



INSPECS
GROUP PLC

FY21 RESULTS PRESENTATION
12 MONTHS ENDED 31 DECEMBER 2021



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TITANFLEX - Red Dot award winner 2021

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Key Highlights

TURNOVER

| 2021 | 2020 | 2019 |
|------------------|---------|---------|
| \$246.5m | \$47.4m | \$61.2m |
| Increase of 420% | | |

ADJUSTED UNDERLYING EBITDA

| 2021 | 2020 | 2019 |
|------------------|--------|---------|
| \$27.6m | \$5.8m | \$13.0m |
| Increase of 375% | | |

NET CASH FROM OPERATIONS ACTIVITIES

| 2021 | 2020 | 2019 |
|----------------------|-----------|---------|
| \$20.0m | \$(0.75)m | \$10.6m |
| Increase of \$20.75m | | |

EYEWEAR UNITS SOLD

| 2021 | 2020 | 2019 |
|--------------------|------|------|
| 10.4m | 4.9m | 4.6m |
| Increase of \$5.5m | | |

GROSS PROFIT

| 2021 | 2020 | 2019 |
|------------------|---------|---------|
| \$115.8m | \$20.5m | \$27.5m |
| Increase of 464% | | |

GROSS MARGIN

| 2021 | 2020 | 2019 |
|---------------------|-------|-------|
| 47.0% | 43.3% | 45.0% |
| Increase of 3.7 PTS | | |

DIVIDEND

Maiden dividend of 1.25p

NET CURRENT ASSETS

| 2021 | 2020 | 2019 |
|---------|---------|--------|
| \$48.2m | \$56.2m | \$3.7m |

Good operational results in all major markets despite Covid-19 restrictions

Group has demonstrated ability to rapidly adapt working conditions and continue to operate with increased efficiencies

Continued growth in online markets and B2B site

Gross margin increase despite rising raw material, logistic and fuel costs

Maiden dividend of 1.25p

New sustainability committee formed

Group integration to achieve further synergies

Strong balance sheet

Key Operational Highlights

EYEWEAR UNITS SOLD

Frames distributed increased from 4.9m to 10.4m a rise of 112%

CHINA – TORKAI

Frames supplied increased from 1.59m to 1.82m a rise of 14.5%

VIETNAM – NEO

Frames supplied increased from 2.18m to 3.75m a rise of 72%

SKUNK WORKS

Agreements have been signed with Bosch for the collaborative development of smart eyewear

The group has also started to supply lenses directly to Amazon

DISTRIBUTION NETWORK

Increased from 70k to 75k optical and retail outlets across 80 countries a rise of 7.1%

LENS MANUFACTURING

We moved our lens manufacturing plant to a new state-of-the-art facility in Gloucester and commenced production in December 2021

Brand Map

Now over 50 leading brands within the Group portfolio

| | 2021 | 2020 | VARIANCE |
|----------|------|------|----------|
| Licensed | 32 | 21 | +11 |
| In-house | 18 | 16 | +2 |
| Total | 50 | 37 | +13 |



