interest received		1	3
Cash flow from operating activities		**(1,553)**	**1,157**
Investing activities			
Purchase of investments in associates	8.	(2,512)	—
Purchase of equity instruments	13.	(710)	—
Investments in property, plant and equipment	7.	(8,138)	(3,889)
Investments in intangible assets	6.	(5,702)	(4,459)
Cash flow from investing activities		**(17,061)**	**(8,348)**
Financing activities			
Cash received from capital increases, net of transaction costs	13.	14,581	24,044
Cash received for the resolved capital increase	13.	—	70
Cash received from liabilities to banks	15.	—	2,500
Repayments of liabilities to banks	15.	(290)	(2,060)
Payment of principal portion of lease liabilities	16.	(4,436)	(2,836)
Cash flow from financing activities		**9,855**	**21,717**
Net increase (+)/decrease (-) in cash and cash equivalents		**(8,759)**	**14,525**
Cash and cash equivalents at the beginning of the period		23,295	8,770
Cash and cash equivalents at the end of the period		**14,536**	**23,295**

Notes to the consolidated financial statements

I. Information on the Company

The consolidated financial statements of Mister Spex AG (change of legal form from GmbH to AG on 21 December 2020 in accordance with Sec. 190 (1) UmwG ["Umwandlungsgesetz": German Reorganization Act]) and its subsidiaries ("Mister Spex Group") for the year ended 31 December 2020 were authorized for issue by management resolution dated 26 March 2021. Mister Spex AG was established on 8 January 2008 at Greifswalder Strasse 156, 10409 Berlin, Germany. The Company is entered in the commercial register of Charlottenburg Local Court under HRB no. 224441 B.

The Group primarily engages in the marketing of glasses, sunglasses and contact lenses in Europe.

II. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements were prepared applying Sec. 315e HGB ["Handelsgesetzbuch": German Commercial Code] in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board in effect and adopted by the European Union (EU) at the reporting date and the interpretations of the IFRS Interpretations Committee (formerly IFRIC) approved by the IASB.

The primary objective of the Group's capital management, as detailed in the following note to the financial statements (20), is to support business growth and secure the Company's continued existence in the long term. The Group is currently dependent on external funding sources to finance growth.

As of 31 December 2020, the Group reported liabilities to a bank of EUR 30,255k due on 1 May 2021. The Group plans to refinance by obtaining funding of EUR 42.5m from various banks in the short term.

In light of this financing agreement, the management board expects the solvency of the Mister Spex Group to be secured until at least the end of June 2022. These financial statements were thus prepared on a going concern basis.

The consolidated financial statements were prepared on an historical cost basis except for certain financial instruments and share-based payments, which were measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The income statement within the statement of comprehensive income was prepared using the nature of expense method.

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

Presentation currency

The consolidated financial statements were prepared in euros (EUR), which is the functional and presentation currency of the Group, and all values in the consolidated financial statements and the related notes are rounded to the nearest thousand (EUR 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 AG and its subsidiaries as of 31 December 2020. Control within the meaning of IFRS 10 is achieved when the Group is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect its returns)

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized. Any resultant gains or losses are recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

Unchanged from the prior year, five entities were fully consolidated in the fiscal year.

By purchase agreement dated 8 October 2020, the group parent acquired 45% (prior to the capital increase on 20 November 2020) of the shares in Tribe GmbH, Berlin. On 20 November 2020, the group parent purchased an additional 5.75% in connection with a capital increase at Tribe GmbH, raising its shareholding to a total of 48.17% after the capital increase. The investment is included in the consolidated financial statements as an associate using the equity method (see note (8)).

These consolidated financial statements were prepared for fiscal year 2020 with a reporting period from 1 January to 31 December. The consolidated entities also have the calendar year as their fiscal year.

The structure of the Group is described in note (23).

The financial statements of the entities included in the consolidated financial statements were prepared in accordance with the uniform accounting policies of the parent company. The group entities each prepare their financial statements in their own functional currency.

Currency translation

The consolidated financial statements are presented in euros, which is the functional currency of Mister Spex AG and the Group's presentation currency pursuant to IAS 21.

Items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially translated into the functional currency by the group entities at the respective rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot rate prevailing at the end of the reporting period. Any differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets, liabilities, expenses and income of all the group entities are translated into the presentation currency as follows:

- The assets and liabilities of subsidiaries are translated at the closing rate on the reporting date.

- Income and expenses included in the statements of comprehensive income are translated using the exchange rate at the date of the transaction. If exchange rates do not fluctuate strongly, the weighted average rates are used instead.
- The equity of the subsidiaries is translated using the historical rate. All resulting exchange differences are recognized in other comprehensive income as an adjustment item for exchange differences on translating foreign operations.

The Group uses the following exchange rates:

	2020	2019
Norwegian krone (NOK)		
Closing rate	10.4703	9.8638
Annual average exchange rate	10.7228	9.8511
Swedish krona (SEK)		
Closing rate	10.0343	10.4468
Annual average exchange rate	10.4848	10.5891

III. Accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identified net assets.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements.

Acquisition-related costs such as advisory, legal, valuation and similar professional services are expensed as incurred. Acquisition-related costs and the costs to issue equity instruments are deducted from equity.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost, including transaction costs. As of each reporting date, the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor separately tested for impairment. The income statement reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount, and then recognizes the loss within "Share in loss of associates" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Measurement of the fair value of financial assets and liabilities

The Group measures certain financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the parties involved in setting the price always act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

The following measurement hierarchy is used for fair value measurement. The inputs used in the valuation techniques are categorized in three levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When measuring fair value, the Group maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The categorization of valuation techniques in the various levels is reviewed at the end of each reporting period.

Current versus non-current classification

The Group presents its assets and liabilities in the statement of financial position based on current/non-current classification.

The Group classifies assets and liabilities as current if

- the asset is expected to be realized or the liability is due to be repaid in the normal operating cycle,
- the assets and liabilities are primarily held for trading,
- the asset is expected to be realized or the liability is due to settled within 12 months after the reporting date,

- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

The Group classifies all other assets and liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers

The Group generates revenue primarily from the sale of glasses, sunglasses and contact lenses.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer, usually on delivery of the goods. Revenue is recognized at the amount of the consideration received or receivable. This revenue is generally recognized prior to performance. The Mister Spex Group therefore presents contract liabilities for the outstanding performance. The Group has generally concluded that it is the principal in its revenue arrangements because it regularly controls the goods or service before transferring them to the customer.

Rights of return

Our contracts for the sale of products provide customers with a right of return within a fixed period.

The Group uses the expected value method to estimate the goods that will not be returned, because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. It is measured at the amount the Group ultimately expects it will have to return to the customer. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are recognized as provisions in accordance with IAS 37. Details on the accounting policy for warranty provisions are included in note (18).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract. The length of time between the transfer of the product to the customer and payment of the product can be up to 15 days. Refer to note (1) for more information.

Factoring

With a view to recognizing the receipt of cash flows at an early stage, receivables from sales by invoice and direct debit are sold and assigned to factors and then derecognized from the consolidated statement of financial position (non-recourse factoring). In this connection, the Group transfers, on a notification basis, the cash flows to a third party which bears the full credit risk. No del credere risk is retained.

Expense recognition

Operating expenses are recognized in profit or loss when a service is used or when the costs are incurred.

Interest is recognized as a financial income or expense item in the period to which it relates using the effective interest method (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts and payments over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

The income tax expense or income relates to current and deferred taxes and is recognized in the income statement for the fiscal year.

Deferred taxes

Deferred tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date and for tax loss carryforwards.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- With regard to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

VAT

Expenses and assets are recognized net of VAT when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included in the statement of financial position under other non-financial assets and other non-financial liabilities, respectively.

Intangible assets

Intangible assets acquired separately are recognized initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets are recognized at the costs incurred in the development phase from the time when the technical and economic feasibility has been demonstrated until the time when the intangible asset has been completed.

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the asset and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and, if necessary, accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Research costs were insignificant and were immediately expensed.

The useful lives of intangible assets are assessed as either finite or indefinite.

Internally generated and purchased intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the enterprise, as follows:

	Useful life in years
Customer lists	2.5 to 9.5
Software	2 to 6.8
Other licenses	3 to 10

The amortization period for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. These intangible assets are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Property, plant and equipment

Property, plant and equipment as well as assets under construction are stated at cost less accumulated depreciation and impairment, if any. Costs of repairs and maintenance are expensed as incurred.

The present value of the expected cost for the decommissioning of assets after their use is included in the cost of the respective asset if the recognition criteria for a provision are met. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The residual values, useful lives and depreciation methods of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are depreciated using the straight-line method, with the cost being allocated over their estimated useful lives:

	Useful life in years
Plant and machinery	8 to 15
Furniture, fixtures and office equipment	3 to 20

Leases – the Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. It recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Rental agreements may contain both a lease and a non-lease component. The Group allocates the transaction price to these components on the basis of their relative standalone selling prices.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the present value of lease payments, any initial direct costs incurred by the lessee and any lease payments made on or prior to the commencement date, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Further information on lease terms is included in note (16).

Lease liability

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

The Group is exposed to potential increases in variable lease payments resulting from a change in an index or rate. Such potential changes in lease payments are not included in the lease liability until they become effective. As soon as the change in an index or rate affects lease payments, the lease liability and the right-of-use asset are adjusted accordingly.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounts lease payments using the incremental borrowing rate. The interest rate was determined by reference to current market benchmark rates for real estate and company-specific risk factors, resulting in a weighted average rate.

The carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group applied COVID-19-Related Rent Concessions (Amendment to IFRS 16). The Group applies the exemptions afforded by the practical expedient and is therefore not required to assess whether an admissible rent concession arising as a direct consequence of the COVID-19 pandemic is a lease modification. The Group consistently applies the practical expedient to all contracts with similar characteristics and in similar circumstances. When the Group elects not to apply the practical expedient to rent concessions under leases or the practical expedient is not applicable, the Group determines whether the lease has been modified.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the income statement in the expense categories which are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in profit or loss.

Goodwill is tested for impairment once a year as of 30 November. A test is also performed if circumstances indicate that the value may be impaired.

Impairment losses relating to goodwill may not be reversed in future periods.

Inventories

Inventories are measured at the lower of cost or net realizable value on the reporting date. Net realizable value is the estimated selling price less the estimated costs to make the sale. The cost of items of inventory is determined on the basis of an item-by-item valuation by means of the weighted average cost method.

Inventories comprise merchandise, raw materials, consumables and supplies.

Adequate write-downs to the net realizable value provide for valuation risks resulting from slow-moving stock and/or reduced usability. Write-downs of inventories are reversed if the reasons for the write-down no longer exist.

Financial assets

The Group's financial assets mainly comprise cash and cash equivalents, trade receivables and other financial assets.

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the Group, this category includes trade receivables, receivables from sales by invoice and direct debit and other financial assets initially recognized at fair value.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Receivables from sales by invoice and direct debit are regularly sold and assigned to factors and then derecognized (non-recourse factoring). In this connection, the Group transfers, on a notification basis, the cash flows to a third party which bears the full credit risk. No del credere risk is retained.

Trade receivables are recognized at the transaction price determined under IFRS 15.

Losses arising from the impairment of financial assets are recorded in the income statement under other operating expenses in separate accounts.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The *financial assets at amortized cost (debt instruments)* category is the category most relevant to the consolidated financial statements.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets at amortized cost (debt instruments) are subsequently measured using the effective interest method and are subject to impairment.

The Group uses the new impairment model for financial assets measured at amortized cost introduced by IFRS 9. Mister Spex uses the simplified approach to assess credit risk and calculates the expected credit losses

(ECL) using a loss allowance equal to the amount of the lifetime expected credit losses, regardless of the timing of the default. The new impairment model in accordance with IFRS 9 did not have a significant effect on the recognized financial assets as most receivables from sales by invoice and direct debit are sold and assigned to factors. Refer to note (9) for more information.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement.

A financial asset is generally derecognized when the contractual rights to receive the cash flows from the financial asset expire.

Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as liabilities or as liabilities to banks.

All financial liabilities are recognized initially at fair value, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other financial liabilities and liabilities to banks including bank overdrafts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

For purposes of subsequent measurement, trade payables and other financial liabilities are classified in the category *at amortized cost*.

The "liabilities to banks" category is most relevant to the consolidated financial statements. After initial recognition, interest-bearing liabilities to banks are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement. Refer to note (15) for more information.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized in accordance with IAS 37 when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of the provision is the best estimate taking all identifiable risks from the obligation into account. The settlement value that is the most probable is used. Provisions with a term of more than one year were discounted to the reporting date.

Warranty provision

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Share-based payments

In the Mister Spex Group, employees receive share-based payments in the form of equity instruments.

The payments granted to executive staff and employees are recognized as an expense, on the one hand, and as a contribution to capital reserves in the amount of the fair value, on the other. Expenses are recognized and amounts are allocated to the capital reserves over the contractually agreed vesting period. The fair value of the options issued is calculated at the grant date.

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not vest because a service condition was not observed. No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the original terms of the award had been met. Mister Spex also records the increase in the fair value of the promised equity instruments as a result of a modification.

When an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Refer to note (14) for more information.

Accounting for transaction costs in connection with equity transactions

The share of transaction costs relating to new share issues is recognized under other non-financial assets in the statement of financial position and accounted for as a deduction from equity in accordance with IAS 32.35 upon successful completion of the equity transaction.

Earnings per share

Basic earnings per share are calculated by dividing the share in profit or loss for the period attributable to the shareholders of Mister Spex AG by the weighted average number of shares outstanding. New share issues during a period are considered on a pro rata basis for the period during which they are outstanding.

Segment reporting

The segment reporting of the Mister Spex Group is based on its internal organizational and reporting structure using the management approach.

IV. Significant accounting estimates and judgments in applying accounting policies

The preparation of financial statements in accordance with IFRSs requires management to make assumptions and estimates which impact the reported amounts as well as the related disclosures. In preparing the consolidated financial statements as of 31 December 2020, management assessed the effect of the COVID-19 pandemic on the Group's assets, liabilities, financial position and financial performance as well as the significant assumptions and estimates, but did not identify any significant impact on the Group. Significant estimates and assumptions are made particularly with regard to the following matters:

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note (14).

Goodwill

Goodwill is tested for impairment in accordance with IAS 36 on an annual basis. The impairment test is based on the future net cash flows generated for individual assets or in groups of assets combined into cash-generating units. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. A discounted cash flow method is used to calculate the value in use, with the inputs classified as level 3 of the fair value hierarchy. The recoverable amount is sensitive to the discount rate used for the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

See note (6) of the notes to the consolidated financial statements on goodwill and intangible assets for further details regarding impairment testing.

Leases

The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group uses its incremental borrowing rate to measure lease liabilities, which is estimated using observable inputs when available. In addition, the Group is required to make certain entity-specific estimates.

V. Amendments and new accounting pronouncements

As of 1 January 2020, the Group applied all standards and amendments for the first time that became effective as of that date. However, these do not have a significant impact on the consolidated financial statements.

- Amendments to References to the Conceptual Framework in IFRSs
- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material

New accounting pronouncements that have not yet been applied

The Mister Spex Group does not plan early application of the following standards and interpretations that will only become effective in future fiscal years. The Group does not expect their application to have a material impact on its consolidated financial statements.

- Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9 (first-time application: reporting periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (first-time application: reporting periods beginning on or after 1 January 2021)

New standards and interpretations that are not yet effective

The following standards have not yet been endorsed by the EU. The Group has not yet applied these standards and does not expect them to have any impact on its consolidated financial statements:

- IFRS 17 *Insurance Contracts* (including amendments to IFRS 17)

- Amendments to IFRS 3: References to the Conceptual Framework
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (including deferral of the effective date)
- Amendments to IAS 16: *Property, Plant and Equipment* – Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020

VI. Operating segments

For corporate management purposes, the Mister Spex Group is organized according to geographic regions and comprises two reportable segments in accordance with IFRS 8 presented below:

Reportable segments	Divisions
Germany	Purchase and sale of prescription glasses, sunglasses and contact lenses via the German web shops and stores in Germany
International	Purchase and sale of prescription glasses, sunglasses and contact lenses via the international web shops in Austria, Finland, France, the Netherlands, Norway, Spain, Sweden, Switzerland and the UK.

The "Reconciliation" column shows the consolidation entries between the two reportable segments.

The management board, comprising the Group's two CEOs, is the chief operating decision maker (CODM) and separately monitors the operating results of the Group's segments to decide on the allocation of resources and assess performance.

Inter-segment pricing is determined on an arm's length basis.

Information on the two reportable segments is presented below. The adjusted segment earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) are used to measure performance because the management board believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Adjusted EBITDA is EBITDA adjusted for share based compensation expenses pursuant to IFRS 2, for one-off transformation costs and non-recurring effects that are not part of the normal course of business. In addition, the adjusted EBITDA for the fiscal year ended December 31, 2018 is adjusted for the effects resulting from IFRS16 as if IFRS 16 had already been applied in the year ended December 31, 2018. This ensures that adjusted EBITDA for the fiscal year ended December 31, 2018 is comparable to adjusted EBITDA for the fiscal years ended December 31, 2019 and 2020 since IFRS 16 was adopted from January 1, 2019 onwards.

2020 in EUR k	Germany	International	Reconciliation	Total
External revenue	117,782	46,419	—	164,201
Inter-segment revenue	5,750	655	(6,405)	—
Segment revenue	**123,532**	**47,074**	**(6,405)**	**164,201**
Adjusted EBITDA	**7,631**	**(877)**	**—**	**6,754**

2019 in EUR k	Germany	International	Reconciliation	Total
External revenue	99,538	39,744	—	139,282
Inter-segment revenue	4,942	296	(5,238)	—
Segment revenue	**104,480**	**40,040**	**(5,238)**	**139,282**
Adjusted EBITDA	**4,655**	**(325)**	**—**	**4,330**

2018 in EUR k	Germany	International	Reconciliation	Total
External revenue	88,725	34,053	—	122,778
Inter-segment revenue	5,125	547	(5,672)	—
Segment revenue	**93,850**	**34,600**	**(5,672)**	**122,778**
Adjusted EBITDA	**2,685**	**139**	**—**	**2,824**

In EUR k	2020	2019	2018
I. Revenue			
Revenue of the reportable segments	170,606	144,520	128,450
Elimination of inter-segment revenue	(6,405)	(5,238)	(5,672)
Consolidated revenue	**164,201**	**139,282**	**122,778**
II. Adjusted EBITDA			
Adjusted EBITDA of the reportable segments	6,754	4,330	2,824
Special effects	(939)	(1,044)	(3,861)
Thereof effects arising from the application of IFRS 2	*(658)*	*(1,080)*	*(127)*
Thereof effects arising from the application of IFRS 16	*—*	*—*	*(2,898)*
Thereof transformation costs	*(579)*	*(274)*	*(982)*
Thereof other special effects	*298*	*310*	*147*
Finance income and costs	(4,654)	(4,182)	(5,129)
Depreciation and amortization	(10,937)	(8,277)	(4,178)
Share in loss of associates	(94)	—	—
Earnings before taxes	**(9,870)**	**(9,173)**	**(10,344)**

The following table shows the Group's revenue by product type.

In EUR k	2020	2019	2018
I. Revenue			
Prescription glasses	66,916	49,638	40,826
Sunglasses	38,611	31,096	26,946
Contact lenses	55,450	55,818	52,564
Total products	**160,977**	**136,553**	**120,336**
Marketing services	2,915	2,456	2,088
Other services	309	273	354
Total	**164,201**	**139,282**	**122,778**

The following table shows the Group's non-current assets broken down by the Company's country of domicile (Germany) and other countries (International). In presenting the geographic information, segment assets are based on the location of the assets.

In EUR k	2020	2019	2018
Non-current assets			
Germany	68,934	46,691	17,182
International	13,627	13,729	13,369
Total	**82,561**	**60,420**	**30,551**

Non-current assets exclude financial instruments, deferred tax assets and employee benefit assets.

Revenue from transactions with a single customer never exceeded 10% of the Group's total revenue generated in fiscal years 2020, 2019 or 2018.

VII. Notes to the consolidated statement of comprehensive income

1. Revenue

Revenue comprises sales of merchandise, marketing services provided and other services related to the core business.

Income from product sales amounted to EUR 160,977k in the fiscal year (prior year: EUR 136,553k).

Revenue from marketing and other services provided amounted to EUR 3,224k in 2020 (prior year: EUR 2,729k).

Assets and liabilities under IFRS 15 *Revenue from Contracts with Customers* break down as follows:

In EUR k	2020	2019	1 Jan 2019
Right of return assets	695	750	689
Refund liability	1,993	2,038	1,899
Provisions for warranties	728	573	401
Contract liabilities	698	1,408	1,504

Contract liabilities of EUR 698k (prior year: EUR 1,408k) arising from prepayments received are generally realized (settled) within a few weeks after the reporting date by delivery of the products to customers. The prior-year amount was realized in full in fiscal year 2020. As the contract liabilities relate to prepayments received from customers, the balances of this item vary and depend on the invoiced orders at the end of the year.

Rights to the surrender of goods from anticipated returns by customers in the amount of EUR 695k (prior year: EUR 750k) and refund liabilities of EUR 1,993k (prior year: EUR 2,038k) are presented as separate items in the statement of financial position.

2. Personnel expenses

Personnel expenses developed as follows in the fiscal year:

In EUR k	2020	2019
Wages and salaries	30,266	23,549
Social security costs	5,481	4,266
Total	**35,747**	**27,815**

Social security costs include pension costs in the form of contributions to statutory pension insurance of EUR 2,107k (prior year: EUR 1,873k).

Personnel expenses were reduced by an amount of EUR 308k due to the refund of social security contributions in connection with the provision of short-time working allowances to the Mister Spex Group by the Federal Employment Agency in Germany.

3. Other operating income and expenses

Other operating income for the fiscal year comprises income from subsidies of EUR 252k (prior year: EUR 292k), other out-of-period income of EUR 136k (prior year: EUR 654k) and other income of EUR 90k (prior year: EUR 385k).

Other operating expenses for the fiscal year break down as follows:

In EUR k	2020	2019
Marketing costs	19,453	17,544
Freight and fulfillment costs	13,298	11,526
General business costs	5,207	4,099
External services	2,820	2,260
Legal and consulting fees	1,227	987
Miscellaneous	2,418	2,019
Total	**44,424**	**38,435**

In addition, other operating expenses include out-of-period expenses of EUR 310k (prior year: EUR 197k).

4. Finance income and costs

Finance income for the fiscal year breaks down as follows:

In EUR k	2020	2019
Interest income	36	6
Income from change in exchange rates	394	127
Total	**430**	**133**

Finance costs for the fiscal year break down as follows:

In EUR k	2020	2019
Interest expense	4,612	3,951
Expenses from change in exchange rates	472	364
Total	**5,084**	**4,315**

Interest expenses also contain interest on lease liabilities of EUR 1,168k (prior year: EUR 726k).

5. Income taxes

Income tax expenses in profit or loss relate to the following items:

In EUR k	2020	2019
Current taxes	25	276
Deferred taxes	363	(141)
Income tax expenses	**388**	**135**

The reconciliation of current tax expense and the expected tax expense for fiscal years 2020 and 2019 is as follows:

	2020	2019
Earnings before taxes	**(9,870)**	**(9,173)**
Tax rate	*29.1%*	*29.7%*
Expected tax income calculated at domestic tax rates applicable to earnings in the respective countries	2,874	2,726
Unrecognized deferred tax assets on tax losses	(2,661)	(1,955)
Non-deductible business expenses	(314)	(470)
Share-based payment expenses not deductible for tax purposes	(198)	(326)
Other effects	(89)	(110)
Recognized income tax expenses	**(388)**	**(135)**

The weighted average applicable tax rate was 29.1% (prior year: 29.7%) which was derived from the tax rates in the individual countries weighted by the relevant pre-tax earnings.