Group P&L

Headline performance

Revenue grew to \$246.5m, an increase of **+420%**

Organic revenue growth of \$11.6m, an increase of **+29%**

Adjusted Underlying EBITDA grew to \$27.6m, an increase of **+375%**

Gross profit margin of 47.0%, an increase of +3.7 PTS

Cash generation from operations \$24.9m

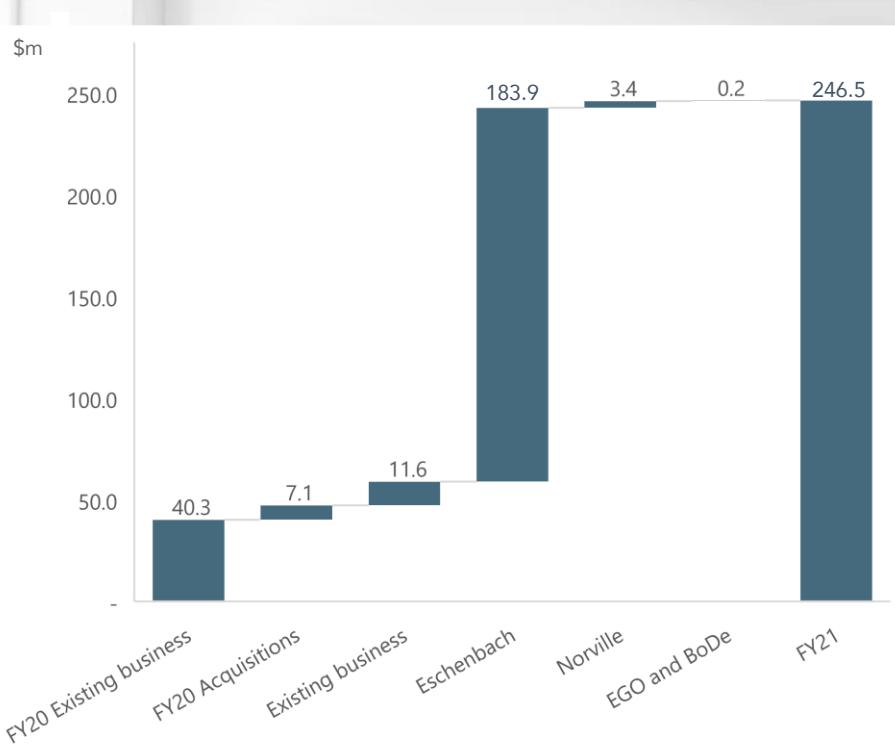
| | Audited 31 December 2021 | Audited 31 December 2020 |
|---------------------------------|-----------------------------|-----------------------------|
| | \$m | \$m |
| Operating profit/(loss) | 1.5 | (2.9) |
| Depreciation and amortisation | 15.0 | 3.9 |
| Impairment in intangible assets | 3.4 | - |
| Share based payments | 1.5 | 1.7 |
| Purchase price adjustment | 6.0 | - |
| Other adjustments | 0.2 | 3.1 |
| Adjusted Underlying EBITDA | 27.6 | 5.8 |

| GROUP REVENUE | | ADJUSTED UNDERLYING EBITDA | | CASH | | Basic EPS | | ADJUSTED UNDERLYING EBITDA EPS | |
|--|-------|----------------------------|------|--------|------|-----------|----------|--------------------------------|--------|
| | \$m | | \$m | | \$m | | | | |
| 2021 | 246.5 | 2021 | 27.6 | 2021 | 29.8 | 2021 | \$(0.05) | 2021 | \$0.27 |
| 2020 | 47.4 | 2020 | 5.8 | 2020 | 26.4 | 2020 | \$(0.13) | 2020 | \$0.08 |
| 2019 | 61.2 | 2019 | 13.0 | 2019 | 6.6 | 2019 | \$0.12 | 2019 | \$0.24 |
| | | | | | | | | | |
| Audited 12 months ended 31 December 2021 | | | | | | | | | |
| \$m | | | | | | | | | |
| Revenue | | 246.5 | | 47.4 | | 61.2 | | | |
| Gross Profit | | 115.8 | | 20.5 | | 27.5 | | | |
| | | | | | | | | | |
| Adjusted Underlying EBITDA | | 27.6 | | 5.8 | | 13.0 | | | |
| | | | | | | | | | |
| Operating Profit/(Loss) | | 1.5 | | (2.9) | | 7.9 | | | |
| (Loss)/Profit before income tax | | (9.1) | | (11.2) | | 7.3 | | | |
| (Loss)/Profit for the period | | (5.4) | | (8.9) | | 6.4 | | | |