Deferred taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of these temporary differences and used tax loss carryforwards is detailed below:

In EUR k	Deferred tax assets 31 Dec 2020	Deferred tax assets 31 Dec 2019	Deferred tax liabilities 31 Dec 2020	Deferred tax liabilities 31 Dec 2019
Intangible assets from internally generated software	—	—	3,648	2,898
Intangible assets from business combinations	—	—	127	191
Leases	11,308	7,982	10,798	7,789
Other financial liabilities	—	—	39	—
Other	4	4	28	—
Aggregate amount of temporary differences	**11,312**	**7,986**	**14,639**	**10,878**
Loss carryforwards recognized	2,445	2,222	—	—
Total deferred taxes (before offsetting)	**13,757**	**10,208**	**14,639**	**10,878**
Offsetting	(13,757)	(10,208)	(13,757)	(10,208)
Total deferred taxes (after offsetting)	**—**	**—**	**882**	**670**

Corporate income tax loss carryforwards of EUR 67,064k (prior year: EUR 57,645k) and trade tax loss carryforwards of EUR 61,047k (prior year: EUR 51,676k) gave rise to deferred taxes on recognized loss carryforwards of EUR 2,445k (prior year: EUR 2,222k). Deferred tax assets are recognized in the amount of the expected future tax benefit. No deferred tax assets were recognized on corporate income tax loss carryforwards of EUR 59,014k and trade tax loss carryforwards of EUR 52,979k. Additionally, there are interest carryforwards of EUR 3,265k for which no deferred taxes were recognized. The unused losses and interest can be carried forward indefinitely.

Tax loss carryforwards for foreign subsidiaries for which no deferred taxes were recognized amount to EUR 13,144k.

VIII. Notes to the consolidated statement of financial position

6. Goodwill and intangible assets

Changes in the carrying amounts of goodwill and intangible assets are presented below:

Cost:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 1 Jan 2019	**12,113**	**3,144**	**221**	**18,211**	**1,606**	**35,295**
Additions	—	—	—	96	4,363	**4,459**
Reclassifications	—	—	—	1,023	(1,023)	**—**
Currency effects	—	—	—	(4)	—	**(4)**
As of 31 Dec 2019	**12,113**	**3,144**	**221**	**19,327**	**4,946**	**39,751**
Additions	—	427	—	112	5,154	**5,693**
Reclassifications	—	—	—	4,786	(4,786)	**—**
Currency effects	—	—	—	8	—	**8**
As of 31 Dec 2020	**12,113**	**3,571**	**221**	**24,233**	**5,313**	**45,450**

Amortization:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 1 Jan 2019	**—**	**1,988**	**221**	**10,645**	**—**	**12,854**
Amortization	—	289	—	3,078	—	**3,367**
Currency effects	—	—	—	(4)	—	**(4)**
As of 31 Dec 2019	**—**	**2,277**	**221**	**13,719**	**—**	**16,217**
Amortization	—	349	—	2,815	—	**3,165**
Currency effects	—	1	—	8	—	**9**
As of 31 Dec 2020	**—**	**2,627**	**221**	**16,542**	**—**	**19,390**

Net carrying amounts:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 31 Dec 2019	**12,113**	**867**	**—**	**5,608**	**4,946**	**23,534**
As of 31 Dec 2020	**12,113**	**944**	**—**	**7,690**	**5,313**	**26,060**

The Mister Spex Group performed an impairment test of goodwill of the two cash-generating units *Nordic Eyewear* and *Lensit* (both part of the International reportable segment) as of 30 November 2020 (and an update as of 31 December 2020). As of 30 November 2020 (and 31 December 2020), the *Nordic Eyewear* and *Lensit* cash-generating units were allocated goodwill of EUR 6,854k (prior year: EUR 6,854k) and EUR 5,259k (prior year: EUR 5,259k), respectively, as in the prior year.

The recoverable amounts of the *Lensit* and *Nordic Eyewear* cash-generating units were determined on the basis of the value in use in a discounted cash flow calculation. The impairment tests were based on the business plan for fiscal years 2021 to 2025 and a discount rate of 9.3% p.a. after taxes (11.2% before taxes). Cash flows beyond the five-year medium-term forecast are extrapolated using a growth rate of 2%.

The impairment test is based on cash flow projections for the cash-generating units and estimates concerning the future market development. The five-year planning period reflects the medium-term business plan. The recognized cash flows were derived from past information. In the business plans for subsequent years, growth in the operating margin for both reporting units is expected over an initial four-year period. Growth for both reporting units is expected to slow beyond this period and will amount to 2% in the terminal value period.

In August 2020, the Group acquired a customer list for a purchase price of EUR 427k in an asset deal. The customer list has a useful life of three years and a carrying amount of EUR 366k as of 31 December 2020.

7. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment are presented below:

Cost:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 1 Jan 2019	**3,207**	**7,228**	**5**	**10,440**
Additions	868	808	2,214	**3,890**
Reclassifications	—	1,549	(1,549)	**—**
Disposals	—	(10)	—	**(10)**
Currency effects	—	1	—	**1**
As of 31 Dec 2019	**4,075**	**9,576**	**669**	**14,320**
Additions	1,060	1,227	5,859	**8,146**
Reclassifications	737	4,012	(4,749)	**—**
Disposals	—	—	—	**—**
Currency effects	—	(8)	—	**(8)**
As of 31 Dec 2020	**5,872**	**14,808**	**1,780**	**22,459**

Depreciation:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 1 Jan 2019	**472**	**3,299**	**—**	**3,771**
Depreciation	323	1,043	—	**1,366**
Disposals	—	(5)	—	**(5)**
Currency effects	—	—	—	**—**
As of 31 Dec 2019	**795**	**4,337**	**—**	**5,132**
Depreciation	509	1,515	—	**2,024**
Disposals	—	—	—	**—**
Currency effects	—	(8)	—	**(8)**
As of 31 Dec 2020	**1,304**	**5,844**	**—**	**7,148**

Net carrying amounts:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 31 Dec 2019	**3,280**	**5,239**	**669**	**9,188**
As of 31 Dec 2020	**4,567**	**8,964**	**1,780**	**15,311**

Management did not identify any signs of impairment of property, plant and equipment in the fiscal year. In making this assessment, potential impairment of furniture, fixtures and office equipment of the stores in connection with the COVID-19 pandemic was considered. No borrowing costs were capitalized in the reporting period.

8. Investments in associates

By purchase agreement dated 8 October 2020, Mister Spex AG acquired a 45% interest in Tribe GmbH (prior to the capital increase on 20 November 2020). On 20 November 2020, Mister Spex AG purchased an additional 5.75% in connection with a capital increase at Tribe GmbH, raising its shareholding to a total of 48.17%. The entity specializes in the development and sale of communication software. The Group's investment in Tribe GmbH is accounted for using the equity method.

The purchase price including incidental purchase costs amounted to EUR 3,222k, of which EUR 710k relates to an option to purchase additional shares in the company (see note (13)). The option was recognized directly in the capital reserves pursuant to IAS 32. In the view of management, these potential voting rights from the purchase option are not substantive rights for the purpose of IFRS 10. The carrying amount of the investment in the associate thus came to EUR 2,512k upon initial recognition. As of 31 December 2020, the carrying amount of the investment stood at EUR 2,418k. This change was recognized in the income statement under results of associates.

The following table summarizes the financial information of Tribe GmbH including fair value adjustments as of the acquisition date. The table also reconciles the summarized financial information to the carrying amount of the Group's investment in Tribe GmbH. The information for fiscal year 2020 presented in the table includes the results for the period from 8 October 2020 to 31 December 2020.

In EUR k	2020
Current assets	232
Non-current assets	19
Current liabilities	265
Non-current liabilities	252
Net assets (100%)	**(266)**
Group's share of net assets: 48.17%	(128)
Goodwill	2,351
Consolidation adjustments	289
Equity method result	-94
Carrying amount of investment in associate	**2,418**

In EUR k	2020
Revenue	**0**
Total comprehensive income for the year, net of tax (100%)	**(86)**
Group's share of total comprehensive income	**(42)**
Consolidation adjustments	**(52)**
Equity method result	**(94)**

Consolidation adjustments include fair value adjustments in connection with the purchase price allocation and further adjustments recognized in profit or loss under the equity method.

9. Financial assets

Financial assets break down into current and non-current assets as follows:

In EUR k	31 Dec 2020	31 Dec 2019
Non-current financial assets	2,988	1,884
Current financial assets	2,925	18,073
Total	**5,913**	**19,957**

Non-current financial assets of EUR 2,988k (prior year: EUR 1,884k) comprise receivables from rent deposits and collateral pledged of EUR 2,738k (prior year: EUR 1,884k) and loans to associates of EUR 250k (prior year: EUR 0k).

Non-current receivables from rent deposits and collateral pledged are recognized at their respective carrying amounts, since they bear interest at market interest rates.

Current financial assets comprise trade receivables of EUR 1,322k (prior year: EUR 1,425k), receivables from sales by invoice and direct debit of EUR 1,457k (prior year: EUR 911k) and other financial assets of EUR 147k (prior year: EUR 15,737k).

The carrying amounts of the financial assets are the same as their fair values.

Trade receivables are generally on terms of 30 to 90 days and are non-interest bearing.

All significant financial assets are classified and measured at amortized cost in accordance with IFRS 9.

As the Group has not experienced any historical default events in relation to its current and non-current financial assets and, in light of the good credit quality of its debtors, it does not expect any significant losses, it did not recognize any expected credit losses in the fiscal year.

10. Inventories

Inventories comprise the following:

In EUR k	31 Dec 2020	31 Dec 2019
Raw materials, consumables and supplies	673	416
Merchandise	16,933	14,170
Inventories	**17,606**	**14,586**

Write-downs of inventories amounted to EUR 28k in the reporting period (prior year: EUR 35k) and reflect the estimated inventories at risk at year-end.

Cost of inventories included as an expense under cost of materials amount to EUR 82,984k (prior year: EUR 74,464k).

11. Other non-financial assets

As of 31 December 2020, other non-financial assets amounted to EUR 4,420k (prior year: EUR 3,496k).

Other non-financial assets again comprise other receivables (EUR 2,823k; prior year: EUR 1,656k), prepayments (EUR 1,385k; prior year: EUR 1,035k), VAT receivables (EUR 194k; prior year: EUR 805k) and current income tax receivables (EUR 18k; prior year: EUR 0k).

Other current non-financial assets include receivables from the Federal Employment Agency of EUR 247k (prior year: EUR 0k) related to the use of short-time working allowances in Germany and transaction costs of EUR 94k (prior year: EUR 115k) related to the planned issue of new shares.

All other non-financial assets are classified as current.

12. Cash and cash equivalents

Cash and cash equivalents largely comprise bank balances and are not subject to any restraint on disposal.

13. Equity

Subscribed capital:

After a resolution to carry out a capital increase had been adopted in December 2019, the called contributions of EUR 70k were paid into the subscribed capital in full. The capital increase was entered in the commercial register in January 2020. Compared with the prior reporting date, the number of shares thus rose from 1,190,876 to 1,260,626 Capital stock is divided into 1,260,626 no-par value shares. The shares have been issued and paid in in full. All shares entail the same rights and obligations. Each share entitles the holder to one vote at the annual general meeting and determines the holder's share of the Company's profit after tax.

Capital reserves:

The capital reserves include additional shareholder contributions of EUR 14,930k (prior year: EUR 24,542k) from the capital increase resolved in fiscal year 2019 and entered in the commercial register in January 2020. In addition, amounts arising from share-based payment transactions pursuant to IFRS 2 of EUR 658k (prior year: EUR 1,080k) were reflected.

Directly attributable transaction costs of EUR 500k were incurred in connection with the capital increases and were directly deducted from capital reserves net of a tax benefit of EUR 151k.

When the Group acquired the 48.17% interest in Tribe GmbH, it also obtained the right to purchase the remaining 51.83% interest in Tribe GmbH at a later date. At the acquisition date on 8 October 2020, the fair value of the option amounted to EUR 710k. Due to the arrangements in the purchase agreement, the acquired purchase option is an equity instrument, since the number of own equity instruments to be delivered and the amount of consideration are determined at the date of issue. The option premium paid in the amount of the fair value of the purchase option was recognized in equity pursuant to IAS 32.22.

Authorized capital:

As of the reporting date 31 December 2020, authorized capital amounted to EUR 260,721 (prior year: EUR 221k). The authorized capital also serves to create equity in connection with the employees' share-based payments.

Other comprehensive income:

Other comprehensive income solely includes gains or losses from currency translation.

Treasury shares:

The number of treasury shares was unchanged compared with 31 December 2019.

14. Share-based payments

The Group has set up four stock option plans which give eligible employees the option of investing directly or indirectly in the Company's equity instruments. The share-based payment awards granted by the Mister Spex Group are equity-settled plans. In the reporting period, a total expense of EUR 658k was recognized in this connection.

The vesting period for the equity-settled share-based payment awards is usually 48 months. The first tranche vests after 12 months, while the remaining tranches vest on a monthly basis in equal amounts over the residual vesting period. The share-based payment awards become exercisable after a certain period of time, when an exit event occurs or the participant leaves.

The inputs used in the measurement were determined as follows: The share price used was derived from the financing rounds performed close to the issue date and a sale of shares. The expected volatility is based on the development of the share price volatility of comparable companies (peer group) over the expected term of the option in each case. The maturity-matched risk-free interest rate was calculated using the Svensson method.

No options were exercised during the 2020 reporting period. The weighted average share value at the date of exercise of an option exercised during the 2019 reporting period amounted to EUR 138.38.

ESOP I

The payment awards granted by Mister Spex AG in Germany under Employee Stock Option Program I (ESOP I) were granted at different times between 2012 and 2015.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2019	46,267	11.33
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	6,012	3.88
Options outstanding on 31 Dec 2019	40,255	12.44
Options exercisable on 31 Dec 2019	40,255	12.44
Options outstanding on 1 Jan 2020	40,255	12.44
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	—	—
Options outstanding on 31 Dec 2020	40,255	12.44
Options exercisable on 31 Dec 2020	40,255	12.44

The range of exercise prices for options issued and outstanding under ESOP I as of the reporting date was EUR 1 to EUR 65 (prior year: EUR 1 to EUR 65); of which 32,870 outstanding options (prior year: 32,870 outstanding options) have an exercise price of EUR 1, 460 outstanding options (prior year: 460 outstanding options) have an exercise price of EUR 38.66 and 6,925 outstanding options (prior year: 6,925 outstanding options) have an exercise price of EUR 65. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the option plan.

The weighted average fair value of an option granted in fiscal year 2015 is EUR 83.73. The fair value of the option rights consists of the intrinsic value and the time value. The weighted average remaining contractual life for the share options outstanding as of 31 December 2020 was 1.0 years.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 65.92
Weighted average exercise price (EUR)	EUR 12.44
Expected volatility (%)	14.73% to 38.68%
Expected option term (years)	2.47 to 5.31
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.28)% to 1.33%

ESOP II

Employee Stock Option Program II (ESOP II) was introduced by Mister Spex AG in October 2015. The vesting conditions are the same as under ESOP I.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2019	46,430	65.39
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	4,088	65.39
Options outstanding on 31 Dec 2019	42,342	65.39
Options exercisable on 31 Dec 2019	40,161	65.39
Options outstanding on 1 Jan 2020	42,342	65.39
Options granted during the period	—	—
Options forfeited during the period	271	65.39
Options exercised during the period	—	—
Options outstanding on 31 Dec 2020	42,071	65.39
Options exercisable on 31 Dec 2020	41,315	65.39

No new options under ESOP II were issued during the 2020 reporting period. The uniform exercise price for option rights outstanding under ESOP II as of the reporting date was EUR 65.39. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2017 is EUR 76.77. The fair value of the option rights consists of the intrinsic value and the time value. The weighted average remaining contractual life for the share options outstanding as of 31 December 2020 was 1.1 years.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 107.58
Weighted average exercise price (EUR)	EUR 65.39
Expected volatility (%)	33.47% to 36.93%
Expected option term (years)	1.85 to 3.22
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.90)% to (0.22)%

ESOP III

Employee Stock Option Program III (ESOP III) is the name of the current employee stock option program launched in November 2017. The vesting conditions are the same as under ESOP I and II.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2019	17,421	160.00
Options granted during the period	—	—
Options forfeited during the period	200	160.00
Options exercised during the period	—	—
Options outstanding on 31 Dec 2019	17,221	160.00
Options exercisable on 31 Dec 2019	8,190	160.00
Options outstanding on 1 Jan 2020	17,221	160.00
Options granted during the period	—	—
Options forfeited during the period	821	160.00
Options exercised during the period	—	—
Options outstanding on 31 Dec 2020	16,400	160.00
Options exercisable on 31 Dec 2020	11,763	160.00

No options under ESOP III were exercised during the 2020 reporting period. The uniform exercise price for option rights outstanding under ESOP III as of the reporting date was EUR 160.00. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2018 is EUR 20.03. The fair value of the option rights consists of the intrinsic value and the time value. The weighted average remaining contractual life for the share options outstanding as of 31 December 2020 was 3.1 years.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the new options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 155.59
Weighted average exercise price (EUR)	EUR 160.00
Expected volatility (%)	28.86% to 33.60%
Expected option term (years)	1.07 to 2.36
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.79)% to (0.59)%

ESOP IV

Employee Stock Option Program IV (ESOP IV) is the name of the current employee stock option program launched in January 2019. The vesting conditions are largely the same as under ESOP III.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2019	70,800	132.69
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	—	—
Options outstanding on 31 Dec 2019	70,800	132.69
Options exercisable on 31 Dec 2019	15,800	132.69
Options outstanding on 1 Jan 2020	70,800	132.69
Options granted during the period	14,400	132.69
Options forfeited during the period	4,428	132.69
Options exercised during the period	—	—
Options outstanding on 31 Dec 2020	80,772	132.69
Options exercisable on 31 Dec 2020	33,307	132.69

The uniform exercise price for option rights outstanding under ESOP IV as of the reporting date was EUR 132.69. The beneficiaries may exercise vested options up to a maximum of four years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2020 amounts to EUR 59.37 (prior year: EUR 24.21). The fair value of the option rights consists of the intrinsic value and the time value. The weighted average remaining contractual life for the share options outstanding as of 31 December 2020 was 2.3 years.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the new options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 146.07
Weighted average exercise price (EUR)	EUR 132.69
Expected volatility (%)	34.39% to 37.26%
Expected option term (years)	1.86 to 4.00
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.90)% to (0.66)%

15. Financial liabilities

Financial liabilities mainly include current liabilities to banks, trade payables and refund liabilities to customers from anticipated returns.

As of 31 December 2020, financial liabilities had the following maturities based on the contractually agreed amounts:

In EUR k	Up to one year	One to five years	More than five years	Total
As of 31 Dec 2020				
Liabilities to banks	30,255	—	—	**30,255**
Trade payables	10,028	—	—	**10,028**
Refund liabilities	1,993	—	—	**1,993**
Other financial liabilities	467	320	—	**787**
Financial liabilities	**42,743**	**320**	**—**	**43,063**
As of 31 Dec 2019				
Liabilities to banks	290	28,625	—	**28,915**
Trade payables	10,695	—	—	**10,695**
Refund liabilities	2,038	—	—	**2,038**
Other financial liabilities	15,539	—	—	**15,539**
Financial liabilities	**28,563**	**28,625**		**57,188**

Liabilities to banks are secured by pledges or assignment as security of assets such as property, plant and equipment, receivables, bank balances, inventories and shares in the subsidiaries International Eyewear GmbH, Nordic Eyewear AB and Lensit.no AS. The carrying amount of bank balances pledged as security is EUR 14,536k.

The carrying amounts of the financial liabilities are the same as their fair values.

The following table shows the reconciliation carried out by the Group from the opening to the closing balance of liabilities to banks and other financial liabilities:

in EUR k	2020	2019
Financial liabilities – 1 Jan	**44,455**	**27,492**
Change due to cash flow from financing activities		
Cash received from liabilities to banks	—	2,500
Repayments of liabilities to banks	(290)	(2,060)
Total change	**(290)**	**440**
Other cash and non-cash changes		
Contribution made to effect the resolved capital increase	(70)	69
Contribution not yet made to effect the resolved capital increase	—	14,930
Other financial liabilities	(13,053)	1,524
Total change	**(13,122)**	**16,523**
Financial liabilities – 31 Dec	**31,042**	**44,455**

16. Leases

Leases comprise rental agreements for office, warehouse and store space, usually with terms between 5 and 10 years. There are several lease contracts that include extension and termination options and variable payments, which are further discussed below.

The carrying amounts of right-of-use assets in the statement of financial position are as follows:

In EUR k	Commercial and office space
As of 1 Jan 2019	**20,049**
Additions	9,310
Depreciation	(3,544)
As of 31 Dec 2019	**25,814**
Additions	15,719
Depreciation	(5,750)
As of 31 Dec 2020	**35,783**

EUR 13,286k of the additions relates to new rental agreements, most of which were concluded for store space.

The following table presents the carrying amounts of the lease liabilities and the changes in the fiscal year:

In EUR k	Commercial and office space
As of 1 Jan 2019	**20,049**
Additions	9,224
Accretion of interest	726
Payments	(3,562)
As of 31 Dec 2019	**26,436**
Thereof current	3,455
Thereof non-current	22,981
Additions	15,439
Accretion of interest	1,168
Payments	(5,604)
As of 31 Dec 2020	**37,439**
Thereof current	5,741
Thereof non-current	31,698

The following amounts were recognized in profit and loss in the reporting period:

In EUR k	2020	2019
Depreciation of right-of-use assets	5,750	3,544
Interest expense on lease liabilities	1,168	726
Expense for variable lease payments not included in the lease liabilities	696	398
Total	**7,614**	**4,668**

The table below summarizes the maturities of the Group's lease liabilities as of 31 December 2020.

The information presented is based on contractual discounted payments:

In EUR k	Up to one year	One to five years	More than five years	Total
As of 31 Dec 2020				
Lease liabilities	5,741	26,529	5,169	**37,439**

In EUR k	Up to one year	One to five years	More than five years	Total
As of 31 Dec 2019				
Lease liabilities	3,455	17,399	5,582	**26,436**

The following figures are based on contractual undiscounted payments:

In EUR k	Up to one year	One to five years	More than five years	Total
As of 31 Dec 2020				
Lease liabilities	6,899	29,389	5,419	**41,706**

In EUR k	Up to one year	One to five years	More than five years	Total
As of 31 Dec 2019				
Lease liabilities	4,595	19,729	5,837	**30,161**

The Group's cash outflows for leases came to EUR 6,300k in the fiscal year (prior year: EUR 3,960k), of which EUR 968k (prior year: EUR 539k) related to fixed payments and EUR 4,636k (prior year: EUR 3,022k) related to variable payments that depend on the consumer price index. The other variable payments not included in the measurement of the lease liability are based on consumption and totaled EUR 696k in the fiscal year (prior year: EUR 398k).

In fiscal year 2020, the adjustments of contractual terms gave rise to a EUR 2,433k (prior year: EUR 607k) increase in recognized lease liabilities and right-of-use assets.

The Group did not exercise any termination options in the reporting period.

In addition, Mister Spex entered into several lease agreements that have not yet commenced. These relate to additional space for future stores. Additional payments of EUR 8m (prior year: EUR 9m) are expected over the non-cancelable term of the lease.

As a result of the COVID-19 pandemic, right-of-use assets were tested for impairment. This did not give rise to any impairment losses in the fiscal year.

In response to the COVID-19 pandemic, the Group negotiated rent concessions for individual leases of store space with its lessors in the fiscal year. The Group consistently applies the practical expedient for COVID-19-related rent concessions to all admissible rent concessions in connection with leases of store space.

In the fiscal year, an amount of EUR 245k was recognized in the income statement to reflect the changes in lease payments as a result of the rent concessions due to the Group applying the practical expedient for COVID-19-related rent concessions.

17. Other non-financial liabilities

Other non-financial liabilities comprise current and non-current liabilities.

While other non-current non-financial liabilities mainly include liabilities from government grants of EUR 306k (prior year: EUR 560k), other current non-financial liabilities amounting to EUR 5,933k (prior year: EUR 4,486k) chiefly comprise liabilities from outstanding invoices of EUR 1,897k (prior year: EUR 1,349k), accrued personnel-related expenses of EUR 1,366k (prior year: EUR 1,025k) and VAT liabilities of EUR 714k (prior year: EUR 455k).

18. Provisions

In EUR k	Warranties	Asset retirement obligations	Total
As of 1 Jan 2020	573	**126**	**699**
Provisions recognized	155	**133**	**288**
As of 31 Dec 2020	**728**	**259**	**987**
Non-current	**—**	**259**	**259**
Current	**728**	**—**	**728**

Current provisions include warranty provisions of EUR 728k for products sold during the fiscal year (prior year: EUR 573k).

Non-current provisions of EUR 259k (prior year: EUR 126k) primarily relate to asset retirement obligations for leased properties.

IX. Other notes

19. Financial risk management

In the ordinary course of business, the Mister Spex Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk).

The financial instruments used by the Mister Spex Group comprise current and non-current liabilities to banks, cash and cash equivalents and factoring instruments which serve to finance its business activities.