Organic Growth

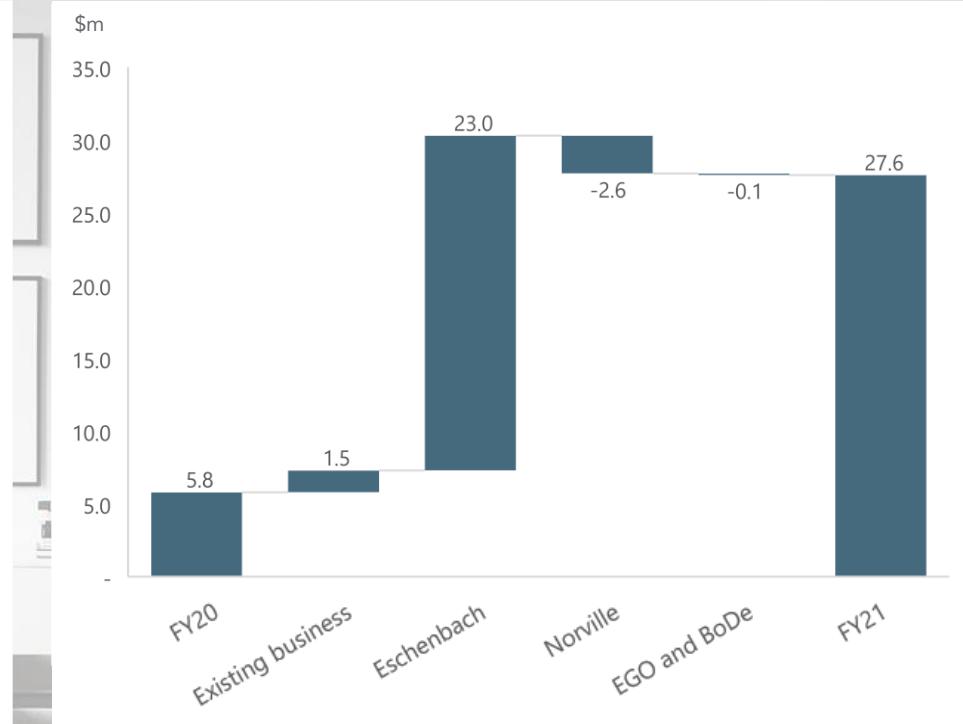
REVENUE

Organic growth of +29% to \$51.9m



Adjusted Underlying EBITDA

Organic growth of +26% to \$7.3m



Group Balance Sheet

OVERVIEW

STRONG BALANCE SHEET

| | |
|--|---------|
| Cash and cash equivalents increased | +\$3.4m |
| Net debt (including leasing) increased | +\$1.6m |
| Net debt (excluding leasing) reduced | -\$0.5m |

| | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|--------------------------|------------------|-------------------|------------------|
| Quick ratio | 0.8 | 0.7 | 0.8 |
| Current ratio* | 1.3 | 1.3 | 1.3 |
| Debt to equity ratio | 1.2 | 1.1 | 1.3 |
| Sales to inventory ratio | 4.4 | 3.8* ₁ | 7.0 |

* Current ratio is calculated as current assets divided by current liabilities

*₁ Excluding Eschenbach

Significant leverage headroom

| | 31 December 2021 | | 31 December 2020 | |
|---|------------------|-----------|------------------|-----------|
| | Actual | Required | Actual | Required |
| Leverage including lease finance * ₂ | 1.9 | Below 2.0 | 1.6 | Below 2.5 |
| Leverage excluding lease finance * ₂ | 1.2 | Below 2.0 | 1.4 | Below 2.5 |
| Interest cover | 12.3 | Above 4.0 | 17.1 | Above 4.0 |

*₂ Leverage is calculated on a rolling 12 month historical EBITDA against net debt.

| | Audited as at 31 December 2021 | Restated Audited as at 31 December 2020 | Audited as at 31 December 2019 |
|---|---|---|---|
| | \$'000 | \$'000 | \$'000 |
| ASSETS | | | |
| NON-CURRENT ASSETS | 195,239 | 184,680 | 43,191 |
| CURRENT ASSETS (Cash and cash equivalents) | 131,120 29,759 | 124,655 26,418 | 28,185 6,595 |
| TOTAL ASSETS | 326,359 | 309,335 | 71,376 |
| Net current assets | 48,201 | 56,216 | 3,725 |
| EQUITY | | | |
| TOTAL EQUITY | 145,224 | 145,827 | 31,348 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | 98,216 | 95,069 | 15,568 |
| (Current and non-current Interest bearing loans and borrowings) | 82,483 | 77,221 | 17,625 |
| CURRENT LIABILITIES | 82,919 | 68,439 | 24,460 |
| TOTAL LIABILITIES | 181,135 | 163,508 | 40,028 |
| TOTAL EQUITY AND LIABILITIES | 326,359 | 309,335 | 71,376 |