Group management is responsible for managing the risks and develops principles for overall risk management. The significant risks are presented below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The risk of default is very low due to the payment structures. By way of factoring agreements, the Mister Spex Group has transferred the del credere risk for sales by invoice and direct debit to third parties in full. No default risk arises from payments via the service provider PayPal or payments in advance. Credit card risks are closely monitored and managed.

With regard to other financial assets that are neither past due nor impaired on the reporting date, there were no indications that the customers will be unable to meet their payment obligations.

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations. The Group is exposed to the risk of daily calls on its available cash resources. Liquidity risk is managed by the management of the Company.

The Group manages liquidity development in the course of annual budgeting and on a monthly basis.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, and lease contracts.

As of 31 December 2020, the Group's current liabilities (EUR 55,843k; prior year: EUR 38,484k) exceeded its current assets (EUR 40,182k; prior year: EUR 60,199k) by EUR 15,662k. The Group's liquidity portfolio comprises cash and cash equivalents of EUR 14,536k (prior year: EUR 23,295k).

The Group's current financial liabilities as of 31 December 2020 amounted to EUR 30,722k (prior year: EUR 15,830k) and consisted exclusively of short-term liabilities due within one year. As of 31 December 2020, there were no non-current liabilities to banks (prior year: EUR 28,625 k). This change in financial liabilities is attributable to the reclassification of liabilities to banks that are due on 1 May 2021. Based on the underlying covenant, the Group is obliged to hold cash and cash and cash equivalents in an average amount of EUR 2m. The Group plans to refinance by obtaining funding of EUR 42.5m from various banks in the short term.

As of the reporting date there were undrawn credit facilities for Nordic Eyewear AB of SEK 8m. Most of the credit facilities totaling EUR 8m available to Mister Spex AG in the prior year have either expired (EUR 5m) or have been terminated (EUR 2.5m).

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency positions, primarily with respect to the Swedish krona (SEK), the Norwegian krona (NOK), the Swiss franc (CHF) and the British pound (GBP). Currency risk arises from future commercial transactions and assets and liability positions.

There are two kinds of currency risk. While translation risk describes the risk of exchange differences leading to changes in the items of the statement of financial position and income statement of a subsidiary when the local separate financial statements are translated into the group currency, transaction risk represents exchange differences at transaction level. Exchange differences resulting from translation risk are presented in equity.

The sensitivities of transaction risk are as follows: If the euro had appreciated by 5% as of 31 December 2020 against the foreign currencies presented above, earnings before taxes would have been EUR 570k (prior year: EUR 464k) lower. If it had depreciated by 5%, earnings before taxes would have been EUR 576k (prior year: EUR 471k) higher.

Interest rate risk

The interest rates of the loan agreements are contractually agreed. The interest rate of each loan arises from the sum of several fixed components and one variable component. The variable component depends on the one-month EURIBOR limit being exceeded. Compared with prior years, the one-month EURIBOR is currently significantly below the limit and therefore no interest rate risk is expected from this development.

20. Capital management

The Mister Spex Group is not subject to any obligations to preserve capital either under the articles of incorporation and by-laws or contractual provisions. The financial ratios used for corporate management are largely performance-oriented. The capital management objectives, methods and processes are geared to achieving the performance-based financial ratios with the overarching goal to support business growth and secure the Company's continued existence in the long term. The flexibility needed in the provision of funds requires a healthy financial structure with a focus on equity. As debt instruments are already being used, capital management comprises equity and debt capital.

The key performance indicator for active capital management is the free cash flow comprising the sum of cash flows from operating activities and investing activities as well as cash repayments of lease liabilities. Free cash flow is a key indicator for changes in the liquidity situation. As of the reporting date, it came to -EUR 23,049k (prior year: -EUR 10,028k).

Management's targets for this key indicator were achieved in the fiscal year and in the prior year.

21. Related parties

In accordance with IAS 24, parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party's financial and operating policies.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

For the purposes of related party disclosures, the Mister Spex Group defines all shareholders of Mister Spex AG, the members of the management board of Mister Spex AG, including any of their immediate family members and any entity owned or controlled by such persons as a related party.

In addition to the business relationships with its consolidated subsidiaries, the Group had a business relationship with one associate in the reporting year.

Management board member compensation

The management board comprises Dirk Graber and Dr. Mirko Caspar.

In EUR k	**2020**	**2019**
Short-term benefits		
Salaries	542	589
Share-based payments		
Granting of options	174	437
Total	**716**	**1,026**

Supervisory board member compensation

Expenses for supervisory board compensation came to EUR 56k in 2020 (prior year: EUR 72k). Additionally, the share-based compensation for the supervisory board amounted to EUR 74k (prior year: EUR 74k).

Other related party transactions

	Transaction values		Outstanding receivable as of 31 December	
In EUR k	2020	2019	2020	2019
Other				
Associates				
– Loan and related interest	3	—	253	—

All outstanding receivables from related parties are based on arm's length conditions. None of the balances is secured.

22. Other financial obligations

The Group rents office, warehouse and store space under non-cancelable leases with terms of up to 10 years.

The following table shows the total future minimum lease payments under non-cancelable leases classified as non-lease components as well as other financial obligations.

In EUR k	2020	2019
Up to one year	3,813	3,743
Between one and five years	3,080	3,771
More than five years	808	759
Total commitments	**7,701**	**8,273**

Furthermore, under the shareholders' agreement of Tribe GmbH, Mister Spex AG shall be obliged to provide loans to the company totaling EUR 4,250k (prior year: EUR 0k) over the next three fiscal years and to make payments in connection with license agreements totaling EUR 380k (prior year: EUR 0k) to Tribe GmbH.

23. Significant subsidiaries and associates

Mister Spex AG, as the group parent, held direct and indirect equity investments in the following subsidiaries and associates as of 31 December 2020:

	Registered office	Share in equity (in %)	
		2020	2019
Subsidiaries:			
International Eyewear GmbH	Berlin, Germany	100	100
Mister Spex France SAS	Rouen, France	100	100
Nordic Eyewear Holdings AB	Stockholm, Sweden	100	100
Nordic Eyewear AB	Stockholm, Sweden	100	100
Lensit.no AS	Karmsund, Norway	100	100
Associates:			
Tribe GmbH	Berlin, Germany	48.17	—

The voting interests in the subsidiaries and associates are the same as the ownership interests presented in the table.

24. Number of employees

	2020	2019
Male	415	331
Female	550	444
Total	**965**	**775**

The average number of employees in the Group during the fiscal year was 965 (prior year: 775); there were 824 full-time equivalents (prior year: 600).

25. Auditor's fees

The auditor's fees paid to Ernst & Young Wirtschaftsprüfungsgesellschaft recognized as an expense in the reporting period come to EUR 106k for the audit (separate and consolidated financial statements) (prior year: EUR 125k) and EUR 35k for audit-related services (prior year. EUR 31k). The auditor did not provide any other services.

26. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic earnings per share calculation:

Weighted average number of ordinary shares

In thousands of shares	2020	2019
Issued ordinary shares as of 1 January	1,191	1,050
Effect of treasury shares held	(67)	(67)
Effect of capital increase	65	54
Weighted average number of ordinary shares as of 31 December	**1,189**	**1,037**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

The following table provides the profit/(loss) amount used:

Basic earnings per share	2020	2019
Loss (in EUR k)	(10,258)	(9,308)
Weighted average number of ordinary shares as of 31 December (in thousands of shares)	1,189	1,037
Earnings per share (in EUR)	**(8.63)**	**(8.98)**

The ESOP equity instruments were excluded from the calculation of basic earnings per share as their effect would have been anti-dilutive. The number of ordinary shares potentially outstanding during fiscal year 2020 would have been 255,000.

27. Events after the reporting date

Mister Spex AG is the sole shareholder of Mister Spex N.V., Amsterdam, which was newly founded on January 15, 2021 (entry in the Dutch commercial register on January 18, 2021). The company was founded due to the planned merger with Mister Spex AG in 2021 and the subsequent planned conversion from the AG to an SE. No further events having a significant impact on the Group's assets, liabilities, financial position and financial performance have occurred since the reporting date.

Berlin, March 26, 2021

The Management Board

Dirk Graber Dr. Mirko Caspar

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code), as well as the group management report, which was combined with the management report of the Company ("**Combined Management Report**"), prepared on the basis of German commercial law (HGB), of Mister Spex AG, Berlin, as of and for the fiscal year ended December 31, 2020 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The Combined Management Report is not part of this Prospectus.*

Independent auditor's report

To Mister Spex AG

Opinions

We have audited the consolidated financial statements of Mister Spex AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Mister Spex AG, which was combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the information in the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] (disclosure on women´s quota) included in the group management report section VII.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the information pursuant to Sec. 289f (4) HGB (disclosure on women´s quota) included in section VII.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosure on women´s quota).

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and of the combined management report of the Company and the Group.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 26 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	Kostolnik-Briedela
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited consolidated financial statements
as of and for the fiscal year ended December 31, 2019
(prepared in accordance with IFRS)
of Mister Spex GmbH, Berlin

Consolidated statement of comprehensive income

Consolidated income statement (in EUR k)	Note	2019	2018
Revenue	1.	139,282	122,778
Own work capitalized	6.	3,386	3,184
Other operating income	3.	1,332	734
Total operating performance		**144,000**	**126,696**
Cost of materials		(74,464)	(66,559)
Personnel expenses	2., 13.	(27,815)	(24,268)
Other operating expenses	3.	(38,435)	(36,906)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**3,286**	**(1,037)**
Amortization and depreciation	6., 7.	(8,277)	(4,178)
Earnings before interest and taxes (EBIT)		**(4,991)**	**(5,216)**
Financial result	4.	(4,182)	(5,129)
Earnings before taxes (EBT)		**(9,173)**	**(10,344)**
Income taxes	5.	(135)	(404)
Loss for the period		**(9,308)**	**(10,748)**
Thereof loss attributable to the shareholders of Mister Spex GmbH		(9,308)	(10,748)

Consolidated statement of comprehensive income for fiscal year (in EUR k)		
Loss for the period	**(9,308)**	**(10,748)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign financial statements	24	(17)
Other comprehensive income	**24**	**(17)**
Total comprehensive loss	**(9,284)**	**(10,765)**
Thereof loss attributable to the shareholders of Mister Spex GmbH	(9,284)	(10,765)

Consolidated statement of financial position

In EUR k ASSETS	Note	31 Dec 2019	31 Dec 2018
Non-current assets		**60,420**	**30,551**
Goodwill	**6.**	12,113	12,113
Intangible assets	**6.**	11,421	10,329
Property, plant and equipment	**7.**	9,188	6,669
Right-of-use assets	**15.**	25,814	—
Other financial assets	**8.**	1,884	1,440
Current assets		**60,199**	**30,105**
Inventories	**9.**	14,586	14,226
Right of return assets	**1.**	750	689
Trade receivables	**8.**	1,425	1,739
Other financial assets	**8.**	16,648	1,513
Other non-financial assets	**10.**	3,496	3,168
Cash and cash equivalents	**11.**	23,295	8,770
Total assets		**120,619**	**60,656**
EQUITY AND LIABILITIES			
Equity	**12.**	**29,152**	**13,311**
Subscribed capital		1,124	983
Capital reserves		101,518	76,535
Other reserves		(755)	(779)
Accumulated loss		(72,735)	(63,427)
Non-current liabilities		**52,983**	**26,681**
Provisions	**17.**	126	88
Liabilities to banks	**14.**	28,625	24,637
Lease liabilities	**15.**	22,981	—
Other non-financial liabilities	**16.**	581	870
Deferred tax liabilities	**5.**	670	1,086
Current liabilities		**38,484**	**20,663**
Provisions	**17.**	573	401
Trade payables	**14.**	10,695	9,799
Refund liabilities	**14.**	2,038	1,899
Lease liabilities	**15.**	3,455	
Liabilities to banks	**14.**	290	2,351
Other financial liabilities	**14.**	15,539	504
Contract liabilities	**1.**	1,408	1,504
Other non-financial liabilities	**16.**	4,486	4,205
Total equity and liabilities		**120,619**	**60,656**

Consolidated statement of changes in equity

In EUR k	Note	Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2018		**1,027**	**(67)**	**71,929**	**(761)**	**(52,679)**	**19,449**
Loss for the period						(10,748)	(10,748)
Other comprehensive income					(17)		(17)
Total comprehensive loss							(10,765)
Capital increases		22		4,478			4,500
Share-based payments				127			127
As of 31 Dec 2018		**1,050**	**(67)**	**76,535**	**(779)**	**(63,427)**	**13,311**
Loss for the period						(9,308)	(9,308)
Other comprehensive income					24		24
Total comprehensive loss							(9,284)
Capital increases	12.	141		24,542			24,683
Transaction costs				(638)			(638)
Share-based payments	13.			1,080			1,080
As of 31 Dec 2019		**1,191**	**(67)**	**101,518**	**(755)**	**(72,735)**	**29,152**

Consolidated statement of cash flows

In EUR k	Note	2019	2018
Operating activities			
Loss for the period		(9,308)	(10,748)
Adjustments for:			
Finance income	4.	(133)	(153)
Finance costs	4.	4,315	5,282
Income tax expense	5.	135	404
Amortization of intangible assets	6.	3,367	2,929
Depreciation of property, plant and equipment	7.	1,366	1,249
Depreciation of right-of-use assets	15	3,544	—
Non-cash expenses for share-based payments	13.	1,080	127
Increase (+)/decrease (-) in non-current provisions	17.	38	56
Increase (-)/decrease (+) in inventories	9.	(360)	745
Increase (-)/decrease (+) in other assets	8.	(15,711)	3,225
Increase (+)/decrease (-) in trade payables and other liabilities	14., 16.	15,559	(1,831)
Income tax paid	5.	(281)	(196)
Interest paid		(2,457)	(4,454)
Interest received		3	2
Cash flow from operating activities		**1,157**	**(3,364)**
Investing activities			
Investments in property, plant and equipment	7.	(3,889)	(2,373)
Investments in intangible assets	6.	(4,459)	(4,047)
Cash flow from investing activities		**(8,348)**	**(6,420)**
Financing activities			
Cash received from capital increases, net of transaction costs	12.	24,044	3,980
Cash received for the resolved capital increase	12.	70	1
Cash received from borrowings	14.	2,500	32,000
Cash outflows from repayment of borrowings	14.	(2,060)	(23,641)
Payment of principal portion of lease liabilities	15.	(2,836)	—
Cash flow from financing activities		**21,717**	**12,340**
Net increase in cash		**14,525**	**2,557**
Effect of exchange rate changes on cash		—	2
Cash and cash equivalents at the beginning of the period		8,770	6,211
Cash and cash equivalents at the end of the period		**23,295**	**8,770**

Notes to the consolidated financial statements

I. Information on the Company

The consolidated financial statements of Mister Spex GmbH and its subsidiaries for the fiscal year ended 31 December 2019 were approved and authorized for issue by management resolution dated 27 March 2020. Mister Spex GmbH was established on 8 January 2008 at Greifswalder Strasse 156, 10409 Berlin, Germany. The Company is entered in the commercial register of Charlottenburg Local Court under HRB no. 111176 B.

The Group primarily engages in the marketing of glasses, sunglasses and contact lenses in Europe.

II. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements were prepared applying Sec. 315e HGB [“Handelsgesetzbuch”: German Commercial Code] in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board in effect and adopted by the European Union (EU) at the reporting date and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB.

The consolidated financial statements have been prepared on an historical cost basis except for certain financial instruments and share-based payments, which were measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The income statement within the statement of comprehensive income has been prepared using the nature of expense method.

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

Presentation currency

The consolidated financial statements were prepared in euro (EUR), which is the functional and presentation currency of the Group, and all values in the consolidated financial statements and the related notes are rounded to the nearest thousand (EUR 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 GmbH and its subsidiaries as of 31 December 2019. Control within the meaning of IFRS 10 is achieved when the Group is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect its returns)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized. Any resultant gains or losses are recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

Five entities were fully consolidated in the fiscal year. There were no changes in the basis of consolidation compared with the prior year.

These consolidated financial statements are prepared for fiscal year 2019 with a reporting period from 1 January to 31 December. The consolidated entities also have the calendar year as their fiscal year.

The structure of the Group is described in note (22).

The financial statements of the entities included in the consolidated financial statements were prepared in accordance with the uniform accounting policies of the parent company. The group entities each prepare their financial statements in their own functional currency.

Currency translation

The consolidated financial statements are presented in euros, which is the functional currency of Mister Spex GmbH and the Group's presentation currency, pursuant to IAS 21.

Items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially translated into the functional currency by the group entities at the respective rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot rate prevailing at the end of the reporting period. Any differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets, liabilities, financial position and financial performance of all the group entities are translated into the presentation currency as follows:

- The assets and liabilities of subsidiaries are translated at the closing rate on the reporting date.
- Income and expenses included in the statements of comprehensive income are translated using the exchange rate at the date of the transaction. If exchange rates do not fluctuate strongly, the weighted average rates are used instead.
- The equity of the subsidiaries is translated using the historical rate. All resulting exchange differences are recognized in other comprehensive income as an adjustment item for exchange differences on translating foreign operations.

The Group uses the following exchange rates:

	2019	**2018**
Norwegian krone (NOK)		
Closing rate	9.8638	9.9483
Annual average exchange rate	9.8511	9.5975
Swedish krona (SEK)		
Closing rate	10.4468	10.2548
Annual average exchange rate	10.5891	10.2583

III. Accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identified net assets.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements.

Acquisition-related costs such as advisory, legal, valuation and similar professional services are expensed as incurred. Acquisition-related costs and the costs to issue equity instruments are deducted from equity.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Measurement of the fair value of financial assets and liabilities

The Group measures financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the parties involved in setting the price always act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

The following measurement hierarchy is used for fair value measurement. The inputs used in the valuation techniques are categorized in three levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When measuring fair value, the Group maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The categorization of valuation techniques in the various levels is reviewed at the end of each reporting period.

Current versus non-current classification

The Group presents its assets and liabilities in the statement of financial position based on current/non-current classification.

The Group classifies assets and liabilities as current if

- the asset is expected to be realized or the liability is due to be repaid in the normal operating cycle,
- the assets and liabilities are primarily held for trading,
- the asset is expected to be realized or the liability is due to settled within 12 months after the reporting date,
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

The Group classifies all other assets and liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers

The Company generates revenue primarily from the sale of glasses, sunglasses and contact lenses.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer, usually on delivery of the goods. Revenue is recognized at the amount of the consideration received or receivable. This revenue is generally recognized prior to performance. Mister Spex therefore presents contract liabilities for the outstanding performance. The Group has generally concluded that it is the principal in its revenue arrangements because it regularly controls the goods or service before transferring them to the customer.

Rights of return

Our contracts for the sale of products provide customers with a right of return within a fixed period.

The Group uses the expected value method to estimate the goods that will not be returned, because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. It is measured at the amount the Group ultimately expects it will have to return to the customer. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are recognized under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Details on the accounting policy for warranty provisions are included in note (17).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract. The length of time between the transfer of the product to the customer and payment of the product can be up to 15 days. Refer to note (1) for more information.

Expense recognition

Operating expenses are recognized in profit or loss when a service is used or when the costs are incurred.

Interest is recognized as a financial income or expense item in the period to which it relates using the effective interest method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

The income tax expense or income relates to current and deferred taxes and is recognized in the income statement for the fiscal year.

Deferred taxes

Deferred tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date and for tax loss carryforwards.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- With regard to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

VAT

Expenses and assets are recognized net of VAT where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible assets

Intangible assets acquired separately are recognized initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets are recognized at the costs incurred in the development phase from the time when the technical and economic feasibility has been demonstrated until the time when the intangible asset has been completed.

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the asset and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and, if necessary, accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Research costs were insignificant and were immediately expensed.

The useful lives of intangible assets are assessed as either finite or indefinite.

Internally generated and purchased intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the enterprise, as follows:

	Useful life in years
Customer lists	2.5 to 9.5
Software	2 to 4
Other licenses	3 to 10

The amortization period for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

In fiscal year 2019, the useful life of the online shop system was extended by 2 years. The effects of the changes in the amortization method are presented in Note (6).

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. These intangible assets are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Property, plant and equipment

Property, plant and equipment as well as assets under construction are stated at cost less accumulated depreciation and impairment, if any. Costs of minor repairs and maintenance are expensed as incurred.

The present value of the expected cost for the decommissioning of assets after their use is included in the cost of the respective asset if the recognition criteria for a provision are met. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The residual values, useful lives and depreciation methods of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are depreciated using the straight-line method, with the cost being allocated over their estimated useful lives:

	Useful life in years
Plant and machinery	8 to 15
Furniture, fixtures and office equipment	3 to 20

Leases – the Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. It recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Rental agreements may contain both a lease and a non-lease component. The Group allocates the transaction price to these components on the basis of their relative standalone selling prices.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the present value of lease payments, any initial direct costs incurred by the lessee and any lease payments made before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liability

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

The Group is exposed to potential increase in variable lease payments resulting from a change in an index or rate. Such potential changes in lease payments are not included in the lease liability until they become effective. As soon as the change in an index or rate affects lease payments, the lease liability and the right-of-use asset are adjusted accordingly.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. The interest rate was determined by reference to current market benchmark rates for real estate and company-specific risk factors, resulting in a weighted average rate.

The carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

The effects of adopting IFRS 16 and other information is provided in chapter V in note (15).

Leases – the Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of seven years. A long-term growth rate is calculated and applied to project future cash flows after the seventh year.

Impairment losses are recognized in the income statement in the expense categories which are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in profit or loss.

Goodwill is tested for impairment once a year as of 30 November. A test is also performed if circumstances indicate that the value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Impairment losses relating to goodwill may not be reversed in future periods.

Inventories

Inventories are measured at the lower of cost or net realizable value on the reporting date. Net realizable value is the estimated selling price less the estimated costs to make the sale. The cost of items of inventory is determined on the basis of an item-by-item valuation by means of the weighted average cost method.

Inventories comprise merchandise, raw materials, consumables and supplies.

Adequate write-downs to the net realizable value provide for valuation risks resulting from slow-moving stock and/or reduced usability. Write-downs of inventories are reversed if the reasons for the write-down no longer exist.

Financial assets

The Group's financial assets mainly comprise cash and cash equivalents, trade receivables and other financial assets.

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the Group, this category includes trade receivables, receivables from purchases by invoice and other financial assets initially recognized at fair value.

Receivables from purchases by invoice are regularly assigned to a factor and derecognized (non-recourse factoring). In this connection, the Group transfers, on a notification basis, the cash flows to a third party which bears the full credit risk. No del credere risk is retained.

Trade receivables are recognized at the transaction price determined under IFRS 15.

Losses arising from the impairment of financial assets are recorded in the income statement under other operating expenses in separate accounts.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The *financial assets at amortized cost (debt instruments)* category is the category most relevant to the consolidated financial statements.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets at amortized cost (debt instruments) are subsequently measured using the effective interest method and are subject to impairment.

The Group uses the new impairment model for financial assets measured at amortized cost introduced by IFRS 9. Mister Spex uses the simplified approach to assess credit risk and calculates the expected credit losses (ECL) using a loss allowance equal to the amount of the lifetime expected credit losses, regardless of the timing of the default. The new impairment model in accordance with IFRS 9 did not have a significant effect on the recognized financial assets as most trade receivables are assigned to factors. Refer to note (8) for more information.

A financial asset is generally derecognized when the contractual rights to receive the cash flows from the financial asset expire.

Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as liabilities or as loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other financial liabilities and loans and borrowings including bank overdrafts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

For purposes of subsequent measurement, trade payables and other financial liabilities are classified in the category *at amortized cost*.

The "loans and borrowings" category is most relevant to the consolidated financial statements. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement. Refer to note (14) for more information.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized in accordance with IAS 37 when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount of the provision is the best estimate taking all identifiable risks from the obligation into account. The settlement value that is the most probable is used. Provisions with a term of more than one year were discounted to the reporting date.

Warranty provision

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Share-based payments

In the Mister Spex Group, employees receive share-based payments in the form of equity instruments.

The payments granted to executive staff and employees are recognized as an expense, on the one hand, and as a contribution to capital reserves in the amount of the fair value, on the other. Expenses are recognized and amounts are allocated to the capital reserves over the contractually agreed vesting period. The fair value of the options issued is calculated at the grant date.

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not vest because a service condition was not observed. No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the original terms of the award had been met. Mister Spex also records the increase in the fair value of the promised equity instruments as a result of a modification.

When an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Refer to note (13) for more information.