Group Cash Flow

OVERVIEW

Increase in operating cash generation of +\$24.5m versus 2020

Investing \$15.7m (FY20 \$110.7m)

Purchase of intangible fixed assets \$1.5m (FY20 \$0.2m)

Purchase of property, plant & equipment \$6.1m (FY20 \$2.5m)

Acquisitions in the year \$8.1m (FY20 \$108m)

Closing cash \$29.8m after acquisitions (FY20 \$23.8m)

| | Audited as at 31 December 2021 \$m | Audited as at 31 December 2020 \$m |
|---|--|--|
| Operating cash flow | 24.9 | 0.4 |
| Interest paid | (2.0) | (1.1) |
| Tax paid | (2.9) | 0.0 |
| Net cash from operating activities | 20.0 | (0.7) |
| Net cash flow from investing activities | (15.7) | (110.7) |
| Net cash flows from financing activities | 1.7 | 128.7 |
| Net change in cash | 6.0 | 17.3 |
| Opening cash | 23.8 | 6.5 |
| Closing cash net of overdrafts | 29.8 | 23.8 |

Sustainability Update

ROADMAP TO CARBON NEUTRALITY

PLANET – Our offices to be carbon neutral by 2030

PEOPLE - Each of our major operations to engage with local community projects each year

PACKAGING - 100% recyclable by 2025

PROCUREMENT - Collaborate with our key suppliers to integrate ESG best practice and enhance supply chain sustainability

PRODUCT - Innovative development projects to increase our sustainable product offering

GREEN ENERGY

Implemented throughout our global offices

Renewable – Sustainable – Dependable

Over 60% of UK car fleet are electric

ENVIRONMENT

Ongoing commitment to off-setting our carbon footprint

Through planting 31,500 trees in 2021 and 1,500 trees in 2020

Enhancing local communities through education, regeneration and biodiversity

SUSTAINABILITY

New collections incorporating sustainable and recyclable materials

BOTANIQ™ Optical, BOTANIQ™ Sun & O'Neill WOVE

Commitment to sustainable product development

Current Trading and Outlook

Planning underway for third Vietnam facility, raising capacity from 7m to 12m+ units

European manufacturing site near Lisbon selected for proposed production to commence in 2023

2021 acquisitions performing ahead of budget and continue to appraise new opportunities

Continued integration across the Group to achieve further synergies

Continual development of smart eyewear

Good opening first quarter of 2022, revenue of \$75.1m (FY21 \$67.2m), an increase of 11.8%

Market proving resilient and continuing improvement in trading conditions

May 2022 order book is ahead of May 2021



Recent Timeline



INTERNATIONAL MANUFACTURING

2017 - Killine Group acquired (private label)

BUSINESS EXPANSION

2020 (Feb) - Became PLC London Stock Exchange



AWARDS

2020 - QUEEN'S AWARD for Enterprise / Green Product Award / Red Dot Award

LENS MANUFACTURE

2020 (Jul) - Norville Group Ltd acquired (lens manufacturer)



INTERNATIONAL OWNED EYEWEAR COMPANIES

2020 (Nov) - Eschenbach & Tura acquired (manufacturer & distributor)

TRADEMARKS & LICENCES

2021 (Oct) - Hardy Aimes Trademarks, rights and licences acquired



BRAND & DISTRIBUTION

2021 (Dec) - Ego Eyewear (brands & Nordic distributor) & BoDe Design (German distributor) acquired



Acquisition of EGO Eyewear – December 2021

INSPECS further enhanced its distribution and brand portfolio with the acquisition of EGO Eyewear Limited.

EGO mainly distributes brands to major optical chains and is known for its innovative and creative designs.

EGO's design studio in Stockholm adds to our existing teams in the UK, Portugal, Hong Kong, Germany and New York.

VIKTOR&ROLF

Valerie

JOSEPH

LYLE&SCOTT

Barbour

LIBERTY.