IV. Significant accounting estimates and judgments in applying accounting policies

The preparation of financial statements in accordance with IFRSs requires management to make assumptions and estimates which impact the reported amounts as well as the related disclosures. Significant estimates and assumptions are made particularly with regard to the following matters:

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note (13).

Goodwill

Goodwill is tested for impairment in accordance with IAS 36 on an annual basis. The impairment test is based on the future net cash flows generated for individual assets or in groups of assets combined into cash-generating units. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. A discounted cash flow method is used to calculate the value in use, with the inputs classified as level 3 of the fair value hierarchy. The recoverable amount is sensitive to the discount rate used for the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

See section (6) of the notes to the consolidated financial statements on intangible assets and goodwill for further details regarding impairment testing.

Leases

The Group determines the term of the lease on the basis of the non-cancellable basic term of the lease and including the periods resulting from an option to extend the lease if it is reasonably certain that it will exercise these options or the periods resulting from an option to terminate the lease if it is reasonably certain that it will not exercise this option.

The Group uses its marginal interest rate to value leasing liabilities. This is estimated on the basis of observable input factors, where these are available. In addition, company-specific estimates must be made.

V. Amendments and new accounting pronouncements

IFRS 16 Leases

The Group applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

IFRS 16 was issued in January 2016 and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The Group adopted IFRS 16 using the modified retrospective approach as of 1 January 2019 without adjusting the comparative period. There were no effects on equity.

The leasing liabilities existing as of January 1, 2019 can be reconciled as follows with the obligations from operating leases existing as of December 31, 2018:

	In EUR k
Assets:	
Obligations from operating leases as of 31.12.2018	22,668
Marginal debt interest rate	3.4%
Discounted obligations from operating leases as of 01.01.2019	20,049
Lease liabilities as of 01.01.2019	**20,049**

The effect of adopting IFRS 16 is as follows:

Effect on the consolidated statement of financial position as of 1 January 2019	*In EUR k*
Assets:	
Right-of-use assets	20,049
Liabilities:	
Lease liabilities	(20,049)

Effect on the consolidated income statement for fiscal year 2019	*In EUR k*
EBITDA	**3,648**
Depreciation and amortization	(3,544)
EBIT	**104**
Financial result	(726)
EBT	**(622)**

Effect on the consolidated statement of cash flows for 2019	*In EUR k*
Cash flow- from operating activities:	
Interest paid	(726)
Cash flow from financing activities:	
Payment of principal portion of lease liabilities	(2,836)

The right-of-use assets and lease liabilities recognized relate to the operating leases of delivery and logistics centers and of retail and office space.

Note (15) describes further quantitative effects from the first-time adoption of the new standard on the various items.

New accounting pronouncements that have not yet been applied

Amendments to IAS 1 and IAS 8 *Definition of Material*

In October 2018, the IASB published amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

The IASB and the IFRS IC have also published further pronouncements that will not have a material impact on our consolidated financial statements.

VI. Notes to the consolidated statement of comprehensive income

1. Revenue

Revenue comprises sales of merchandise, marketing services provided and other services related to the core business.

While the marketing and other services are provided mainly in Germany, proceeds from the sale of our products break down by geographical market as follows:

In EUR k	2019	2018
Continental Europe	115,120	100,171
Scandinavia	21,706	20,519
Total	**136,826**	**120,690**

Revenue from marketing services provided amounted to EUR 2,456k in 2019 (prior year: EUR 2,088k).

Assets and liabilities under IFRS 15 *Revenue from Contracts with Customers* break down as follows:

In EUR k	2019	2018
Right of return assets	750	689
Refund liability	2,038	1,899
Provisions	573	401
thereof warranty provision	573	401
Contract liabilities	1,408	1,504

Contract liabilities of EUR 1,408k (prior year: EUR 1,504k) arising from prepayments received are generally realized (settled) within a few weeks after the reporting date by delivery of the products to customers. The prior-year amount was realized in full in fiscal year 2019.

Rights to the surrender of goods from anticipated returns in the amount of EUR 750k (prior year: EUR 689k) and refund liabilities of EUR 2,038k (prior year: EUR 1,899k) were presented as separate items in the statement of financial position.

2. Personnel expenses

Personnel expenses developed as follows in the fiscal year:

In EUR k	2019	2018
Wages and salaries	23,549	20,589
Social security costs	4,267	3,679
Total	**27,815**	**24,268**

Social security costs include pension costs in the form of contributions to statutory pension insurance of EUR 1,873k (prior year: EUR 1,642k).

3. Other operating income and expenses

Other operating income for the fiscal year comprises income from subsidies of EUR 292k (prior year: EUR 313k), other out-of-period income of EUR 654k (prior year: EUR 311k) and other income of EUR 385k (prior year: EUR 111k).

Other operating expenses for the fiscal year break down as follows:

In EUR k	2019	2018
Marketing costs	17,544	15,651
Freight and fulfillment costs	11,526	10,577
General business costs	4,099	6,391
External services	2,260	2,057
Legal and consulting fees	987	747
Miscellaneous	2,019	1,482
Total	**38,435**	**36,906**

In addition, other operating expenses include out-of-period expenses of EUR 197k (prior year: EUR 150k).

The decrease in premises expenses is due to the first-time adoption of IFRS 16. Please see chapter V and note (15) for more information.

4. Finance income and costs

Finance income for the fiscal year breaks down as follows:

In EUR k	2019	2018
Interest income	6	4
Income from change in exchange rates	127	149
Total	**133**	**153**

Finance costs for the fiscal year break down as follows:

In EUR k	2019	2018
Interest expense	3,951	4,968
Expenses from change in exchange rates	364	314
Total	**4,315**	**5,282**

Interest expenses also contain interest on lease liabilities of EUR 726k.

5. Income taxes

Income tax expense in profit or loss relate to the following items:

In EUR k	2019	2018
Current taxes	276	292
Deferred taxes	(141)	112
Income tax expense	**135**	**404**

The reconciliation of current tax expense and the expected tax expense for fiscal years 2019 and 2018 is as follows:

	2019	2018
Earnings before taxes	**(9,173)**	**(10,344)**
Tax rate	*29.72%*	*28.95%*
Expected tax income calculated at domestic tax rates applicable to earnings in the respective countries	2,726	2,995
Unrecognized deferred tax assets on tax losses	(1,955)	(2,580)
Non-deductible business expenses	(470)	(945)
Non-deductible share-based compensation expenses	(326)	—
Other effects	(110)	126
Recognized income tax expense (-)/income (+)	**(135)**	**(404)**

The weighted average applicable tax rate was 29.72% (prior year: 28.95%) which was derived from the tax rates in the individual countries weighted by the relevant pre-tax earnings.

Deferred taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of these temporary differences and used tax loss carryforwards is detailed below:

	Deferred tax assets		Deferred tax liabilities	
In EUR k	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Intangible assets from internally generated software	—	—	2,898	2,392
Intangible assets from business combinations	—	—	191	254
Leases	193	—	—	—
Other	4	4	—	—
Aggregate amount of temporary differences	**197**	**4**	**3,089**	**2,646**
Loss carryforwards recognized	2,222	1,556	—	—
Total deferred taxes (before offsetting)	**2,419**	**1,560**	**3,089**	**2,646**
Offsetting	(2,419)	(1,560)	(2,419)	(1,560)
Total deferred taxes (after offsetting)	**—**	**—**	**670**	**1,086**

Corporate income tax loss carryforwards of EUR 57,645k (prior year: EUR 48,422k) and trade tax loss carryforwards of EUR 51,676k (prior year: EUR 45,187k) gave rise to deferred taxes on recognized loss carryforwards of EUR 2,222k (prior year: EUR 1,556k). Deferred tax assets are recognized in the amount of the expected future tax benefit. The unused losses can be carried forward indefinitely.

VII. Notes to the consolidated statement of financial position

6. Goodwill and intangible assets

The changes in the carrying amount of goodwill and intangible assets are as follows:

Acquisition or production costs or revaluation:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 1 Jan 2018	**12,113**	**3,144**	**221**	**13,868**	**1,902**	**31,248**
Additions	—	—	—	1,325	2,722	**4,047**
Reclassifications	—	—	—	3,018	(3,018)	**—**
As of 31 Dec 2018	**12,113**	**3,144**	**221**	**18,211**	**1,606**	**35,295**
Additions	—	—	—	96	4,363	**4,459**
Reclassifications	—	—	—	1,023	(1,023)	**—**
Currency effects	—	—	—	(4)	—	**(4)**
As of 31 Dec 2019	**12,113**	**3,144**	**221**	**19,327**	**4,946**	**39,751**

Amortization:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 1 Jan 2018	**—**	**1,699**	**181**	**8,045**	**—**	**9,925**
Amortization	—	289	41	2,600	—	**2,929**
As of 31 Dec 2018	**—**	**1,988**	**221**	**10,645**	**—**	**12,854**
Amortization	—	289	—	3,078	—	**3,367**
Currency effects	—	—	—	(4)	—	**(4)**
As of 31 Dec 2019	**—**	**2,277**	**221**	**13,719**	**—**	**16,217**

Net book values:

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 31 Dec 2018	**12,113**	**1,155**	**—**	**7,568**	**1,606**	**22,442**
As of 31 Dec 2019	**12,113**	**867**	**—**	**5,608**	**4,946**	**23,534**

In fiscal year 2019, the useful life of the online shop system was extended by 2 years. The amortization of intangible assets was reduced by EUR 1,011k as a result of this adjustment. This realignment is expected to have an effect of EUR 708k in 2020.

The Mister Spex Group performed an impairment test of goodwill of the two cash-generating units *Nordic Eyewear* and *Lensit* as of 30 November 2019. As of 30 November 2019, the *Nordic Eyewear* and *Lensit* cash-generating units were allocated goodwill of EUR 6,854k (prior year: EUR 6,854k) and EUR 5,259k (prior year: EUR 5,259k), respectively, as in the prior year.

The recoverable amount of the *Lensit* cash-generating unit was determined on the basis of the value in use in a discounted cash flow calculation. The impairment test was based on the business plan for fiscal years 2020 to 2026. A discount rate of 9.4% p.a. after taxes (11.4% before taxes) was used. Cash flows beyond the seven-year medium-term forecast are extrapolated using a growth rate of 2%.

The recoverable amount of the *Nordic Eyewear* cash-generating unit was also determined on the basis of the value in use in a discounted cash flow calculation. The impairment test was based on the business plan for the fiscal years from 2020 to 2026. A discount rate of 9.4% p.a. after taxes (11.6% before taxes) was used. Cash flows beyond the seven-year medium-term forecast are extrapolated using a growth rate of 2%.

The impairment test is based on cash flow projections for the cash-generating units and estimates concerning the future market development. The seven-year planning period reflects the long-term business plan. The recognized cash flows were derived from past information. In the business plans for subsequent years, growth in the operating margin for both reporting units is expected over an initial four-year period. Growth for both reporting units is expected to slow beyond this period and will amount to 2% in the terminal value period. The assumptions made by management concerning the general business development in the e-commerce sector correspond to the expectations of sector experts and market observers.

7. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment are presented below:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 1 Jan 2018	**2,310**	**5,574**	**183**	**8,067**
Additions	304	1,313	756	**2,373**
Reclassifications	593	341	(934)	**—**
As of 31 Dec 2018	**3,207**	**7,228**	**5**	**10,440**
Additions	868	808	2,214	**3,890**
Reclassifications	—	1,549	(1,549)	**—**
Disposals	—	(10)	—	**(10)**
Currency effects	0	1	—	**1**
As of 31 Dec 2019	**4,075**	**9,576**	**669**	**14,320**

Amortization and impairment losses:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 1 Jan 2018	**206**	**2,313**	**—**	**2,520**
Depreciation and impairment	266	983	—	**1,249**
Currency effects	0	2	—	**2**
As of 31 Dec 2018	**472**	**3,299**	**—**	**3,771**
Amortization and impairment	323	1,043	—	**1,366**
Disposals	—	(5)	—	**(5)**
Currency effects	0	0	—	**0**
As of 31 Dec 2019	**795**	**4,337**	**—**	**5,132**

Net book values:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 31 Dec 2018	**2,734**	**3,930**	**5**	**6,669**
As of 31 Dec 2019	**3,280**	**5,239**	**669**	**9,188**

Management did not identify any signs of impairment of property, plant and equipment in the fiscal year. No borrowing costs were capitalized in the reporting period.

8. Financial assets

Financial assets break down into current and non-current assets as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Non-current financial assets	1,884	1,440
Current financial assets	18,073	3,252
Total	**19,957**	**4,692**

All financial assets are classified and measured at amortized cost in accordance with IFRS 9.

Non-current financial assets of EUR 1,884k (prior year: EUR 1,440k) relate solely to receivables from rent deposits and collateral pledged.

Non-current receivables from rent deposits and collateral pledged are recognized at their respective carrying amounts, since they bear interest at market interest rates.

Current financial assets comprise trade receivables of EUR 1,425k (prior year: EUR 1,739k), receivables from purchases by invoice of EUR 911k (prior year: EUR 892k) and other financial assets.

Trade receivables are generally on terms of 30 to 90 days and are non-interest bearing.

The other financial assets of EUR 14,930k relate to an outstanding contribution for the resolved capital increase that was fully paid in at the beginning of fiscal year 2020 and was transferred to equity upon entry in the commercial register.

As the Group has not experienced any historical default events in relation to its current and non-current financial assets and, in light of the good credit quality of its debtors, it does not expect any significant losses, it did not recognize any expected credit losses in the fiscal year.

9. Inventories

Inventories comprise the following:

In EUR k	**31 Dec 2019**	**31 Dec 2018**
Raw materials, consumables and supplies	416	335
Merchandise	14,170	13,891
Inventories	**14,586**	**14,226**

Write-downs on inventories amounted to EUR 35k in the reporting period (prior year: EUR 51k) and reflect the estimated inventories at risk at year-end.

The acquisition or production costs of inventories recorded as expenses under cost of materials amount to EUR 74,464k (previous year EUR 66,559k).

10. Other non-financial assets

As of 31 December 2019, other non-financial assets amounted to EUR 3,496k (prior year: EUR 3,168k).

Other non-financial assets again comprise VAT receivables, prepayments and other receivables this fiscal year.

All other non-financial assets are classified as current.

No specific bad debt allowances were recognized, nor are there any receivables that are impaired or past due.

11. Cash and cash equivalents

Cash and cash equivalents largely comprise bank balances and are not subject to any restraint on disposal.

12. Equity

The subscribed capital which is entered in the commercial register and is fully paid in amounts to EUR 1,124k (prior year: EUR 983k).

The capital reserves include additional shareholder contributions of EUR 24,542k (prior year: EUR 4,478k) from capital increases in the fiscal year. In addition, amounts arising from share-based payment transactions pursuant to IFRS 2 of EUR 1,080k (prior year: EUR 127k) were reflected.

Directly attributable transaction costs of EUR 914k were incurred in connection with the capital increases and were deducted directly from the capital reserve less a tax benefit of EUR 276k.

After a resolution to carry out another capital increase was adopted in December 2019, the called contributions of EUR 70k were paid into the capital stock in full. The capital increase was entered in the commercial register in January 2020.

As of the reporting date of 31 December 2019, authorized capital 2013 amounted to EUR 15k, authorized capital 2014 to EUR 84k, authorized capital 2016 to EUR 8k, authorized capital 2017 to EUR 33k and authorized capital 2019 to EUR 81k. The authorized capital also serves to create equity in connection with the employees' share-based payments.

Other comprehensive income solely includes gains or losses from currency translation.

13. Share-based payments

The Group has set up four stock option plans which give eligible employees the option of investing directly or indirectly in the Company's equity instruments. The share-based payment awards granted by the Mister Spex Group are equity-settled plans. In the reporting period, a total expense of EUR 1,080k was recognized in this connection.

The vesting period for the equity-settled share-based payment awards is usually 48 months. The first tranche vests after 12 months, while the remaining tranches vest on a monthly basis in equal amounts over the residual vesting period. The share-based payment awards become exercisable after a certain period of time, when an exit event occurs or the participant leaves.

The inputs used in the measurement were determined as follows: The share price used was derived from the financing rounds performed close to the issue date and a sale of shares. The expected volatility is based on the development of the share price volatility of comparable companies (peer group) over the expected term of the option in each case. The maturity-matched risk-free interest rate was calculated using the Svensson method.

The weighted average share value at the date of exercise of an option exercised during the 2019 reporting period amounted to EUR 138.38 (prior year: EUR 160.00).

ESOP I

The payment awards granted by Mister Spex GmbH in Germany under Employee Stock Option Program I (ESOP I) were granted at different times between 2012 and 2015.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2018	47,193	11.33
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	926	1.00
Options outstanding on 31 Dec 2018	46,267	11.33
Options exercisable on 31 Dec 2018	46,267	11.33
Options outstanding on 1 Jan 2019	46,267	11.33
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	6,012	3.88
Options outstanding on 31 Dec 2019	40,255	12.44
Options exercisable on 31 Dec 2019	40,255	12.44

The range of exercise prices for options issued and outstanding under ESOP I as of the reporting date was EUR 1 to EUR 65 (prior year: EUR 1 to EUR 65); of which 32,870 outstanding options (prior year: 38,422 outstanding options) have an exercise price of EUR 1, 460 outstanding options (prior year: 920 outstanding options) have an exercise price of EUR 38.66 and 6,925 outstanding options (prior year: 6,925 outstanding options) have an exercise price of EUR 65. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the option plan.

The weighted average fair value of an option granted in fiscal year 2015 is EUR 83.73. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 65.92
Weighted average exercise price (EUR)	EUR 12.44
Expected volatility (%)	14.73% to 38.68%
Expected option term (years)	2.72 to 5.31
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.28)% to 1.33%

ESOP II

Employee Stock Option Program II (ESOP II) was introduced by Mister Spex GmbH in October 2015. The vesting conditions are the same as under ESOP I.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2018	48,625	65.39
Options granted during the period	—	—
Options forfeited during the period	2,195	65.39
Options exercised during the period	—	—
Options outstanding on 31 Dec 2018	46,430	65.39
Options exercisable on 31 Dec 2018	42,474	65.39
Options outstanding on 1 Jan 2019	46,430	65.39
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	4,088	65.39
Options outstanding on 31 Dec 2019	42,342	65.39
Options exercisable on 31 Dec 2019	40,161	65.39

No new options under ESOP II were issued during the 2019 reporting period. The uniform exercise price for option rights outstanding under ESOP II as of the reporting date was EUR 65.39. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2017 is EUR 76.77. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 107.91
Weighted average exercise price (EUR)	EUR 65.39
Expected volatility (%)	33.47% to 36.93%
Expected option term (years)	1.85 to 3.22
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.80)% to (0.22)%

ESOP III

Employee Stock Option Program III (ESOP III) is the name of the current employee stock option program launched in November 2017. The vesting conditions are the same as under ESOP I and II.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2018	12,550	160.00
Options granted during the period	7,100	160.00
Options forfeited during the period	2,229	160.00
Options exercised during the period	—	—
Options outstanding on 31 Dec 2018	17,421	160.00
Options exercisable on 31 Dec 2018	3,601	160.00
Options outstanding on 1 Jan 2019	17,421	160.00
Options granted during the period		—
Options forfeited during the period	200	160.00
Options exercised during the period	—	—
Options outstanding on 31 Dec 2019	17,221	160.00
Options exercisable on 31 Dec 2019	8,190	160.00

No options under ESOP III were exercised during the 2019 reporting period. The uniform exercise price for option rights outstanding under ESOP III as of the reporting date was EUR 160.00. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2018 is EUR 20.03. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the new options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 155.59
Weighted average exercise price (EUR)	EUR 160.00
Expected volatility (%)	28.86% to 33.60%
Expected option term (years)	1.07 to 2.36
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.79)% to (0.59)%

ESOP IV

Employee Stock Option Program IV (ESOP IV) is the name of the current employee stock option program launched in January 2019. The vesting conditions are largely the same as under ESOP IV.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2019	70,800	132.69
Options granted during the period		
Options forfeited during the period		
Options exercised during the period		
Options outstanding on 31 Dec 2019	70,800	132.69
Options exercisable on 31 Dec 2019	—	—

The uniform exercise price for option rights outstanding under ESOP IV as of the reporting date was EUR 132.69. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2019 is EUR 132.69. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the new options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 138.38
Weighted average exercise price (EUR)	EUR 132.69
Expected volatility (%)	34.39%
Expected option term (years)	1.86
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.90)%

14. Financial liabilities

Financial liabilities mainly include current and non-current liabilities to banks, trade payables and refund liabilities to customers from anticipated returns.

As of 31 December 2019, financial liabilities had the following maturities based on the contractually agreed amounts:

In EUR k	**Up to one year**	**One to five years**	**More than five years**	**Total**
As of 31 Dec 2019				
Liabilities to banks	290	28,625	—	**28,915**
Trade payables	10,695	—	—	**10,695**
Refund liabilities	2,038	—	—	**2,038**
Other financial liabilities	15,539	—	—	**15,539**
Financial liabilities	**28,563**	**28,625**		**57,188**
As of 31 Dec 2018				
Liabilities to banks	2,351	24,637	—	**26,988**
Trade payables	9,799	—	—	**9,799**
Refund liabilities	1,899	—	—	**1,899**
Other financial liabilities	504	—	—	**504**
Financial liabilities	**14,553**	**24,637**	**—**	**39,190**

Liabilities to banks are secured by pledges or assignment as security of assets such as property, plant and equipment, receivables, bank balances, inventories and shares in subsidiaries. The carrying amounts of the financial liabilities corresponded to their fair values.

The following table shows the reconciliation carried out by the Group from the opening to the closing balance of other financial liabilities:

in EUR k	**2019**	**2018**
Financial liabilities – 1 Jan	**27,492**	**23,457**
Change due to cash flow from financing activities		
Loans and borrowings raised	2,500	32,000
Repayment of loans and borrowings	(2,060)	(23,641)
Total change	**440**	**8,359**
Other cash and non-cash changes		
Contribution made to effect the resolved capital increase	69	(519)
Contribution not yet made to effect the resolved capital increase	14,930	(3,980)
Other financial liabilities	1,524	175
Total change	**16,523**	**(4,324)**
Financial liabilities – 31 Dec	**44,455**	**27,492**

Other financial liabilities include an outstanding contribution of EUR 14,930k from the resolved capital increase, which was fully paid in at the beginning of the 2020 financial year, and liabilities from credit notes from returns of EUR 494k to our customers.

15. Leases

Leases comprise rental agreements for office, warehouse and store space, usually with terms between 5 and 10 years. There are several lease contracts that include extension and termination options and variable payments, which are further discussed below.

Up to and including 2018, the Group only accounted for operating leases in accordance with IAS 17.

The carrying amounts of right-of-use assets in the statement of financial position are as follows:

In EUR k	**Commercial and office space**
As of 1 Jan 2019	**20,049**
Additions	9,310
Depreciation	(3,544)
As of 31 Dec 2019	**25,814**

EUR 8,679k of the additions relates to new rental agreements, most of which were concluded for retail space.

The following table presents the carrying amounts of the lease liabilities and the changes in the fiscal year:

In EUR k	**Commercial and office space**
As of 1 Jan 2019	**20,049**
Additions	9,224
Accretion of interest	726
Payments	(3,562)
As of 31 Dec 2019	**26,436**
Thereof current	3,455
Thereof non-current	22,981

The following amounts were recognized in profit and loss in the reporting period:

In EUR k	**2019**
Depreciation of right-of-use assets	3,544
Interest expense on lease liabilities	726
Expense for variable lease payments not included in the lease liabilities	398
Total	**4,668**

The table below summarizes the maturities of the Group's lease liabilities as of 31 December 2019 based on contractual undiscounted payments:

These disclosures are made on the basis of contractual discounted payments:

In EUR k	**Up to one year**	**One to five years**	**More than five years**	**Total**
As of 31 Dec 2019				
Lease liabilities	3,455	17,399	5,582	**26,436**

This information is based on contractual, undiscounted payments:

In EUR k	**Up to one year**	**One to five years**	**More than five years**	**Total**
As of 31 Dec 2019				
Lease liabilities	4,595	19,729	5,837	**30,161**

The Group's cash outflows for leases came to EUR 3,960k in the fiscal year, of which EUR 539k related to fixed payments and EUR 3,022k related to variable payments that depend on the price index. The other variable payments not included in the measurement of the lease liability are based on consumption and totaled EUR 398k in the fiscal year.

In fiscal year 2019, the adjustments of contractual terms gave rise to a EUR 607k increase in recognized lease liabilities and right-of-use assets.

The Group did not exercise any termination options in the reporting period.

In addition, Mister Spex has entered into several leasing agreements that have not yet started. These relate to additional retail space for our future stores. Additional payments of EUR 9m are expected in the non-cancellable term.

16. Other non-financial liabilities

Other non-financial liabilities comprise current and non-current liabilities.

While other non-current non-financial liabilities include liabilities from government grants, other current non-financial liabilities mainly comprise VAT liabilities, liabilities from outstanding invoices and accrued personnel-related expenses.

17. Provisions

Current provisions include warranty provisions of EUR 573k for products sold during the fiscal year.

Non-current provisions of EUR 126k (prior year: EUR 88k) primarily relate to an asset retirement obligation.

VIII. Other notes

18. Financial risk management

In the ordinary course of business, the Mister Spex Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk).

The financial instruments used by the Mister Spex Group exclusively comprise current and non-current loans from banks, cash and cash equivalents and factoring instruments which serve to finance its business activities. The Group also has further other financial assets and liabilities at its disposal such as other trade receivables and trade payables, which are directly associated with business activities.

Group management is responsible for managing the risks and develops principles for overall risk management. The significant risks are presented below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The risk of default is very low due to the payment structures. The Mister Spex Group transferred the del credere risk for purchases by invoice to third parties in full. Credit risks do not arise from PayPal or prepayments. Credit card risks are closely monitored and managed.

With regard to other receivables and assets that are neither past due nor impaired on the reporting date, there were no indications that the customers will be unable to meet their payment obligations.

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations. The Group is exposed to the risk of daily calls on its available cash resources. Liquidity risk is managed by the management of the Company.

The Group manages liquidity development in the course of annual budgeting and on a monthly basis, paying appropriate attention to incoming and outgoing payments on financial liabilities.

As of 31 December 2019, the Group's current assets (EUR 60,199k; prior year: EUR 30,105k) exceeded its current liabilities (EUR 38,485k; prior year: EUR 20,663k) by EUR 21,714k (prior year: EUR 9,442k). The Group's liquidity portfolio solely comprises cash and cash equivalents, allowing it to meet unexpected liquidity needs at short notice.

The Group's current financial liabilities as of 31 December 2019 amounted to EUR 15,830k (prior year: EUR 2,855k) and consisted exclusively of short-term liabilities due within one year. As of 31 December 2019, there were also non-current financial liabilities of EUR 28,625k (prior year: EUR 24,637k).

Non-current financial liabilities include liabilities to banks that are due on 1 May 2021. Under the covenant arising from the debt rescheduling, the Group is obliged to hold cash and cash and cash equivalents in an average amount of EUR 2m.

As of the reporting date there were undrawn credit facilities of EUR 8m (prior year: EUR 5m).

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency positions, primarily with respect to the Swedish krona (SEK), the Norwegian krona (NOK), the Swiss franc (CHF) and the British pound (GBP). Currency risk arises from future commercial transactions and assets and liability positions.

There are two kinds of currency risk. While translation risk describes the risk of exchange differences leading to changes in the items of the statement of financial position and income statement of a subsidiary when the local separate financial statements are translated into the group currency, transaction risk represents exchange differences at transaction level. Exchange differences resulting from translation risk are presented in equity.

The sensitivities of transaction risk, which the Company regards as the greater risk, are as follows: if the euro had appreciated by 5% as of 31 December 2019 against the foreign currencies under analysis, earnings before taxes would have been EUR 464k (prior year: EUR 343k) lower. If the value had depreciated by 5%, earnings before taxes would have been EUR 471k (prior year: EUR 349k) higher.

Interest rate risk

The interest rates of the long-term credit agreements are contractually agreed. The interest rate for each loan is the sum of several fixed components plus one variable component. This variable component is dependent on the one-month EURIBOR interest rate being exceeded. Currently, the one-month EURIBOR interest rate is further below the limit than in previous years, so that no interest rate risk is expected from this development.

19. Capital management

The Mister Spex Group is not subject to any obligations to preserve capital either under the articles of incorporation and by-laws or contractual provisions. The financial ratios used for corporate management are largely performance-oriented. The capital management objectives, methods and processes are geared to achieving the performance-based financial ratios with the overarching goal to support business growth and secure the Company's continued existence in the long term. The flexibility needed in the provision of funds requires a healthy financial structure with a focus on equity. As debt instruments are already being used, capital management comprises equity and debt capital.

The key performance indicator for active capital management is the free cash flow (cash flows from operating activities and investing activities less interest payments) as a key indicator for changes in the liquidity situation. The free cash flow amounts to EUR -10,028k as 31 December 2019 (previous year: EUR -9,783k).

The targets set by management for this key figure were achieved both in the financial year and in the previous year.

20. Related parties

In accordance with IAS 24, parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

For the purposes of related party disclosures, the Mister Spex Group defines all shareholders of Mister Spex GmbH, the members of the management board of Mister Spex GmbH, including any of their immediate family members and any entity owned or controlled by such persons as a related party.

The Group had no business relationships with related parties in the reporting year apart from the business relationships with its consolidated subsidiaries.

Key management compensation

The management board comprises Dirk Graber and Dr. Mirko Caspar.

In EUR k	**2019**	**2018**
Short-term benefits		
Salaries	589	610
Share-based payments		
Granting of options	437	24
Total	**1,026**	**635**

Advisory board member compensation

Expenses for advisory board compensation came to EUR 72k in 2019 (prior year: EUR 72k).

21. Commitments and contingencies

The Group rents office, warehouse and retail space under non-cancelable operating leases with terms of up to 10 years. As from 1 January 2019, the Group has adopted the new IFRS 16 and now recognizes right-of-use assets and lease liabilities for these leases.

The following table shows the total future minimum lease payments under non-cancelable operating leases which were classified as non-lease components and the rental agreements which have been concluded but where the rented space has not yet been handed over. It also contains other financial obligations.

In EUR k	**2019**
Up to one year	3,743
Between one and five years	3,771
More than five years	759
Total commitments	**8,273**

22. Significant subsidiaries

Mister Spex GmbH, as the group parent, held direct and indirect equity investments in the following subsidiaries as of 31 December 2019:

Subsidiary	**Registered office**	**Equity (in EUR k)**	**Profit or loss for the period (in EUR k)**	**Share in equity (in %)**	
				2019	**2018**
International Eyewear GmbH	Berlin, Germany	25	0	100	100
Mister Spex France SAS	Rouen, France	(75)	(4)	100	100
Nordic Eyewear Holdings AB	Stockholm, Sweden	792	(1,706)	100	100
Nordic Eyewear AB	Stockholm, Sweden	6,673	152	100	100
Lensit.no AS	Karmsund, Norway	1,087	885	100	100

The voting interests in the subsidiaries are the same as the ownership interests presented in the table.

23. Number of employees

	2019	2018
Male	331	297
Female	444	373
Total	**775**	**670**

The average number of employees in the Group during the fiscal year was 775 (prior year: 670); there were 600 full-time equivalents (prior year: 574).

24. Auditor's fees

The auditor's fees paid to Ernst & Young Wirtschaftsprüfungsgesellschaft recognized as an expense in the reporting period come to EUR 125k for the audit (separate and consolidated financial statements) (prior year: EUR 84k) and EUR 31k for audit-related services.

25. Events after the reporting date

There were no other events after the reporting date which have a significant financial effect.

Berlin, 27 March 2020

Management Board

Dirk Graber　　　　Dr. Mirko Caspar

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code), as well as the group management report, which was combined with the management report of the Company ("**Combined Management Report**"), prepared on the basis of German commercial law (HGB), of Mister Spex GmbH, Berlin, as of and for the fiscal year ended December 31, 2019 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The Combined Management Report is not part of this Prospectus.*

Independent auditor's report

To Mister Spex GmbH

Opinions

We have audited the consolidated financial statements of Mister Spex GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Mister Spex GmbH, which was combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the information in the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] (disclosure on women´s quota) included in the group management report section VII.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of its financial performance for the fiscal year from 1 January to 31 December 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the information pursuant to Sec. 289f (4) HGB (disclosure on women´s quota) included in section VII.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosure on women´s quota).

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 27 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	von Michaelis
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 (prepared in accordance with IFRSs) of Mister Spex GmbH, Berlin

Consolidated statement of comprehensive income

Consolidated income statement (in EUR k)	Note	2018	2017
Revenue	1.	122,778	104,265
Other own work capitalized	6.	3,184	2,562
Other operating income	3.	734	2,537
Total operating performance		**126,696**	**109,364**
Cost of materials		(66,559)	(57,938)
Personnel expenses	2., 13.	(24,268)	(20,599)
Other operating expenses	3.	(36,906)	(37,274)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**(1,037)**	**(6,447)**
Amortization, depreciation and impairment	6., 7.	(4,178)	(4,552)
Earnings before interest and taxes (EBIT)		**(5,216)**	**(10,999)**
Financial result	4.	(5,129)	(2,171)
Earnings before taxes (EBT)		**(10,344)**	**(13,170)**
Income taxes	5.	(404)	(344)
Loss for the period		**(10,748)**	**(13,515)**
Thereof loss attributable to the shareholders of Mister Spex GmbH		(10,748)	(13,515)

Consolidated statement of comprehensive income for fiscal year 2018 in EUR k		
Loss for the period	**(10,748)**	**(13,515)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign financial statements	(17)	(35)
Other comprehensive income	**(17)**	**(35)**
Total comprehensive loss	**(10,765)**	**(13,550)**
Thereof loss attributable to the shareholders of Mister Spex GmbH	(10,765)	(13,550)

Consolidated statement of financial position

In EUR k	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets		**30,551**	**28,094**
Goodwill	6.	12,113	12,113
Intangible assets	6.	10,329	9,211
Property, plant and equipment	7.	6,669	5,547
Other financial assets	8.	1,440	1,223
Current assets		**30,105**	**31,751**
Inventories	9.	14,226	14,972
Right of return assets	10.	689	0
Trade receivables	8.	1,739	0
Other financial assets	8.	1,513	6,463
Other non-financial assets	10.	3,168	4,105
Cash and cash equivalents	11.	8,770	6,211
Total assets		**60,656**	**59,845**
EQUITY AND LIABILITIES			
Equity	12.	**13,311**	**19,449**
Subscribed capital		983	960
Capital reserves		76,535	71,929
Other reserves		(779)	(761)
Accumulated loss		(63,427)	(52,679)
Non-current liabilities		**26,681**	**17,499**
Provisions	16.	88	32
Liabilities to banks	14.	24,637	15,687
Other non-financial liabilities	15.	870	805
Deferred tax liabilities	5.	1,086	975
Current liabilities		**20,663**	**22,896**
Provisions	16.	401	0
Trade payables	14.	9,799	10,480
Refund liabilities	14.	1,899	0
Liabilities to banks	14.	2,351	2,928
Other financial liabilities	14.	504	4,841
Contract liabilities	1.	1,504	0
Other non-financial liabilities	15.	4,205	4,647
Total equity and liabilities		**60,656**	**59,845**

Consolidated statement of changes in equity

In EUR k	Note	Equity attributable to equity holders of the parent					
		Subscribed capital	Treasury shares	Capital reserves	Other reserves	Accumulated loss	Total
As of 1 Jan 2017		**974**	**(67)**	**60,709**	**(726)**	**(39,129)**	**21,761**
Loss for the period						(13,515)	(13,515)
Other comprehensive income					(35)		(35)
Total comprehensive loss							(13,550)
Capital increases		54		10,843			10,897
Transaction costs				(102)			(102)
Share-based payments				480			480
Other						(36)	(36)
As of 31 Dec 2017		**1,027**	**(67)**	**71,929**	**(761)**	**(52,679)**	**19,449**
Loss for the period						(10,748)	(10,748)
Other comprehensive income					(17)		(17)
Total comprehensive loss							(10,765)
Capital increases	12.	22		4,478			4,500
Share-based payments	13.			127			127
As of 31 Dec 2018		**1,050**	**(67)**	**76,535**	**(779)**	**(63,427)**	**13,311**

Consolidated statement of cash flows

Consolidated statement of cash flows in EUR k	Note	2018	2017
Operating activities			
Profit or loss for the period		(10,748)	(13,515)
Adjustments for:			
Finance income	4.	(153)	(301)
Finance costs	4.	5,282	2,472
Income tax expense	5.	404	344
Amortization of intangible assets	6.	2,929	3,613
Depreciation of property, plant and equipment	7.	1,249	943
Non-cash expenses for share-based payments	13.	127	480
Increase (+)/decrease (-) in non-current provisions	16.	56	7
Increase (-)/decrease (+) in inventories	9.	745	(4,130)
Increase (-)/decrease (+) in other assets	8.	3,225	(5,572)
Increase (+)/decrease (-) in trade payables and other liabilities	14.-15.	(1,831)	6,715
Income tax paid	5.	(196)	(110)
Interest paid		(4,454)	(1,875)
Interest received		2	3
Cash flow from operating activities		**(3,364)**	**(10,925)**
Investing activities			
Investments in property, plant and equipment	7.	(2,373)	(3,298)
Investments in intangible assets	6.	(4,047)	(3,389)
Cash flow from investing activities		**(6,420)**	**(6,686)**
Financing activities			
Cash paid for the acquisition of non-controlling interests		0	(1,999)
Cash received from capital increases, net of transaction costs	12.	3,980	10,794
Cash received for the resolved capital increase	12.	1	520
Cash received from borrowings	14.	32,000	10,477
Cash outflows from repayment of borrowings	14.	(23,641)	(4,231)
Cash flow from financing activities		**12,340**	**15,561**
Net increase in cash		**2,557**	**(2,050)**
Effect of exchange rate changes on cash		2	(4)
Cash and cash equivalents at the beginning of the period		6,211	8,265
Cash and cash equivalents at the end of the period		**8,770**	**6,211**

Notes to the consolidated financial statements

I. Information on the Company

The consolidated financial statements of Mister Spex GmbH and its subsidiaries for the fiscal year ended 31 December 2018 were approved and authorized for issue by management resolution dated 28 March 2019. Mister Spex GmbH was established on 8 January 2008 at Greifswalder Strasse 156, 10409 Berlin, Germany. The Company is entered in the commercial register of Charlottenburg Local Court under HRB no. 111176 B.

The Group primarily engages in the marketing of glasses, sunglasses and contact lenses in Europe.

II. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements were prepared applying Sec. 315e HGB [“Handelsgesetzbuch”: German Commercial Code] in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board in effect and adopted by the European Union (EU) at the reporting date and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB.

The consolidated financial statements have been prepared on an historical cost basis except for certain financial instruments and share-based payments, which were measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The first-time application of the new financial reporting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers resulted in changes in accounting policies. A reconciliation of the effects of these accounting policies on both the current and prior years is provided in the notes on the individual items. The changes in accounting policies are also explained in chapter V.

The income statement within the statement of comprehensive income has been prepared using the nature of expense method.

For computational reasons, rounding differences to the mathematically exact values may occur in tables.

Presentation currency

The consolidated financial statements were prepared in euro (EUR), which is the functional and presentation currency of the Group, and all values in the consolidated financial statements and the related notes are rounded to the nearest thousand (EUR 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 GmbH and its subsidiaries as of 31 December 2018. Control within the meaning of IFRS 10 is achieved when the Group is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect its returns)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized. Any resultant gains or losses are recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

Five entities were fully consolidated in the fiscal year. There were no changes in the basis of consolidation compared with the prior year.

These consolidated financial statements are prepared for fiscal year 2018 with a reporting period from 1 January to 31 December. The consolidated entities also have the calendar year as their fiscal year.

The structure of the Group is described in note (21).

The financial statements of the entities included in the consolidated financial statements were prepared in accordance with the uniform accounting and valuation methods of the parent company. The group entities each prepare their financial statements in their own functional currency.

Currency translation

The consolidated financial statements are presented in euros, which is the functional currency of Mister Spex GmbH and the Group's presentation currency, pursuant to IAS 21.

Items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially translated into the functional currency by the group entities at the respective rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot rate prevailing at the end of the reporting period. Any differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets, liabilities, financial position and financial performance of all the group entities are translated into the presentation currency as follows:

- The assets and liabilities of subsidiaries are translated at the closing rate on the reporting date.
- Income and expenses included in the statements of comprehensive income are translated using the exchange rate at the date of the transaction. If exchange rates do not fluctuate strongly, the weighted average rates are used instead.
- The equity of the subsidiaries is translated using the historical rate. All resulting exchange differences are recognized in other comprehensive income as an adjustment item for exchange differences on translating foreign operations.

The Group uses the following exchange rates:

	2018	2017
Norwegian k rone (NOK)		
Closing rate	9.9483	9.8403
Annual average exchange rate	9.5975	9.3270
Swedish k rona (SEK)		
Closing rate	10.2548	9.8438
Annual average exchange rate	10.2583	9.6351

III. Accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identified net assets.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements.

Acquisition-related costs such as advisory, legal, valuation and similar professional services are expensed as incurred. Acquisition-related costs and the costs to issue equity instruments are deducted from equity.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Measurement of the fair value of financial assets and liabilities

The Group measures financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the parties involved in setting the price always act in their economic best interest.

The following measurement hierarchy is used for fair value measurement. The inputs used in the valuation techniques are categorized in three levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When measuring fair value, the Group maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The categorization of valuation techniques in the various levels is reviewed at the end of each reporting period.

Current versus non-current classification

The Group presents its assets and liabilities in the statement of financial position based on current/non-current classification.

The Group classifies assets and liabilities as current if

- the asset is expected to be realized or the liability is due to be repaid in the normal operating cycle,
- the assets and liabilities are primarily held for trading,
- the asset is expected to be realized or the liability is due to settled within 12 months after the reporting date,
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

The Group classifies all other assets and liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Intangible assets

Intangible assets acquired separately are recognized initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets are recognized at the costs incurred in the development phase from the time when the technical and economic feasibility has been demonstrated until the time when the intangible asset has been completed.

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the asset and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and, if necessary, accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

Research costs were insignificant and were immediately expensed.

The useful lives of intangible assets are assessed as either finite or indefinite.

Internally generated and purchased intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the enterprise, as follows:

	Useful life in years
Customer lists	2.5 to 9.5
Software	2 to 3
Other licenses	3 to 10

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. These intangible assets are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Property, plant and equipment

Property, plant and equipment as well as assets under construction are stated at cost less accumulated depreciation and impairment, if any. Costs of minor repairs and maintenance are expensed as incurred. The present value of the expected cost for the decommissioning of assets after their use is included in the cost of the respective asset if the recognition criteria for a provision are met. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The residual values, useful lives and depreciation methods of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are depreciated using the straight-line method, with the cost being allocated over their estimated useful lives:

	Useful life in years
Plant and machinery	8 to 15
Furniture, fixtures and office equipment	3 to 20

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of seven years. A long-term growth rate is calculated and applied to project future cash flows after the seventh year.

Impairment losses are recognized in the income statement in the expense categories which are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in profit or loss.

Goodwill is tested for impairment once a year as of 30 November. A test is also performed if circumstances indicate that the value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Impairment losses relating to goodwill may not be reversed in future periods.

Inventories

Inventories are measured at the lower of cost or net realizable value on the reporting date. Net realizable value is the estimated selling price less the estimated costs to make the sale. The cost of items of inventory is determined on the basis of an item-by-item valuation by means of the weighted average cost method.

Inventories comprise merchandise and raw materials, consumables and supplies.

Adequate write-downs to the net realizable value provide for valuation risks resulting from slow-moving stock and/or reduced usability. Write-downs of inventories are reversed if the reasons for the write-down no longer exist.

Financial assets

The Group's financial assets mainly comprise cash and cash equivalents, trade receivables and other financial assets.

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the Company, this category includes trade receivables, receivables from purchases by invoice and other financial assets initially recognized at fair value.

Receivables from purchases by invoice are regularly assigned to a factor and derecognized (non-recourse factoring). In this connection, the Company transfers, on a notification basis, the cash flows to a third party which bears the full credit risk. No del credere risk is retained.

Trade receivables are recognized at the transaction price determined under IFRS 15. Refer to chapter V, where the effects of first-time application of IFRS 15 Revenue from Contracts with Customers are explained.

Losses arising from the impairment of financial assets are recorded in the income statement under other operating expenses in separate accounts.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The *financial assets at amortized cost (debt instruments)* category is the category most relevant to the consolidated financial statements.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The standard replaces the IAS 39 categories of loans and receivables, available-for-sale financial assets and financial assets held for trading. Financial assets were classified as loans and receivables under IAS 39 and measured at amortized cost using the effective interest (EIR) method.

The Group uses the new impairment model for financial assets measured at amortized cost introduced by IFRS 9. Mister Spex uses the simplified approach to assess credit risk and calculates the expected credit losses (ECL) using a loss allowance equal to the amount of the lifetime expected credit losses, regardless of the timing of the default. The new impairment model in accordance with IFRS 9 did not have a material effect on the financial assets recognized in the balance sheet, as trade receivables in particular are assigned to buyers of receivables. Refer to note (8) for more information.

A financial asset is generally derecognized when the contractual rights to receive the cash flows from the financial asset expire.

Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as liabilities or as loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other financial liabilities and loans and borrowings including bank overdrafts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

For purposes of subsequent measurement, trade payables and other financial liabilities are classified in the category *at amortized cost*.

The "loans and borrowings" category is most relevant to the consolidated financial statements. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement. Refer to note (14) for more information.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

The amendments to IFRS 9 did not have any effect on the classification or measurement of the Group's financial liabilities. All financial liabilities will continue to be measured at amortized cost in accordance with the EIR method.

Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized in accordance with IAS 37 when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount of the provision is the best estimate taking all identifiable risks from the obligation into account. The settlement value that is the most probable is used. Provisions with a term of more than one year were discounted to the reporting date.

Warranty provision

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is also classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancelable period for which the Company has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Share-based payments

In the Mister Spex Group, employees receive share-based payments in the form of equity instruments.

The payments granted to executive staff and employees are recognized as an expense, on the one hand, and as a contribution to capital reserves in the amount of the fair value, on the other. Expenses are recognized and amounts are allocated to the capital reserves over the contractually agreed vesting period. The fair value of the options issued is calculated at the grant date.

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not vest because a service condition was not observed. No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the original terms of the award had been met. Mister Spex also records the increase in the fair value of the promised equity instruments as a result of a modification.

When an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Refer to note (13) for more information.

Revenue from contracts with customers

The Company generates revenue primarily from the sale of glasses, sunglasses and contact lenses.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer, usually on delivery of the goods. Revenue is recognized at the amount of the consideration received or receivable. Usually, this is collected in advance of the rendering of services so that Mister Spex reports contract liabilities for the services still outstanding. The Group has generally concluded that it is the principal in its revenue arrangements because it regularly controls the goods or service before transferring them to the customer.

Rights of return

Our contracts for the sale of products provide customers with a right of return within a fixed period.

The Group uses the expected value method to estimate the goods that will not be returned, because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. It is measured at the amount the Group ultimately expects it will have to return to the customer. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are recognized under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Details on the accounting policy for warranty provisions are included in note (16).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract. The length of time between the transfer of the product to the customer and payment of the product can be up to 15 days. Refer to note (1) for more information.

Expense recognition

Operating expenses are recognized in profit or loss when a service is used or when the costs are incurred.

Interest is recognized as a financial income or expense item in the period to which it relates using the effective interest method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

The income tax expense or income relates to current and deferred taxes and is recognized in the income statement for the fiscal year.

Deferred taxes

Deferred tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- With regard to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

VAT

Expenses and assets are recognized net of VAT where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

IV. Significant accounting estimates and judgments in applying accounting policies

The preparation of financial statements in accordance with IFRSs requires management to make assumptions and estimates which impact the reported amounts as well as the related disclosures. Significant estimates and assumptions are made particularly with regard to the following matters:

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note (13).

Goodwill

Goodwill is tested for impairment in accordance with IAS 36 on an annual basis. The impairment test is based on the future net cash flows generated for individual assets or in groups of assets combined into cash-generating units. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. A discounted cash flow method is used to calculate the value in use, with the inputs classified as level 3 of the fair value hierarchy. The recoverable amount is sensitive to the discount rate used for the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

See section (6) of the notes to the consolidated financial statements on intangible assets and goodwill for further details regarding impairment testing.

V. Amendments and new accounting pronouncements

The Group applied IFRS 15 and IFRS 9 for the first time. No significant changes arose from the IFRSs and IFRICs that became effective for the first time. The nature and effect of the changes are described below.