IvanaHelsinki

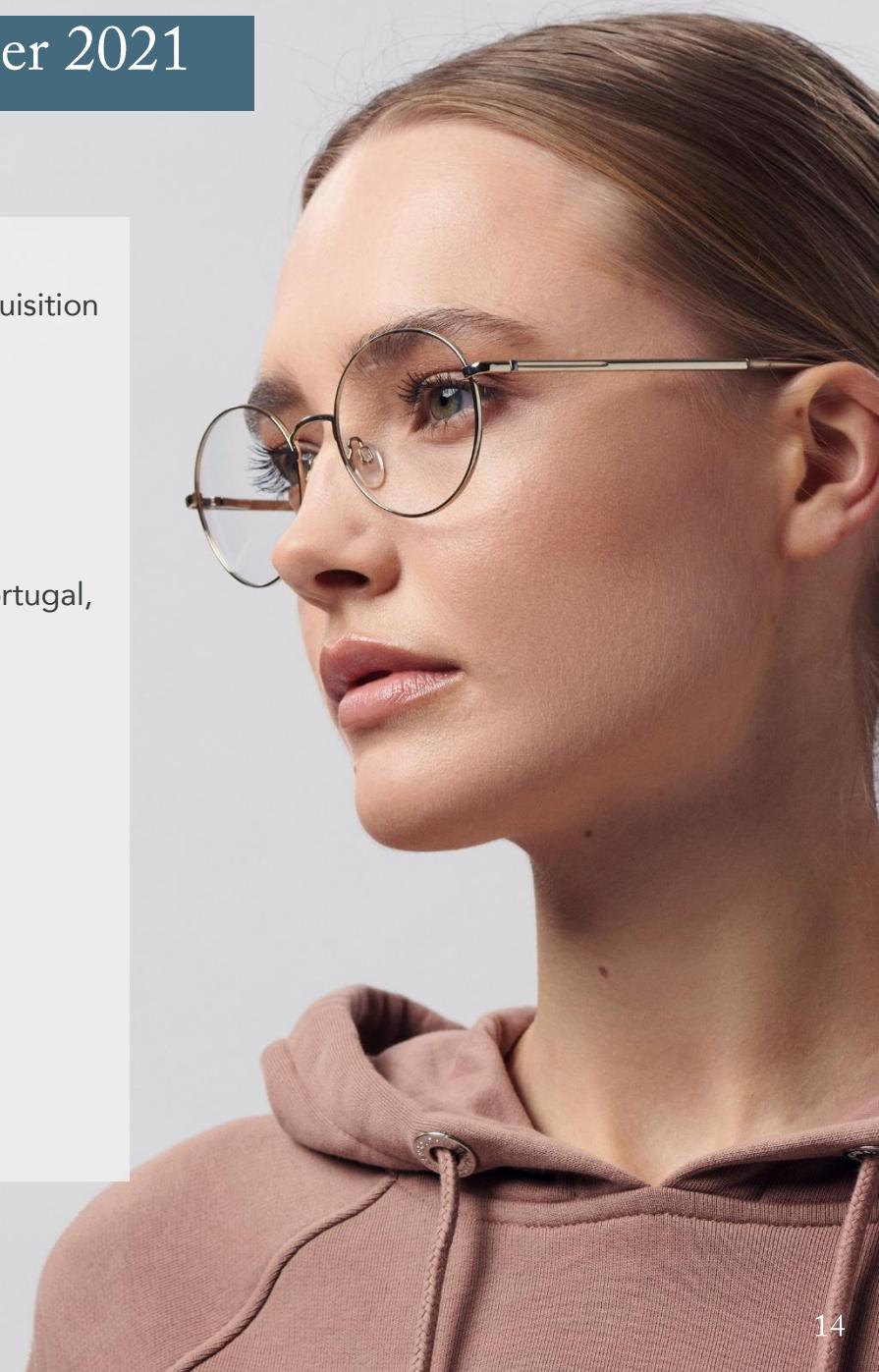
DAY

HENRI-LLOYD

SALMING.