IFRS 15 Revenue from Contracts with Customers

The Group applied the new revenue recognition standard IFRS 15 Revenue from Contracts with Customers for the first time as of 1 January 2018, using the modified retrospective approach. The comparative period is therefore presented in accordance with the accounting policies previously applicable.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In prior years, rights to the surrender of goods by customers in connection with their right of return and refund liabilities were recognized under other financial assets and under trade payables.

Prepayments received from customer orders were recognized under non-financial liabilities in prior years.

Transactions related to revenue from contracts with customers were recognized in separate statement of financial position items upon the first-time application of IFRS 15. Further quantitative effects on the individual items and their comparability to the prior year are described in note (1).

Income from marketing contracts and from compensation payments for contract-related losses was allocated to revenue in the income statement for the first time in the fiscal year. Outstanding receivables from our suppliers for marketing services are presented under trade receivables. In prior years, only income from the sale of products was recognized under revenue. All other revenue and income were allocated to other operating income in prior years and outstanding invoices to other financial assets. A presentation of the reclassification effects is provided in note (1).

Overall, the introduction of IFRS 15 did not have any significant effects on the accounting policies for the recognition of revenue within the Group. The Group already acted as principal under IAS 18, recognizing revenue when goods were delivered to the customer.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

IFRS 9 has no effects on the Group's cash flows or cash and cash equivalents or on equity. There were changes in classification without any impact on measurement, as shown below:

	Measurement under IFRS 9		
Measurement under IAS 39	*Fair value through profit or loss*	*At amortized cost*	*Fair value through OCI*
Loans and receivables			
Trade receivables		x	
Other financial assets		x	
Trade payables		x	
Other financial liabilities		x	

New accounting pronouncements that have not yet been applied

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will apply IFRS 16 using the modified retrospective approach. Effects arising from the conversion as of 1 January 2019 will be recognized directly in equity.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The new standard includes two recognition exemptions for lessees:

- Leases of low-value assets (as-new value of up to EUR 5,000)
- Short-term leases (i.e., leases with a lease term of 12 months or less)

Mister Spex will make use of these exemptions.

At the commencement date of a lease, the lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group completed its analysis of the effects of first-time application on the consolidated financial statements. The most relevant changes result from the recognition of new assets (right-of-use lease assets) and lease liabilities mainly from operating leases of delivery and logistics centers as well as shop and office space.

The nature and effects of the new requirements of IFRS 16 for the coming fiscal year are presented below:

Expected impacts on the statement of financial position as of 1 January 2019	**in EUR k**
Right-of-use assets and lease liability	20,049

Based on the information currently available, the Group would recognize additional lease liabilities of EUR 20,049k as of 1 January 2019 and right-of-use assets in the same amount in the consolidated statement of financial position.

The application of the new lease standard IFRS 16 is expected to affect individual components of the Group's profit or loss (expenses for operating leases replaced by amortization expenses for right-of-use assets and interest expenses for the lease liabilities) as shown below:

Expected impacts on profit or loss in 2019	**in EUR k**
EBITDA	3,362
EBIT	120
Financial result	(630)

Overall, the Group does not expect the application of IFRS 16 to have a material impact on future net income.

The IASB and the IFRS IC have also published further pronouncements that will not have a material impact on our consolidated financial statements.

VI. Notes to the consolidated statement of comprehensive income

1. Revenue

Revenue comprises sales of merchandise, marketing services provided and other services related to the core business.

While the marketing and other services are provided mainly in Germany, proceeds from the sale of our products break down by geographical market as follows:

In EUR k	**2018**	**2017**
Continental Europe	100,171	84,852
Scandinavia	20,519	19,413
Total	**120,690**	**104,265**

Revenue from marketing and other services provided amounted to EUR 2,088k in 2018. Of this amount, marketing revenue of EUR 1,874k and revenue from compensation payments for contract-related losses of EUR 214k are recognized in the revenue category for the first time under IFRS 15.

Reclassification effects and reconciliation effects to the prior year are as follows:

In EUR k	**2018**	**2017 adjusted**	**2017**
Revenue	122,778	106,086	104,265
thereof from marketing and from compensation payments	2,088	1,821	—
Other operating income	734	716	2,537
thereof from marketing and from compensation payments	—	—	1,821
Total	**123,512**	**106,802**	**106,802**

Contract liabilities of EUR 1,504k (prior year: EUR 924k) arising from prepayments received are generally settled within a few weeks after the reporting date by delivery of the products to customers. The prior-year amount was realized in full in fiscal year 2018. Contract liabilities were presented under other non-financial liabilities as of 31 December 2017.

Rights to the surrender of goods from anticipated returns in the amount of EUR 689k (prior year: EUR 354k) and refund liabilities of EUR 1,899k (prior year: EUR 1,018k) were presented as separate items in the statement of financial position upon the first-time application of IFRS 15.

Assets and liabilities under IFRS 15 Revenue from Contracts with Customers break down as follows:

In EUR k	2018	2017 adjusted	2017
Right of return assets	689	354	—
Other non-financial assets	3,168	3,751	4,105
thereof rights to the surrender of goods from anticipated returns	—	—	354
Refund liability	1,899	1,018	—
Provisions	401	371	—
thereof warranty provision	401	371	—
Trade payables	9,799	9,091	10,480
thereof refund liabilities	—	—	1,018
thereof warranty provision	—	—	371
Contract liabilities	1,504	924	—
Other non-financial liabilities	4,205	3,723	4,647
thereof contract liabilities	—	—	924

2. Personnel expenses

Personnel expenses developed as follows in the fiscal year:

In EUR k	2018	2017
Wages and salaries	20,589	17,465
Social security costs	3,679	3,134
Total	**24,268**	**20,599**

Social security costs include pension costs in the form of contributions to statutory pension insurance of EUR 1,642k (prior year: EUR 1,364k).

3. Other operating income and expenses

Other operating income for the fiscal year comprises income from subsidies of EUR 313k (prior year: EUR 382k), other out-of-period income of EUR 311k (prior year: EUR 296k) and other income of EUR 111k (prior year: EUR 37k).

Revenue form marketing and from compensation payments for contract-related losses was reclassified to revenue upon the first-time application of IFRS 15. Refer to note (1) for more information.

Other operating expenses for the fiscal year break down as follows:

In EUR k	2018	2017
Marketing costs	15,651	17,175
Freight and fulfillment costs	10,577	10,182
Expenses for business premises	6,391	4,945
External services	2,057	2,327
Legal and consulting fees	747	981
Insurance and other fees	276	227
Out-of-period expenses	150	33
Miscellaneous	1,056	1,405
Total	**36,906**	**37,274**

4. Finance income and costs

Finance income for the fiscal year breaks down as follows:

In EUR k	**2018**	**2017**
Interest income	4	11
Income from change in exchange rates	149	290
Total	**153**	**301**

Finance costs for the fiscal year break down as follows:

In EUR k	**2018**	**2017**
Interest expense	4,968	1,905
Expenses from change in exchange rates	314	568
Total	**5,282**	**2,472**

The higher interest expenses in 2018 are due to the one-time effect of a debt rescheduling in the amount of EUR 2,397k.

5. Income taxes

Income tax expense in profit or loss relate to the following items:

In EUR k	**2018**	**2017**
Current taxes	292	229
Deferred taxes	112	116
Income tax expense	**404**	**344**

The reconciliation of actual tax expense and the expected tax expense for fiscal years 2018 and 2017 is as follows:

in EUR k	**2018**	**2017**
Earnings before taxes	**(10,344)**	**(13,170)**
Tax rate	*28.95%*	*28.78%*
Expected tax income calculated at domestic tax rates applicable to earnings in the respective countries	2,995	3,790
Non-capitalized deferred taxes on tax losses	(2,580)	(4,098)
Non-deductible operating expenses	(945)	—
Other effects	126	(36)
Recognized income tax expense(-) / income(+)	**(404)**	**(344)**

The weighted average applicable tax rate was 28.95% (prior year: 28.78%) which was derived from the tax rates in the individual countries weighted by the relevant pre-tax earnings.

Deferred taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of these temporary differences and unused tax loss carryforwards is detailed below:

	Deferred tax assets		Deferred tax liabilities	
In EUR k	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Intangible assets from internally generated software		—	2,392	1,948
Intangible assets from business combinations		—	254	327
Other	4	10		—
Aggregate amount of temporary differences	**4**	**10**	**2,646**	**2,275**
Loss carryforwards recognized	1,556	1,290	0	0
Total deferred taxes (before offsetting)	**1,560**	**1,300**	**2,646**	**2,275**
Offsetting	(1,560)	(1,300)	(1,560)	(1,300)
Total deferred taxes (after offsetting)	**—**	**—**	**1,086**	**975**

As of the reporting date, there were unused corporate income tax losses of around EUR 48,422k (prior year: EUR 40,791k) and unused trade tax losses of EUR 45,187k (prior year: EUR 39,200k). The unused losses can be carried forward indefinitely.

VII. Notes to the consolidated statement of financial position

6. Goodwill and intangible assets

In EUR k	Goodwill	Customer lists	Brands	Software	Software under development	Total
As of 1 Jan 2017	**12,113**	**1,846**	**81**	**4,948**	**2,562**	**21,549**
Additions	—	—	—	253	3,136	**3,388**
Reclassifications	—	—	—	3,795	(3,795)	**—**
Amortization	—	(402)	(40)	(3,171)	—	**(3,613)**
As of 31 Dec 2017	**12,113**	**1,444**	**41**	**5,824**	**1,902**	**21,324**
Additions				1,325	2,722	**4,047**
Reclassifications				3,018	(3,018)	**—**
Amortization		(289)	(41)	(2,600)	—	**(2,929)**
As of 31 Dec 2018	**12,113**	**1,155**	**—**	**7,568**	**1,606**	**22,442**

The Mister Spex Group performed an impairment test of goodwill of the two cash-generating units *Nordic Eyewear* and *Lensit* as of 30 November 2018. As of 30 November 2018, the *Nordic Eyewear* and *Lensit* cash-generating units were allocated goodwill of EUR 6,854k (prior year: EUR 6,854k) and EUR 5,259k (prior year: EUR 5,259k), respectively, as in the prior year.

The recoverable amount of the *Lensit* cash-generating unit was determined on the basis of the value in use in a discounted cash flow calculation. The impairment test was based on the business plan for fiscal years 2019 to 2025. A discount rate of 8.4% p.a. after taxes (10.2% before taxes) was used. Cash flows beyond the seven-year medium-term forecast are extrapolated using a growth rate of 2%.

The recoverable amount of the *Nordic Eyewear* cash-generating unit was also determined on the basis of the value in use in a discounted cash flow calculation. The impairment test was based on the business plan for the fiscal years from 2019 to 2025. A discount rate of 8.4% p.a. after taxes (9.9% before taxes) was used. Cash flows beyond the seven-year medium-term forecast are extrapolated using a growth rate of 2%.

The impairment test is based on cash flow projections for the cash-generating units and estimates concerning the future market development. The seven-year planning period reflects the long-term business plan. The recognized cash flows were derived from past information. In the business plans for subsequent years, growth in the operating margin for both reporting units is expected over an initial four-year period. Growth for both reporting units is expected to slow beyond this period and will amount to 2% in the terminal value period. The assumptions made by management concerning the general business development in the e-commerce sector correspond to the expectations of sector experts and market observers.

7. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment are presented below:

In EUR k	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction	Total
As of 1 Jan 2017	**278**	**1,668**	**1,262**	**3,208**
Additions	634	890	1,773	3,298
Reclassifications	1,335	1,517	(2,852)	0
Depreciation	(144)	(800)	0	(944)
Disposals	0	(10)	0	(10)
Currency effects	0	(4)	0	(4)
As of 31 Dec 2017	**2,103**	**3,261**	**183**	**5,547**
Additions	304	1,313	756	2,373
Reclassifications	593	341	(934)	0
Depreciation	(266)	(983)	0	(1,249)
Currency effects	0	(1)	0	(1)
As of 31 Dec 2018	**2,734**	**3,930**	**5**	**6,669**

Management did not identify any signs of impairment of property, plant and equipment in the fiscal year. No borrowing costs were capitalized in the reporting period.

There were no restrictions on disposal rights or property, plant and equipment pledged as security for liabilities.

8. Financial assets

Financial assets break down into current and non-current assets as follows:

In EUR k	12/31/2018	12/31/2017
Non-current financial assets	1,440	1,223
Current financial assets	3,252	6,463
Total	**4,692**	**7,686**

All financial assets are classified and measured at amortized cost in accordance with IFRS 9 (2017: loans and receivables under IAS 39).

Non-current financial assets of EUR 1,440k (prior year: EUR 1,223k) relate solely to receivables from rent deposits and collateral pledged.

Non-current receivables from rent deposits and collateral pledged are recognized at their respective carrying amounts, since they bear interest at market interest rates.

Current financial assets comprise trade receivables of EUR 1,739k (prior year: EUR 860k), receivables from purchases by invoice of EUR 892k (prior year: EUR 884k) and other financial assets.

Trade receivables are generally on terms of 30 to 90 days and are non-interest bearing.

The outstanding contribution of EUR 3,980k for the resolved capital increase that was recognized under other financial assets in the prior year was made at the beginning of the fiscal year and transferred to equity upon entry in the commercial register.

As the Group did not have to account for any historical default events in its current and non-current financial assets and the Company does not expect any material defaults due to high credit-worthiness of its debtors, no expected credit losses were recognized in the fiscal year.

9. Inventories

Inventories comprise the following:

In EUR k	**12/31/2018**	**12/31/2017**
Raw materials, consumables and supplies	335	302
Merchandise	13,891	14,670
Inventories	**14,226**	**14,972**

Write-downs on inventories amounted to EUR 51k in the reporting period (prior year: EUR 40k) and reflect the estimated inventories at risk at year-end.

10. Other non-financial assets

As of 31 December 2018, other non-financial assets amounted to EUR 3,168k (prior year: EUR 4,105k).

Other non-financial assets again comprise VAT receivables, prepayments and other receivables this fiscal year.

All other non-financial assets are classified as current.

No specific bad debt allowances were recognized; there are no receivables that are impaired or overdue.

11. Cash and cash equivalents

Cash and cash equivalents largely comprise bank balances and are not subject to any restraint on disposal.

12. Equity

The subscribed capital which is entered in the commercial register and is fully paid in amounts to EUR 983k (prior year: EUR 960k).

The capital reserves include additional shareholder contributions of EUR 4,478k (prior year: EUR 10,843k) from capital increases in the fiscal year. In addition, amounts arising from share-based payment transactions pursuant to IFRS 2 of EUR 127k (prior year: EUR 480k) were reflected.

After a resolution to carry out another capital increase was adopted in December 2018, the called contributions of EUR 1k were paid into the capital stock in full. The capital increase was submitted for entry in the commercial register in the same month, but the entry did not become effective in fiscal year 2018.

As of the reporting date of 31 December 2018, authorized capital 2013 amounted to EUR 15k, authorized capital 2014 to EUR 95k, authorized capital 2016 to EUR 8k and authorized capital 2017 to EUR 33k. The authorized capital also serves to create equity in connection with the employees' share-based payments.

Other comprehensive income solely includes gains or losses from currency translation.

13. Share-based payments

The Group has set up three stock option plans which give eligible employees the option of investing directly or indirectly in the Company's equity instruments. The share-based payment awards granted by the Mister Spex Group are equity-settled plans. In the reporting period, a total expense of EUR 127k was recorded in this connection.

The vesting period for the equity-settled share-based payment awards is usually 48 months. The first tranche vests after 12 months, while the remaining tranches vest on a monthly basis in equal amounts over the residual vesting period. The share-based payment awards become exercisable after a certain period of time, when an exit event occurs or the participant leaves.

The inputs used in the measurement were determined as follows: The share price used was derived from the financing rounds performed close to the issue date and a sale of shares. The expected volatility is based on the development of the share price volatility of comparable companies (peer group) over the expected term of the option in each case. The maturity-matched risk-free interest rate was calculated using the Svensson method.

The weighted average share value at the date of exercise of an option exercised during the 2018 reporting period amounted to EUR 160.00 (prior year: EUR 160.00).

ESOP I

The payment awards granted by Mister Spex GmbH in Germany under Employee Stock Option Program I (ESOP I) were granted at different times between 2012 and 2015.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2017	47,201	11.33
Options granted during the period	—	—
Options forfeited during the period	—	—
Options exercised during the period	8	1.00
Options outstanding on 31 Dec 2017	47,193	11.33
Options exercisable on 31 Dec 2017	47,145	11.33
Options outstanding on 1 Jan 2018	47,193	11.33
Options granted during the period	—	1.00
Options forfeited during the period	—	—
Options exercised during the period	926	1.00
Options outstanding on 31 Dec 2018	46,267	11.33
Options exercisable on 31 Dec 2018	46,267	11.33

The range of exercise prices for options issued and outstanding under ESOP I as of the reporting date was EUR 1 to EUR 65 (prior year: EUR 1 to EUR 65); of which 38,422 outstanding options (prior year: 39,348 outstanding options) have an exercise price of EUR 1, 920 outstanding options (prior year: 460 outstanding options) have an exercise price of EUR 38.66 and 6,925 outstanding options (prior year: 6,925 outstanding options) have an exercise price of EUR 65. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the option plan.

The weighted average fair value of an option granted in fiscal year 2015 is EUR 83.73. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 65.79
Weighted average exercise price (EUR)	EUR 11.33
Expected volatility (%)	14.73% to 38.68%
Expected option term (years)	2.72 to 5.31
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.28)% to 1.33%

ESOP II

Employee Stock Option Program II (ESOP II) was introduced by Mister Spex GmbH in October 2015. The vesting conditions are the same as under ESOP I.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2017	45,783	65.39
Options granted during the period	3,300	65.39
Options forfeited during the period	458	65.39
Options exercised during the period	—	—
Options outstanding on 31 Dec 2017	48,625	65.39
Options exercisable on 31 Dec 2017	31,208	65.39
Options outstanding on 1 Jan 2018	48,625	65.39
Options granted during the period		
Options forfeited during the period	2,195	65.39
Options exercised during the period		
Options outstanding on 31 Dec 2018	46,430	65.39
Options exercisable on 31 Dec 2018	42,474	65.39

No options under ESOP II were granted or exercised during the 2018 reporting period. The uniform exercise price for option rights outstanding under ESOP II as of the reporting date was EUR 65.39. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2017 is EUR 76.77. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 107.03
Weighted average exercise price (EUR)	EUR 65.39
Expected volatility (%)	33.47% to 36.93%
Expected option term (years)	1.85 to 3.22
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.90)% to (0.22)%

ESOP III

Employee Stock Option Program III (ESOP III) was introduced by Mister Spex GmbH in November 2017 and is still the current Stock Option Program. The vesting conditions are the same as under ESOP I and II.

The number of outstanding options developed as follows in the reporting period:

	Number	Weighted average exercise price (in EUR)
Options outstanding on 1 Jan 2017	—	—
Options granted during the period	12,550	160.00
Options forfeited during the period	—	—
Options exercised during the period	—	—
Options outstanding on 31 Dec 2017	12,550	160.00
Options exercisable on 31 Dec 2017	—	—
Options outstanding on 1 Jan 2018	12,550	160.00
Options granted during the period	7,100	160.00
Options forfeited during the period	2,229	160.00
Options exercised during the period		
Options outstanding on 31 Dec 2018	17,421	160.00
Options exercisable on 31 Dec 2018	3,601	160.00

No options under ESOP III were exercised during the 2018 reporting period. The uniform exercise price for option rights outstanding under ESOP III as of the reporting date was EUR 160.00. The beneficiaries may exercise vested options up to a maximum of six years after the start date specified in the contract.

The weighted average fair value of a new option granted in fiscal year 2018 amounts to EUR 20.03. The fair value of the option rights consists of the intrinsic value and the time value.

The Black-Scholes model was used to determine the fair values of the option rights. The inputs used to calculate the new options granted are summarized in the following overview:

Weighted average share value (EUR)	EUR 155.70
Weighted average exercise price (EUR)	EUR 160.00
Expected volatility (%)	28.86% to 33.60%
Expected option term (years)	1.07-2.36
Expected dividends (%)	0%
Maturity-matched risk-free interest rate (%)	(0.79)% to (0.59)%

14. Financial liabilities

Financial liabilities mainly include current and non-current liabilities to banks, trade payables and refund liabilities to customers from anticipated returns.

Refund liabilities were included in trade payables in the prior year. The full effects of the presentation of contract liabilities resulting from the first-time application of IFRS 15 are shown in a table in note (1).

As of 31 December 2018, financial liabilities had the following maturities based on the contractually agreed amounts:

In EUR k	**Up to one year**	**One to five years**	**More than five years**	**Total**
As of 31 Dec 2018				
Liabilities to banks	2,351	24,637	—	**26,988**
Trade payables	9,799	—	—	**9,799**
Refund liabilities	1,899	—	—	**1,899**
Other financial liabilities	504	—	—	**504**
Financial liabilities	**14,553**	**24,637**	**—**	**39,190**
As of 31 Dec 2017				
Liabilities to banks	2,928	15,687	—	**18,615**
Trade payables	10,480	—	—	**10,480**
Other financial liabilities	4,840	—	—	**4,840**
Financial liabilities	**18,248**	**15,687**	**—**	**33,935**

Liabilities to banks are secured by the pledging or assignment by way of security of industrial property rights, receivables and bank portfolios as well as shares in subsidiaries.

The following table shows the reconciliation carried out by the Group from the opening to the closing balance of other financial liabilities:

in EUR k	2018	2017
Financial liabilities – 1 Jan	**23,457**	**14,780**
Change due to cash flow from financing activities		
Loans and borrowings raised	32,000	10,477
Repayment of loans and borrowings	(23,641)	(4,231)
Total change	**8,359**	**6,246**
Other cash and non-cash changes		
Contribution made to effect the resolved capital increase	(519)	520
Share buyback	—	(1,963)
Contribution not yet made to effect the resolved capital increase	(3,980)	3,980
Other financial liabilities	175	(106)
Total change	**(4,324)**	**2,431**
Financial liabilities – 31 Dec	**27,492**	**23,457**

Mister Spex restructured funding in fiscal year 2018 in order to improve financing conditions and the cash flow profile. Costs related to the new loan amounted to EUR 280k in the fiscal year.

15. Other non-financial liabilities

Other non-financial liabilities comprise current and non-current liabilities.

While other non-current non-financial liabilities include liabilities from government grants, other current non-financial liabilities mainly comprise VAT liabilities, liabilities from outstanding invoices and accrued personnel-related expenses.

16. Provisions

Current provisions include warranty provisions of EUR 401k for products sold during the fiscal year. In the prior year, these obligations of EUR 371k were recognized in financial obligations.

Non-current provisions of EUR 88k (prior year: EUR 32k) primarily relate to an asset retirement obligation.

VIII. Other notes

17. Financial risk management

In the ordinary course of business, the Mister Spex Group is exposed to credit risk, liquidity risk and market risk (primarily currency and interest rate risk).

The financial instruments used by the Mister Spex Group exclusively comprise current and non-current loans from banks, cash and cash equivalents and factoring instruments which serve to finance its business activities. The Group also has further other financial assets and liabilities at its disposal such as other trade receivables and trade payables, which are directly associated with business activities.

Group management is responsible for managing the risks and develops principles for overall risk management. The significant risks are presented below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The risk of default is very low due to the payment structures. The Mister Spex Group transferred the del credere risk for purchases by invoice to third parties in full. Credit risks do not arise from PayPal or prepayments. Credit card risks are closely monitored and managed.

With regard to other receivables and assets that are neither past due nor impaired on the reporting date, there were no indications that the customers will be unable to meet their payment obligations.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency positions, primarily with respect to the Swedish krona (SEK), the Norwegian krona (NOK), the Swiss franc (CHF) and the British pound (GBP). Currency risk arises from future commercial transactions and assets and liability positions.

There are two kinds of currency risk. While translation risk describes the risk of exchange differences leading to changes in the items of the statement of financial position and income statement of a subsidiary when the local separate financial statements are translated into the group currency, transaction risk represents exchange differences at transaction level. Exchange differences resulting from translation risk are presented in equity.

The sensitivities of transaction risk, which the Company regards as the greater risk, are as follows: if the euro had appreciated by 5% as of 31 December 2018 against the foreign currencies under analysis, earnings before taxes would have been EUR 343k (prior year: EUR 267k) lower. If the value had depreciated by 5%, earnings before taxes would have been EUR 349k (prior year: EUR 271k) higher.

Interest rate risk

The interest rates of long-term loan agreements are contractually agreed and fixed. They are therefore not exposed to the customary interest rate risks.

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations. The Group is exposed to the risk of daily calls on its available cash resources. Liquidity risk is managed by the management of the Group.

The Group manages liquidity development in the course of annual budgeting and on a monthly basis, paying appropriate attention to incoming and outgoing payments on financial liabilities.

As of 31 December 2018, the Group’s current assets (EUR 30,105k; prior year: EUR 31,751k) exceeded its current liabilities (EUR 20,663k; prior year: EUR 22,896k) by EUR 9,442k (prior year: EUR 8,855k). The Group’s liquidity portfolio solely comprises cash and cash equivalents, allowing it to meet unexpected liquidity needs at short notice.

The Group’s current financial liabilities as of 31 December 2018 amounted to EUR 2,855k (prior year: EUR 7,769k) and consisted exclusively of short-term liabilities due within one year. As of 31 December 2018, there were also non-current financial liabilities of EUR 24,637k (prior year: EUR 15,687k).

Non-current financial liabilities include liabilities to banks that are due on 1 May 2021. Under the covenant arising from the debt rescheduling, the Group is obliged to hold cash and cash and cash equivalents in an average amount of EUR 2m.

18. Capital management

The Mister Spex Group is not subject to any obligations to preserve capital either under the articles of incorporation and by-laws or contractual provisions. The financial ratios used for corporate management are largely performance-oriented. The capital management objectives, methods and processes are geared to achieving the performance-based financial ratios with the overarching goal to support business growth and secure the Group’s continued existence in the long term. The flexibility needed in the provision of funds requires a healthy financial structure with a focus on equity. As debt instruments are already being used, capital management comprises equity and debt capital.

The key performance indicator for active capital management is the free cash flow (cash flows from operating activities and investing activities less interest payments) as a key indicator for changes in the liquidity situation.

19. Related parties

In accordance with IAS 24, parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

For the purposes of related party disclosures, the Mister Spex Group defines all shareholders of Mister Spex GmbH, the members of management of Mister Spex GmbH, including any of their immediate family members and any entity owned or controlled by such persons as a related party.

The Group had no business relationships with related parties in the reporting year apart from the business relationships with its consolidated subsidiaries.

Key management compensation

Management comprises Dirk Graber and Dr. Mirko Caspar.

In EUR k	2018	2017
Short-term benefits		
Salaries	610	457
Share-based payments		
Granting of options	24	89
Total	**635**	**545**

Advisory board member compensation

Expenses for advisory board compensation came to EUR 72k in 2018 (prior year: EUR 74k).

20. Commitments and contingencies

As of 31 December 2018, operating lease commitments and other obligations were as follows:

In EUR k	2018	2017
Up to one year	5,294	4,755
Between one and five years	3,613	3,729
More than five years	21,026	19,949
Total commitments	**29,933**	**28,433**

The leasing arrangements primarily include rental agreements for office and warehouse space. In fiscal year 2018, expenses under operating leases came to EUR 3,468k (prior year: EUR 2,431k).

21. Significant subsidiaries

Mister Spex GmbH, as the group parent, held direct and indirect equity investments in the following subsidiaries as of 31 December 2018:

Subsidiary	Registered office	Equity (in EUR k)	Profit or loss for the period (in EUR k)	Share in equity (in %)	
				2018	2017
International Eyewear GmbH	Berlin, Germany	25	0	100	100
Mister Spex France SAS	Rouen, France	(71)	(6)	100	100
Nordic Eyewear Holdings AB	Stockholm, Sweden	517	(2,215)	100	100
Nordic Eyewear AB	Stockholm, Sweden	6,521	(938)	100	100
Lensit.no AS	Haugesund, Norway	1,243	987	100	100

The voting interests in the subsidiaries are the same as the ownership interests presented in the table.

22. Number of employees

	2018	2017
Male	297	270
Female	373	318
Total	**670**	**588**

The average number of employees in the Group during the fiscal year was 670 (prior year: 588); there were 574 full-time equivalents (prior year: 506).

23. Auditor's fees

The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft charged fees of EUR 84k (prior year: EUR 84k) for the audit of the separate financial statements and consolidated financial statements of Mister Spex GmbH.

24. Events after the reporting date

There were no other events after the reporting date which have a significant financial effect.

Berlin, 28 March 2019

Management Board

Dirk Graber Dr. Mirko Caspar

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code), as well as the group management report, which was combined with the management report of the Company (the "**Combined Management Report**"), prepared on the basis of German commercial law (HGB), of Mister Spex GmbH, Berlin, as of and for the fiscal year ended December 31, 2018 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The Combined Management Report is not part of this Prospectus.*

Independent auditor's report

To Mister Spex GmbH

Opinions

We have audited the consolidated financial statements of Mister Spex GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Mister Spex GmbH, which was combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the information in the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] (disclosure on women´s quota) included in the group management report section VII.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its financial performance for the fiscal year from 1 January to 31 December 2018, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the information pursuant to Sec. 289f (4) HGB (disclosure on women´s quota) included in section VII.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosure on women´s quota).

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 28 March 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders Wirtschaftsprüfer [German Public Auditor]	von Michaelis Wirtschaftsprüfer [German Public Auditor]

Audited financial statements
as of and for the fiscal year ended December 31, 2020
(prepared in accordance with the German Commercial Code (*Handelgesetzbuch*))
of Mister Spex AG, Berlin (formerly Mister Spex GmbH)

Balance sheet as of 31 December 2020

In EUR

			31 Dec 2020	31 Dec 2019
ASSETS				
A.	FIXED ASSETS			
I.	Intangible assets			
	1.	Internally generated industrial rights and similar rights and assets	3,846,012.42	3,200,358.11
	2.	Purchased rights of use	4,328,969.33	2,696,483.77
	3.	Prepayments and assets in development	5,653,659.69	5,343,427.04
	Subtotal		13,828,641.44	11,240,268.92
II.	Property, plant and equipment			
	1.	Plant and machinery	4,535,295.30	3,252,519.46
	2.	Other equipment, furniture and fixtures	8,791,903.29	5,135,915.92
	3.	Prepayments and assets under construction	1,779,796.66	669,465.95
	Subtotal		15,106,995.25	9,057,901.33
III.	Financial assets			
	1.	Shares in affiliates	11,827,021.66	10,912,833.32
	2.	Loans to affiliates	16,072,705.88	13,969,520.99
	3.	Shares in associates	2,511,772.42	0.00
	4.	Loans to associates	250,000.00	0.00
	Subtotal		30,661,499.96	24,882,354.31
	Total Fixed Assets		59,597,136.65	45,180,524.56
B.	CURRENT ASSETS			
I.	Inventories			
	1.	Raw materials, consumables and supplies	668,943.14	416,104.85
	2.	Merchandise	15,144,053.32	12,511,484.24
	3.	Prepaid Expenses	198,472.51	117,461.66
	Subtotal		16,011,468.97	13,045,050.75
II.	Receivables and other assets			
	1.	Trade receivables	1,091,173.74	1,132,528.27
	2.	Receivables from affiliates	491,119.29	793,076.90
	3.	Receivables from associates	2,541.00	0.00
	4.	Other assets	7,927,112.13	5,984,344.24
	Subtotal		9,511,946.16	7,909,949.41
III.	Cash on hand and bank balances		12,531,443.66	21,077,056.91
	Total Current Assets		38,054,858.79	42,032,057.07
C.	PREPAID EXPENSES		686,682.43	632,078.87
	Total Assets		**98,338,677.87**	**87,844,660.50**

Balance sheet as of 31 December 2020

In EUR

		31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
A.	EQUITY		
I.	Subscribed capital	1,260,626.00	1,190,859.00
	Treasury shares	(67,200.00)	(67,200.00)
II.	Capital reserves	111,065,242.17	96,135,104.17
III.	Loss carryforward	56,075,814.78	49,372,450.57
IV.	Net loss for the year	7,049,014.66	6,703,364.21
	Total Equity	49,133,838.73	41,182,948.39
B.	CONTRIBUTION MADE TO EFFECT THE RESOLVED CAPITAL INCREASE		69,767.00
C.	GOVERNMENT GRANTS RECEIVED	306,324.04	560,154.63
D.	PROVISIONS		
	Other provisions	6,008,910.90	4,507,815.10
E.	LIABILITIES		
1.	Liabilities to banks	30,438,974.57	29,072,312.02
2.	Prepayments received on account of orders	678,128.51	1,360,471.16
3.	Trade payables	8,468,638.99	9,026,624.91
4.	Other liabilities	1,973,646.41	1,305,489.62
	thereof for taxes EUR 510,302.57 (prior year: 220,978.62)		
	thereof for social security EUR 6,781.28 (prior year: 0.00)		
		41,559,388.48	40,764,897.71
F.	DEFERRED INCOME	254,397.02	0.00
G.	DEFERRED TAX LIABILITIES	1,075,818.70	759,077.67
	Total Equity and Liabilities	**98,338,677.87**	**87,844,660.50**

Income statement for fiscal year 2020

In EUR	2020	2019
1. Revenue	144,597,730.97	119,765,725.47
2. Own work capitalized	4,613,403.00	3,719,434.00
3. Other operating income	700,169.00	1,485,908.92
4. Cost of materials		
Cost of raw materials, consumables and supplies and of purchased merchandise	68,940,262.04	61,354,779.62
5. Personnel expenses		
a) Wages and salaries	28,503,328.82	21,295,629.88
b) Social security	5,205,595.46	3,920,244.40
thereof for old-age pensions: EUR 47.491,75 (prior year: EUR 29.895,56)		
	33,708,924.28	25,215,874.28
6. Amortization and depreciation of intangible assets and property, plant and equipment	4,979,222.47	4,548,286.82
7. Other operating expenses	46,960,828.50	39,286,833.09
8. Income from profit and loss transfer	103,554.70	140,092.59
9. Income from loans classified as fixed financial assets	1,414,045.81	1,409,463.83
thereof from affiliates: EUR 1.411.504.81 (prior year: EUR 1.409.463,83)		
10. Other interest and similar income	417.22	3,549.60
11. Interest and similar expenses	3,572,247.00	2,931,890.08
12. Income taxes	(316,851.07)	110,125.27
13. Loss after taxes	(7,049,014.66)	(6,703,364.21)
14. Net loss for the year	(7,049,014.66)	(6,703,364.21)

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Notes to the financial statements

I. General

The Company, having its registered office in Berlin, is entered under the name of Mister Spex AG in the commercial register of Charlottenburg Local Court under HRB no. 224441 B and is the legal successor of Mister Spex GmbH, having its registered office in Berlin (change of legal form on 21 December 2020 in accordance with Sec. 190 (1) UmwG ["Umwandlungsgesetz": German Reorganization Act]).

The financial statements as of 31 December 2020 for Mister Spex AG were prepared in accordance with the accounting provisions of the HGB ["Handelsgesetzbuch": German Commercial Code] for merchants (Sec. 238 et seq. HGB) and the supplementary provisions for corporations (Sec. 264 et seq. HGB). In addition, the provisions of the AktG ["Aktiengesetz": German Stock Corporation Act] were also observed.

The provisions for large corporations as defined by Sec. 267 (3) HGB were applied to the reporting.

The format of the balance sheet and income statement complies with Secs. 266 and 275 HGB; the nature of expense method is used for the income statement pursuant to Sec. 275 (2) HGB.

II. Accounting policies applied

The accounting policies used to prepare the financial statements remained largely unchanged year on year.

The valuation of assets and liabilities was performed on a going concern basis. For more information, please see our comments in section V. Other notes.

ASSETS

The option to recognize **internally generated intangible assets** afforded by Sec. 248 (2) HGB was exercised and the related assets are amortized using the straight-line method over a useful life of three to five years. The cost of internally generated intangible assets includes direct costs as well as a proportionate share of directly attributable overheads.

Purchased intangible assets are recognized at acquisition cost less straight-line amortization. Borrowing costs are not capitalized. Amortization is charged over a useful life of 3 to 10 years.

Property, plant and equipment are recognized at acquisition cost less depreciation. Depreciation is charged pro rata temporis on a straight-line basis over the useful lives of the assets of up to 20 years.

Low-value assets with an individual net value not exceeding EUR 250.00 are fully expensed in the year of acquisition, their immediate disposal being assumed. For convenience, the collective item procedure applied for tax purposes to assets with an individual net value of more than EUR 250.00 but no greater than EUR 1,000.00 is also used in the statutory balance sheet. The collective item is depreciated by 20% in the year of acquisition and in each of the four following years.

Financial assets are recognized at the lower of cost or net realizable value, while loans are recognized at nominal value. Net realizable values of equity investments are determined on the basis of capitalized earnings values in line with IDW AcP HFA 10.

Pursuant to Sec. 255 (1) HGB, **raw materials, consumables and supplies** are recognized at their weighted average acquisition cost in accordance with Sec. 240 (4) HGB. Merchandise is recognized at acquisition cost or at the lower net realizable value. Apart from normal retentions of title, no inventories have been pledged as security to third parties.

Receivables and other assets are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

Cash on hand and bank balances are stated at nominal value.

Prepaid expenses include expenses before the reporting date that relate to a certain period after this date.

EQUITY AND LIABILITIES

Subsidies for investments are recognized in liabilities under **government grants received** and released to profit and loss over the useful life of the subsidized assets.

Other provisions account for all identifiable risks and uncertain liabilities as well as potential losses from pending transactions relating to the fiscal year which were known as of the reporting date. They are recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases).

The Company regularly affords its customers the right to return purchased products. Revenue recognition is adjusted by an appropriate provision for expected returns, reducing both revenue and cost of materials for the fiscal year by this amount.

Liabilities are recorded at the settlement value.

Foreign currency assets and liabilities are translated using the mean spot rate on the reporting date in accordance with Sec. 256a HGB.

Deferred taxes result from tax loss carryforwards as well as from temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory balance sheet and their tax carrying amounts. Deferred taxes are calculated using a tax rate of 30.17% (prior year: 30.17%) and comprise corporate income tax, trade tax and the solidarity surcharge of Mister Spex AG. Deferred tax assets and liabilities are offset.

The offsetting of deferred tax assets and deferred tax liabilities (including deferred tax assets recognized for tax loss carryforwards) gave rise to a net deferred tax liability as of the reporting date. Temporary differences within the meaning of Sec. 274 HGB arise particularly with regard to intangible assets.

III. Notes to individual items of the balance sheet

Fixed assets

The development and composition of the individual fixed asset items, including amortization and depreciation is shown in an exhibit to the notes.

Development costs for internally generated intangible assets of EUR 4,613k were capitalized in the fiscal year (prior year: EUR 3,719k). As in the prior year, development costs were incurred exclusively for software development. Research costs were insignificant and were immediately expensed.

Dividend restriction

As of the reporting date, the total amount not distributable pursuant to Sec. 268 (8) HGB came to EUR 9,017k (prior year: EUR 7,185k). This amount is calculated as the sum of the intangible assets that cannot be recognized as assets under tax law of EUR 12,913k (prior year: EUR 10,289k) less the related deferred taxes of EUR 3,896k (prior year: EUR 3,105k). Deferred taxes were calculated using a tax rate of 30.17% (prior year: 30.17%).

Information on shareholdings in fixed financial assets

The Company held shares in the following affiliates and associates as of 31 December 2020:

Subsidiary	Registered office	Equity (in EUR k)	Net income/net loss for the year[1] (in EUR k)	Share in equity (in %) 2020	2019
International Eyewear GmbH	Berlin, Germany	25	0	100	100
Mister Spex France SAS	Rouen, France	56	(18)	100	100
Nordic Eyewear Holdings AB	Stockholm, Sweden	824	(913)	100	100
Nordic Eyewear AB[2]	Stockholm, Sweden	5,829	(347)	100	100
Lensit.no AS[2]	Karmsund, Norway	734	88	100	100
Associate					
Tribe GmbH	Berlin, Germany	(266)	(404)	48.17	0

Current assets

Inventories

Inventories amounted to EUR 16,011k in the fiscal year (prior year: EUR 13,045k). As in the prior year, these primarily consist of the product groups sunglasses, prescription eyewear and contact lenses.

Receivables and other assets

As in the prior year, all trade receivables and receivables from affiliates and other investees and investors are due in less than one year.

EUR 5,224k (prior year: EUR 4,134k) of the other assets are due in less than one year and EUR 2,703k (prior year: EUR 1,850k) are due in more than one year.

Receivables and other assets have the following balances as of 31 December 2020 and 31 December 2019, respectively:

Balance sheet item	2020 Total in EUR k	2019 Total in EUR k
Trade receivables	1,091	1,133
Receivables from affiliates	491	793
Receivables from other investees	3	—
Other assets	7,927	5,984
Total	**9,512**	**7,910**

As in the prior year, trade receivables include EUR 1,089k (prior year: EUR 930k) from cooperations for marketing activities.

Receivables from affiliates relate to trade receivables (EUR 387k; prior year: EUR 653k) and receivables from profit transfer (EUR 104k; prior year: EUR 140k).

The Company had sold trade receivables of EUR 1,456k (prior year: EUR 813k) as of the reporting date under a non-recourse factoring arrangement. The sale of trade receivables serves to improve the liquidity of the Company and, as a non-recourse sale, it does not give rise to any residual valuation risk for the Company.

1 Calculated in accordance with local GAAP

2 Indirect investment via Nordic Eyewear Holdings AB

Other assets mainly relate to receivables from supplier discounts, security deposits paid, creditors with debit balances and VAT refund claims as well as a premium paid for the option to acquire the outstanding shares in Tribe GmbH.

Prepaid expenses

This item includes differences in accordance with Sec. 250 (3) HGB of EUR 56k (prior year: EUR 190k) as well as payments of EUR 631k that constitute expenses for a certain period after the reporting date (prior year: EUR 442k).

Equity

The Company's subscribed capital amounted to EUR 1,260,626 as of 31 December 2020. As of 31 December 2020, the Company held treasury shares of EUR 67,200 that were repurchased by Mister Spex from former shareholders as part of a financing round in the first quarter of 2013.

Subscribed capital is divided into 1,260,626 no-par value shares.

Subscribed capital net of the Company's treasury shares increased by EUR 70k to EUR 1,193k in fiscal year 2020 due to capital increases. It has been fully paid in.

Capital reserves increased by EUR 14,930k to EUR 111,065k (prior year: EUR 96,135k) due to capital increases for which resolutions were adopted in 2019.

As of 31 December 2020, authorized capital came to EUR 260,721 (prior year: EUR 221k).

Under four employee stock option programs (ESOP I to ESOP IV), the Company granted in the years from 2012 to 2020 options to executives that carry the right to purchase shares in the Company after working for the Company for a certain period of time (equity-settled share-based payments). The option programs involve settlement via the issuance of shares. The equity-settled share-based payments are not accounted for in the in financial statements as they are pending transactions. Thus, no personnel expenses were recognized.

As of 31 December 2020, there were 179,498 outstanding stock options (prior year: 170,618). The exercise prices are based on the valuation of the Company at the respective grant date and range from EUR 1.00 to EUR 161.28 per share.

Government grants received

The public subsidies received for financing investments are transferred to the government grants received for investment subsidies. The government grants received are released to income over the average useful life of the specially financed fixed asset taking asset disposals into account. As of fiscal year-end 2020, the government grants received amounted to EUR 306k (prior year: EUR 560k).

Other provisions

Other provisions break down as follows:

Provisions	2020 Total in EUR k	2019 Total in EUR k
Provisions for outstanding invoices	1,893	1,303
Personnel provisions	1,366	1,025
Provisions for returns	1,209	1,206
Warranty provisions	728	573
Provisions for deferred revenue	359	201
Other provisions	454	199
Total	**6,009**	**4,507**

The retention provision was determined using an average archiving period of 5.5 years.

Liabilities

Liabilities to banks amounted to EUR 30,439k as of 31 December 2020 (prior year: EUR 29,072k).

Type of liability in EUR k	up to 1 year	more than 1 year	more than 5 years	Total 2020	up to 1 year	more than 1 year	more than 5 years	Total 2019
Liabilities to banks	30,439	—	—	**30,439**	290	28,782	—	**29,072**
Prepayments received on account of orders	678	—	—	**678**	1,360	—	—	**1,360**
Trade payables	8,469	—	—	**8,469**	9,027	—	—	**9,027**
Other liabilities	1,974	—	—	**1,974**	1,305	—	—	**1,305**
- thereof for taxes	510	—	—	**510**	221	—	—	**221**
- thereof for social security	7	—	—	**7**	—	—	—	**—**
Total	**41,560**	**—**	**—**	**41,560**	**11,982**	**28,782**	**—**	**40,765**

Liabilities to banks are secured by pledges or assignment as security of assets such as property, plant and equipment, receivables, bank balances, inventories and shares in the subsidiaries International Eyewear GmbH, Nordic Eyewear AB and Lensit.no AS. The Company's other liabilities are not secured by liens or similar rights.

Deferred taxes

Mister Spex recognizes deferred tax assets and liabilities as a net item in the balance sheet. Netting resulted in deferred tax liabilities of EUR 1,076k (prior year: EUR 759k).

Deferred tax assets of EUR 2,821k (prior year: EUR 2,346k) are attributable to tax loss carryforwards that can be utilized in the future. As of 31 December 2020, these related to corporate income tax loss carryforwards (EUR 67,064k; prior year: EUR 57,645k) and trade tax loss carryforwards (EUR 61,047k; prior year: EUR 51,676k). Deferred tax assets (EUR 2,821k) were recognized for loss carryforwards in the amount of the temporary net liabilities (EUR 12,913k; prior year: EUR 10,289k) after application of the minimum taxation rule.

Deferred tax assets are opposed by deferred tax liabilities of EUR 3,897k (prior year: EUR 3,104k) arising as a result of the recognition of internally generated intangible assets.

IV. Notes to individual items of the income statement

Revenue comprises sales of merchandise, marketing services provided and other services related to the core business.

While most of the other services are rendered in Germany, revenues from product sales with a total value of EUR 144,598k are attributable to the region GSA (Germany, Austria, and Switzerland) with EUR 133,170k and outside the GSA region with revenues amounting to EUR 11,428k.

Own work capitalized of EUR 4,613k (prior year: EUR 3,719k) exclusively relates the capitalization of internally generated software.

Other operating income totals EUR 700k (prior year: EUR 1,486k) and comprises income of EUR 100k from the reversal of provisions (prior year: EUR 386k), other out-of-period income of EUR 111k (prior year: EUR 301k) and income of EUR 252k (prior year: EUR 292k) from the release of the government grants received for investment subsidies. Income from currency translation came to EUR 139k in the fiscal year (prior year: EUR 50k).

The Company made use of short-time work benefits in the fiscal year for the first time. The flat-rate reimbursements of social security contributions were classified as grants related to income and netted with personnel expenses.

Other operating expenses mainly comprise marketing costs of EUR 17,184k (prior year: EUR 15,517k) and miscellaneous sales-related expenses of EUR 11,698k (prior year: EUR 10,140k), such as costs for packaging materials and distribution costs. Other operating expenses also include rental and office expenses of

EUR 10,695k (prior year: EUR 7,114k) and out-of-period expenses of EUR 285k (prior year: EUR 193k). Expenses from currency translation amounted to EUR 247k (prior year: EUR 160k).

Income from loans classified as fixed financial assets comes to EUR 1,414k (prior year: EUR 1,409k) and represents income from loans to affiliates and other investees.

Income taxes include deferred taxes for the fiscal year of EUR 317k (prior year: EUR 136k). See the section on deferred taxes in this regard.

In accordance with Sec. 158 (1) AktG, the accumulated loss is derived from the net loss for the year as follows:

Items	EUR
Net loss for the year	(7,049,014.66)
Loss carryforward from the prior year	(56,075,814.78)
Accumulated loss	**(63,124,829.44)**

V. Other notes

Going concern assumption

The primary objective of the Company's capital management is to support business growth and secure the Company's continued existence in the long term. The Company is currently dependent on external funding sources to finance growth.

As of 31 December 2020, the Company reported liabilities to a bank of EUR 30,439k due on 1 May 2021. The Company plans to refinance by obtaining funding of EUR 42.5m from various banks in the short term.

In light of this financing agreement, the management board expects the solvency of Mister Spex AG to be secured until at least the end of June 2022. These financial statements were thus prepared on a going concern basis.

There were no **contingent liabilities** as of the reporting date.

Other financial obligations

Other financial obligations mainly relate to rental payments until the end of the contractual period of EUR 48,724k (prior year: EUR 42,573k), advertising and marketing contracts of EUR 2,738k (prior year: EUR 4,539k) and other obligations of EUR 137k (prior year: EUR 212k). Furthermore, under the shareholders' agreement of Tribe GmbH, Mister Spex AG shall be obliged to provide loans to the company totaling EUR 4,250k (prior year: EUR 0k) over the next three fiscal years and to make payments in connection with license agreements totaling EUR 380k (prior year:EUR 0k) to Tribe GmbH.

Employees

In the fiscal year, an average of 928 staff were employed by the Company besides the management board, 531 of whom were women and 397 men.

Mister Spex employed an average of 30 trainees in the fiscal year.

Management board and supervisory board

The management board and supervisory board were represented by the following members in fiscal year 2020:

Management board (general managers until 20 December 2020):

Mr. Dirk Graber, Berlin

Dr. Mirko Caspar, Berlin

The Company is either represented jointly by two members of the management board or by one member acting jointly with an authorized signatory. The representatives are permitted to conclude legal transactions on behalf of the Company.

The members of the management board exercise their management board functions on a full-time basis.

Remuneration of governing bodies

The remuneration of the governing bodies is not disclosed pursuant to Sec. 286 (4) HGB.

Supervisory board (advisory board until 20 December 2020):

Peter Williams, Chairman, Non-Executive Chairman, Institute of Chartered Accountants in England & Wales
Stuart Paterson, Deputy Chairman, Partner, Scottish Equity Partners LLP
Tobias Krauss, General Manager, Albert Büll Beteiligungsgesellschaft mbH
Mike Ebeling, Managing Director, Goldman Sachs Merchant Banking
Nenad Marovac, CEO & Managing Partner, DN Capital
Jochen Klüppel, Partner, Grazia Equity GmbH
Fred Piet, Associate Partner, Fidinam & Partners SA
Oliver Beste, Managing Director, Beste Beteiligungen GmbH

The remuneration for the supervisory board amounted to EUR 56k in 2020 (prior year: EUR 72k).

Transactions with related parties

Related parties are legal entities or natural persons who may influence or control Mister Spex AG or are controlled or significantly influenced by Mister Spex AG.

Related party transactions were concluded in particular with the subsidiaries of Mister Spex AG and are generally at arm's length.

Auditor's fees

In accordance with Sec. 285 No. 17 Last Clause HGB, the Company does not disclose the auditor's fees, disclosing them instead in Mister Spex AG's consolidated financial statements.

Group relationships

As the German parent company, the Company prepares consolidated financial statements. The consolidated financial statements of Mister Spex AG, Berlin, are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (Sec. 315e HGB) and are published in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette].

Supplementary report

Mister Spex AG is the sole shareholder of Mister Spex N.V., Amsterdam, which was newly founded on January 15, 2021 (entry in the Dutch commercial register on January 18, 2021). The company was founded due to the planned merger with Mister Spex AG in 2021 and the subsequent planned conversion from the AG to an SE.

Berlin, 26 March, 2021

The Management Board

Dirk Graber — Dr. Mirko Caspar

Mister Spex AG, Berlin - Development of the fixed assets for the year ended 31 December 2020

In EUR	Acquisition and production cost				Accumulated amortization and depreciation			Net book values	
	1 Jan 2020	Additions	Reclassifications	31 Dec 2020	31 Dec 2019	Additions	31 Dec 2020	31 Dec 2019	31 Dec 2020
I. Intangible assets	25,055,292.15	5,589,382.00	(1,648.00)	30,643,026.15	(13,815,023.23)	(2,999,361.48)	(16,814,384.71)	11,240,268.92	13,828,641.44
1. Internally generated industrial rights and similar rights and assets	12,149,416.59	11,122.70	2,575,108.64	14,735,647.93	(8,949,058.48)	(1,940,577.03)	(10,889,635.51)	3,200,358.11	3,846,012.42
2. Purchased rights of use	7,562,448.52	101,174.57	2,590,095.44	10,253,718.53	(4,865,964.75)	(1,058,784.45)	(5,924,749.20)	2,696,483.77	4,328,969.33
3. Prepayments and assets in development	5,343,427.04	5,477,084.73	(5,166,852.08)	5,653,659.69	0.00	0.00	0.00	5,343,427.04	5,653,659.69
II. Property, plant and equipment	13,910,069.20	8,027,306.91	1,648.00	21,939,024.11	(4,852,167.87)	(1,979,860.99)	(6,832,028.86)	9,057,901.33	15,106,995.25
1. Plant and machinery	4,010,898.28	1,049,062.17	736,541.41	5,796,501.86	(758,378.82)	(502,827.74)	(1,261,206.56)	3,252,519.46	4,535,295.30
2. Other equipment, furniture and fixtures	9,229,704.97	1,119,297.42	4,013,723.20	14,362,725.59	(4,093,789.05)	(1,477,033.25)	(5,570,822.30)	5,135,915.92	8,791,903.29
3. Prepayments and assets under construction	669,465.95	5,858,947.32	(4,748,616.61)	1,779,796.66	0.00	0.00	0.00	669,465.95	1,779,796.66
III. Financial assets	24,882,354.31	5,779,145.65	0.00	30,661,499.96	0.00	0.00	0.00	24,882,354.31	30,661,499.96
1. Shares in affiliates	10,912,833.32	914,188.34	0.00	11,827,021.66	0.00	0.00	0.00	10,912,833.32	11,827,021.66
2. Loans to affiliates	13,969,520.99	2,103,184.89	0.00	16,072,705.88	0.00	0.00	0.00	13,969,520.99	16,072,705.88
3. Shares in associates	0.00	2,511,772.42	0.00	2,511,772.42	0.00	0.00	0.00	0.00	2,511,772.42
4. Loans to associates	0.00	250,000.00	0.00	250,000.00	0.00	0.00	0.00	0.00	250,000.00
Total	63,847,715.66	19,395,834.56	0.00	83,243,550.22	(18,667,191.10)	(4,979,222.47)	(23,646,413.57)	45,180,524.56	59,597,136.65

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the financial statements as well as the management report, which was combined with the group management report (the "**Combined Management Report**") of Mister Spex AG, Berlin, as of and for the fiscal year ended December 31, 2020, prepared in accordance with German commercial law (HGB) ("Handelsgesetzbuch": German Commercial Code) applicable to business corporations, as a whole and not solely to the financial statements presented in this Prospectus on the preceding pages. The Combined Management Report is not part of this Prospectus.*

Independent auditor's report

To Mister Spex AG

Opinions

We have audited the financial statements of Mister Spex AG, Berlin, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Mister Spex AG, which was combined with the group management report, for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] included in section VII of the management report (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosures on the quota for women on executive boards).

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the financial statements and of the management report.

Basis for the opinions

We conducted our audit of the financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the financial statements and the management report

The executive directors are responsible for the preparation of the financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the financial reporting process for the preparation of the financial statements and of the management report of the Company and the Group.

Auditor's responsibilities for the audit of the financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 26 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	Kostolnik-Briedela
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

22. GLOSSARY

AktG .... German Stock Corporation Act (*Aktiengesetz*).

Alternative Performance Measures .... Financial information presented that is not prepared in accordance with IFRS, or any other internationally accepted accounting principles, including gross profit, gross profit margin, adjusted EBITDA and adjusted EBITDA margin.

Amendment Agreement............. Separate amendment agreement to the existing Stock Option Agreements which was concluded between the Company and each Beneficiary in order to harmonize each existing Stock Option Plan.

APIs .... Application programming interfaces.

Articles of Association................ The Company's Articles of Association.

Authorized Capital 2017/III ...... Pursuant to Article 4 para. 3 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until June 5, 2023, with the consent of the Supervisory Board, once or repeatedly by up to €300,000.00 by the issuance of up to 300,000 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly.

Authorized Capital 2019/I .... Pursuant to Article 4 para. 4 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 12, 2024, with the consent of the Supervisory Board, once or repeatedly by up to €1,500,000.00 by the issuance of up to 1,500,000 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly.

Authorized Capital 2020/I .... Pursuant to Article 4 para. 5 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until November 30, 2025, with the consent of the Supervisory Board, once or repeatedly by up to €1,189,065.00 by the issuance of up to 1,189,065 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly.

Authorized Capital 2021............ Pursuant to Article 4 para. 6 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until June 13, 2026, with the consent of the Supervisory Board, once or repeatedly by up to €9,203,647.00 by the issuance of up to 9,203,647 new bearer shares with no-par value (*Stückaktien*) in return for contributions in cash or kind, once or repeatedly.

BaFin .... The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

Barclays....................................... Barclays Bank Ireland PLC, One Molesworth Street, D02 RF29 Dublin, Ireland, LEI 2G5BKIC2CB69PRJH1W31.

Base Shares .... The Existing Shares together with the New Shares.

Beneficiary .... Members of the management board and certain key employees of the Company to whom Option Rights have been granted by the Company.

Berenberg.................................... Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667.

Bonds... Convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of these instruments).

Bridge Facility Agreement	The bridge loan facility agreement entered into by the Company as borrower, International Eyewear GmbH, Nordic Eyewear Holdings AB, Nordic Eyewear AB and Lensit.no AS as guarantors, Barclays as original lender and mandated lead arranger, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent on April 23, 2021.
Bryan Garnier	Bryan Garnier Securities SAS, 26 avenue des Champs Elysées, 75008 Paris, France, LEI 9695005983W1MLJ6EP34.
CAC	Customer acquisition cost.
CAGR	Compound annual growth rate, which indicates the annual mean rate of growth for each year of the relevant period.
CLV	Customer lifetime value.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Code	The German Corporate Governance Code, as amended.
Commerzbank	COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI851WYGNLUQLFZBSYGB56.
Commission's Proposal	A proposal for a directive for a common financial transaction tax in certain participating member states of the European Union published by the European Commission on February 14, 2013.
Company	Mister Spex SE, Greifswalder Straße 156, 10409 Berlin, Germany, LEI 391200SBGUML8UFGNW39.
Conditional Capital 2021/I	Pursuant to Article 4 para. 7 of the Articles of Association, the share capital of the Company is conditionally increased by in total up to €3,177,855.00 (in words: Euro three million one hundred seventy-seven thousand eight hundred forty-one) by issuing up to 3,177,855 new no-par value bearer shares.
Conditional Capital 2021/II	Pursuant to Article 4 para. 8 of the Articles of Association, the share capital of the Company is conditionally increased by in total up to €1,588,920 (in words: Euro one million five hundred eighty-eight thousand nine hundred twenty) by issuing up to 1,588,920 new no-par value bearer shares.
Consumer Rights Directive	Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended.
Cornerstone Investors	Luxottica Holland B.V., Henderson Global Investors Limited and M&G Investment Management Limited.
Cornerstone Investor Agreements	The investment agreements entered into between the Company and the Cornerstone Investors, pursuant to which the Cornerstone Investors have committed to purchase shares of the Company with an aggregate value of €110 million in the Offering.
COVID-19-Act	German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*).
CPO	Cost per order.
CRM	Customer relationship management.
Data Protection Act	German Federal Data Protection Act (*Bundesdatenschutzgesetz*).
Data Protection Regulation	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

DC	The Company's own distribution center in Berlin, Germany.
DENIC	DENIC eG.
D&O	Directors and officers.
Dividend Paying Agent	A domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutes, which holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if it pays the investment income to a foreign entity, or the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository.
Domestic Paying Agent	A domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes).
ERP	Enterprise resource planning.
EEA	The European Economic Area.
ESG	Environmental, social and corporate governance, central criteria for measuring the sustainability and societal impact of a company or business.
Euro	The single European currency adopted by certain participating member states of the European Union, including Germany.
Existing Shares	3,260,869 existing bearer shares of the Company with no par value (*Stückaktien*) offered by the Selling Shareholders as part of the Offering.
First Kreos Loan	The loan agreement entered into by the Company and Kreos UK on April 13, 2016.
First Original Kreos Loan	The loan agreement entered into by the Company and Kreos Luxembourg on May 30, 2013.
Fiscal Year 2021	The fiscal year ending December 31, 2021.
Flat Tax	For individuals who are tax residents in Germany and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) (*Abgeltungssteuer*).
FTE	Full-time equivalent (employees).
General Data Protection Regulation	Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016.
General Stock Option Terms	General stock option terms under which the Company harmonized the Stock Option Plans by implementing general terms regarding the Option Rights.
Germany	The Federal Republic of Germany.
Greenshoe Option	The option to acquire the Over-Allotment Shares at the Offer Price, less agreed commissions, which the Selling Shareholder will grant the Sole Bookrunner.
Guarantors	International Eyewear GmbH, Nordic Eyewear Holdings AB, Nordic Eyewear AB and Lensit.no AS.
HGB	The German Commercial Code (*Handelsgesetzbuch*).
ICANN	Internet Corporation for Assigned Names and Numbers.

IFRS	International Financial Reporting Standards, as adopted by the European Union.
IPO Capital Increase.................	Capital increase against cash contributions of 9,782,609 newly issued bearer shares with no par value (*Stückaktien*) expected to be resolved by a shareholders' meeting of the Company on or about June 29, 2021.).
Jefferies	Jefferies GmbH, Germany, together with Jefferies International Limited, United Kingdom.
JEG..	Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany, LEI 5493004I3LZM39BWHQ75.
JIL	Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI: S5THZMDUJCTQZBTRVI98.
Joint Bookrunners......................	The Joint Global Coordinators together with Bryan Garnier and Commerzbank.
Joint Global Coordinators.........	Barclays, Berenberg and Jefferies.
Kreos	Kreos UK and Kreos Luxembourg, each individually.
Kreos Affiliates..........................	Kreos Capital IV (Expert Fund Fund) Limited and Kreos Capital V (Expert Fund) LP.
Kreos Loans...............................	The First Kreos Loan, the Second Kreos Loan and the Original Kreos Loans.
Kreos Luxembourg	Kreos Capital IV (Luxembourg) S.à r.l.
Kreos UK	Kreos Capital V (UK) Limited.
Kreos Warrants..........................	Warrant rights enabling the Kreos Affiliates to acquire a certain number of new shares in the Company against contribution of, in total, €4.1 million in cash.
LASIK	Laser-in-situ-Keratomileusis.
LEI..	Legal Entity Identifier.
Lending Shareholders................	DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited and Co-Investor SPX GmbH & Co. KG.
Luxottica	EssilorLuxottica SA.
Luxembourg	The Grand Duchy of Luxembourg.
Major Shareholders	Shareholders of the Company, who, as of the date of this Prospectus, directly hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 *et seq*. WpHG.
Management Board....................	The Company's management board (*Vorstand*).
MAR...	Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.
Medical Devices Act	The German Medical Devices Act (*Medizinproduktegesetz*).
MiFID II.....................................	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
MiFID II Requirements.............	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.

Minimum Risk Test...................	(i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without having, in particular, entered into hedging transactions (acting by itself or through a related party), which directly or indirectly lower the change in value risk by more than 30%, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties.
Mister Spex Group.....................	The Company together with its consolidated subsidiaries.
MMA..	Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as amended.
New Shares.................................	9,782,609 newly issued Shares from a capital increase against cash contributions.
Offer Period...............................	The period during which investors may submit purchase orders from the Offer Shares commencing June 23, 2021 and expiring June 30, 2021.
Offer Price	The final price of the Offer Shares in the Offering.
Offer Shares................................	The Base Shares and the Over-Allotment Shares.
Offering......................................	The offering of 14,999,999 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00.
Option Rights.............................	Option rights for the acquisition of shares in the Company.
Option Shares	Shares to be delivered to the Optionees in connection with securities loan agreements entered into between the Optionees and Albert Büll GmbH.
Optionees....................................	Certain holders of Options Rights of the Company having entered securities loan agreements for shares of the Company with Albert Büll GmbH.
Order..	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Order Book Manager.................	Baader Bank Aktiengesellschaft, Unterschleißheim, Germany.
Original Kreos Loans.................	The First Original Kreos Loan together with the Second Original Kreos Loan and the Third Original Kreos Loan.
Over-Allotment..........................	The allocation of 1,956,521 Over-Allotment Shares as part of the allocation of the Offer Shares.
Over-Allotment Shares	1,956,521 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Lending Sahreholders.
Parent-Subsidiary Directive......	Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended.
PMMA..	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on November 12, 2007.
Portfolio Dividends....................	Free-floating dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year).
Post-IPO Equity	Per share figure through which the net book value of Mister Spex Group is expressed.
Price Range................................	The price range for the Offering within which purchase orders may be placed is €23.00 to €27.00 per Offer Share.
Product Liability Act	The German Product Liability Act (*Produkthaftungsgesetz*).

Prospectus	This prospectus.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as last amended on February 26, 2021.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Qualified Participation	At least 1% of the share capital of the Company.
Quirin Privatbank	Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany, LEI 5299004IU009FT2HTS78.
Regulation S	Regulation S under the Securities Act.
Relevant Persons	Persons to which the Prospectus is only addressed and directed to in the United Kingdom.
Restricted Shareholders	The existing shareholders of the Company whose shareholdings in the Company exceed a certain minimum threshold.
Rule 144A	Rule 144A under the Securities Act.
SE Regulation	Council Regulation (EC) No 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended.
SEAG	The German Act on the SE-Implementation (*SE-Ausführungsgesetz*).
Second Kreos Loans	The loan agreement entered into by the Company and Kreos on March 1, 2017.
Second Original Kreos Loan	The loan agreement entered into by the Company and Kreos Luxembourg on December 12, 2013.
Securities Act	The United States Securities Act of 1933, as amended.
Selling Shareholders	Graber Investment Limited, StrIntDex GmbH, Grazia Beteiligungen GmbH & Co. KG, Grazia Fonds MB GmbH & Co. KG, DN Capital Global Venture Fund II L.P., SIPAREX XANGE VENTURE for XAnge Selection Fund II, SIPAREX XANGE VENTURE for FPCI XAnge Capital 2, SEP IV LP, German Startups Group VC GmbH, Broad Street Equity Investments Europe Ltd., Kreos Capital IV (Expert Fund) Limited, Kreos Capital V (UK) Limited, Co-Investor SPX GmbH & Co. KG, Christian Hoya, Tobias Streffer, Stefanie Budesheim-Wels, Katrin Kapteyn and Dr. Mirko Caspar.
SEO	Search engine optimization.
SEP	Scottish Equity Partners LLP.
Short Selling Regulation	Regulation (EU) no. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
SKUs	Stock keeping units.
Stabilization Manager	Joh. Berenberg, Gossler & Co. KG.
Stabilization Period	The period which starts from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter.
Stock Option Agreement	Separate stock option agreement upon which a Beneficiary has been granted Option Rights by the Company.
Stock Option Plan	Long term share incentive program implemented by the Company.
Supervisory Board	The Company's Supervisory Board (*Aufsichtsrat*).

Subscription Functionality	The subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the XETRA trading system for the collection and settlement of subscription offers.
Tele Media Act...........................	German Tele Media Act (*Telemediengesetz*).
Termination Date	The termination date if the Bridge Facility Agreement, *i.e*., July 31, 2022.
Third Kreos Loan......................	The loan agreement entered into by the Company and Kreos on January 24, 2018.
Third Original Kreos Loan	The loan agreement entered into by the Company and Kreos Luxembourg on October 13, 2014.
Trading Participant	A Depositary bank that (i) has been admitted as a trading participant to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or has access to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) via an accredited trading participant; (ii) is connected to XETRA, and (iii) is authorized and able to use the Subscription Functionality.
Tribe	Tribe GmbH.
Tribe SPA..................................	Share purchase agreement between the Company and the shareholders of Tribe.
Trigger Event.............................	An exit event, to the exclusion of an intitial public offering, upon which the Option Rights may be executed.
UmwG	The German Transformation Act (*Umwandlungsgesetz*).
Underwriters..............................	The Joint Global Coordinators together with Bryan Garnier, Commerzbank and Quirin.
Underwriting Agreement...........	The underwriting agreement entered into between the Company, the Selling Shareholders, the Lending Shareholders and the Underwriters on June 22, 2021.
United States	The United States of America its territories and possessions, any State of the United States and the District of Columbia.
VAT	Value added tax.
Vesting Period............................	A monthly vesting over a period of forty-eight (48) months following the relevant start date to which the Option Rights are subject and which is determined in the relevant Amendment Agreement.
Working Capital Facility	A facility in an amount of €7.5 million under the Working Capital Facility Agreement.
Working Capital Facility Agreement..................................	The working capital facility agreement entered into by the Company and Commerzbank on April 30, 2021.
WpHG	The German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpPG..	The German Securities Prospectus Act (*Wertpapierprospektgesetz*).
WpÜG	The German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).
XETRA.......................................	Exchange electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

23. RECENT DEVELOPMENTS AND OUTLOOK

23.1 Recent Developments

On April 23, 2021, the Company as borrower, International Eyewear GmbH, Nordic Eyewear Holdings AB, Nordic Eyewear AB and Lensit.no AS as guarantors, Barclays as original lender and mandated lead arranger, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent entered into the Bridge Facility Agreement as described in "*12.13.1.2 Term Loan Facility*" with a term facility in an amount of €35.0 million. As of the date of this Prospectus, an aggregate amount of €35.0 million of the Bridge Facility has been drawn under the Bridge Facility Agreement.

On April 30, 2021, the Company as borrower and Commerzbank as lender entered into the Working Capital Facility Agreement with a facility in an amount of €7.5 million as described in "*12.13.1.3 Working Capital Facility*". Upon completion of the Offering, the Company may request an increase of the facility amount by further €7.5 million (the commitment to such increase is at the sole discretion of Commerzbank). The termination date for the Working Capital Facility is July 31, 2022.

On May 20, 2021, the Company's shareholders' meeting resolved to transform the Company from a German stock corporation (*Aktiengesellschaft (AG)*) to a European Company (*Societa Europae (SE)*) and the share capital was transferred to Mister Spex SE.

On June 14 and 15, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital through a capital increase by €365,069.00 from €1,260,626.00 to €1,625,695.00, resulting in the issuance of 365,069 new shares at nominal value against cash contributions, in order to compensate the holders of Preference Shares in the Company for the cancellation of these Preference Shares and conversion into common shares of the Company in connection with the Offering as described in "*14.3 Pre-IPO Share Conversion*".

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between March 31, 2021 and the date of this Prospectus.

23.2 Outlook

In the fiscal year ending December 31, 2021, we expect revenue growth of the Mister Spex Group to be similar to the fiscal year ended December 31, 2020. We expect revenue growth for both of our segments, Germany and International on a similar level as in the fiscal year ended December 31, 2020. Total revenue generated through our physical stores are expected to account for a percentage in the high teens of our group revenue in 2021, with a share of prescription glasses sold in our physical stores of around 80%. From 2022 onwards, we assume a further acceleration of growth to the mid 20% range for the medium to long-term outlook, which is purely driven organically while acquisitions of and investments into other companies may offer additional impetus for our revenue growth. From 2022 onwards, we assume a stronger contribution to our revenue growth from our International segment compared to our Germany segment. In the medium term, we expect our International segment to contribute just over 40% to our overall revenue.

In the medium term, we expect gross profit margin at group level to be slightly above 60%, driven in particular by the favorable shift of our product mix to prescription glasses, whose contribution to our revenue is expected to increase gradually to more than 60% in the medium term.

In the fiscal year ending December 31, 2021, we expect adjusted EBITDA margin to increase compared to the fiscal year ended December 31, 2020. For further information on our profit estimate with respect to our adjusted EBITDA in the fiscal year ending December 31, 2021, see "*10. Profit Forecast*". In the medium term, we expect adjusted EBITDA margins to be in the low teens range. In the long term, we aim to achieve similar levels of adjusted EBITDA margins as today's leading incumbents, *i.e.*, GrandVision and Fielmann.

We expect to invest approximately €120-140 million growth-related capital expenditures for our standalone business plan in the medium term, with the majority of expenditures to be invested into the continued roll-out of our physical stores, technology and logistics automation and expansion. We expect maintenance-related capital expenditures at a stable level between 1-2% of revenue.

Our working capital as a percentage of revenue is expected to gradually increase from current levels to slightly below 10% in the medium term, driven by the continued roll-out of our physical stores.

As the roll-out of our physical stores constitutes an important part of our growth strategy and is driving the favorable shift towards prescription glasses in our product mix, which have high gross profit margins, we will continue our proven roll-out strategy in Germany and aim to replicate this success in our international markets. By the end of 2021, we expect to operate at least 45 physical stores. In the medium term, we expect to accelerate the number of physical stores rolled-out per year, aiming for around 50 physical store openings in the medium term, with in total well above than 200 physical stores.

Certain statements in this section, including, in particular, the expectations and strategic targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under *"2.5 Forward-Looking Statements"* and *"1. Risk Factors"*. Investors are urged not to place undue reliance on any of the statements set forth above.