FC BARCELONA

2NDDAY



Acquisition of BoDe Design – December 2021

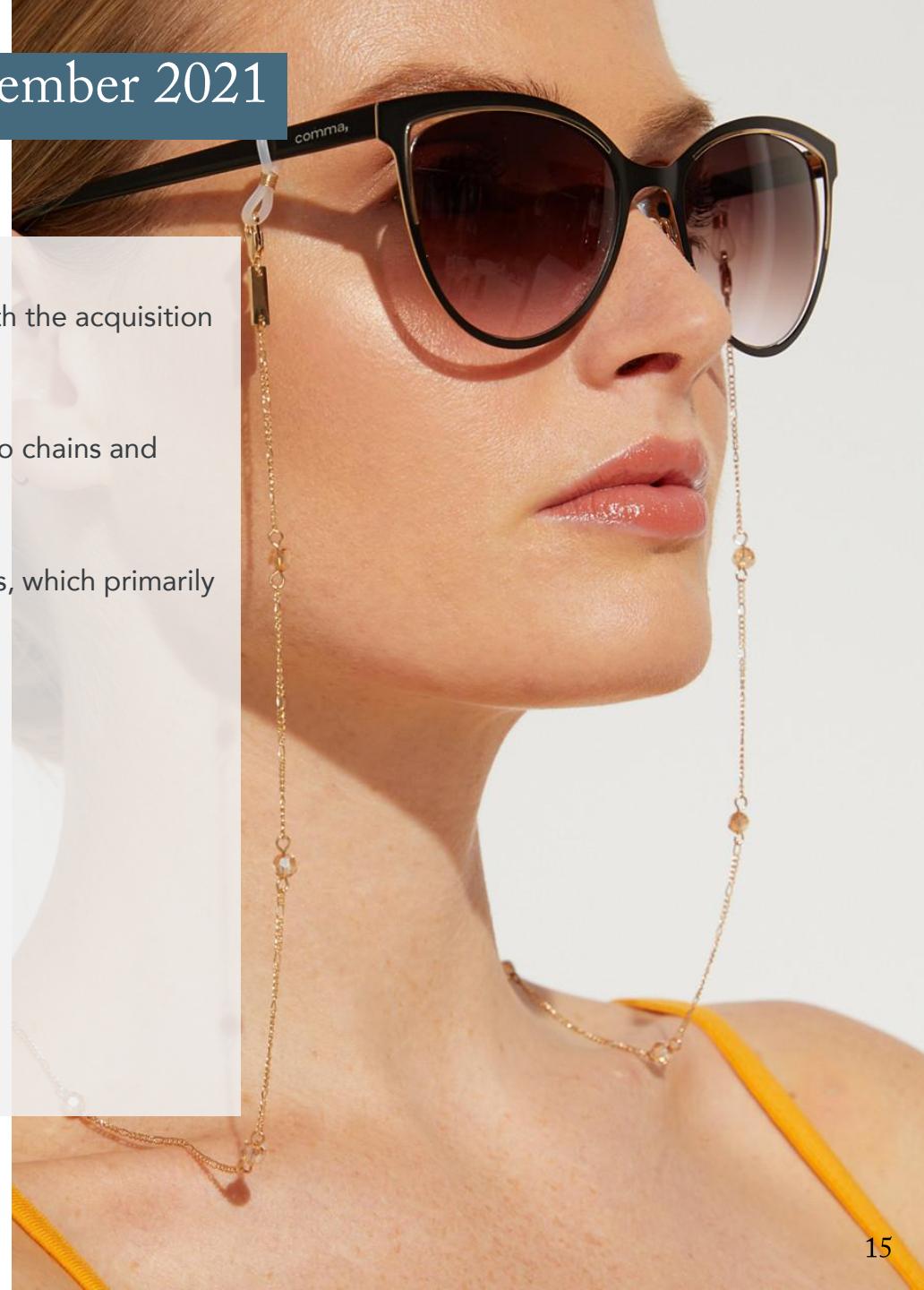
INSPECS further enhanced its distribution and brand portfolio with the acquisition of BoDe Design GmbH.

BoDe have been our long-term partner in Germany, distributing to chains and online retailers.

This energetic team's focus complements the Eschenbach business, which primarily sells to independent opticians.



comma,



Trademarks, rights and licences to the Hardy Amies brand – October 2021

Sir Hardy was official dressmaker to Queen Elizabeth II for more than 40 years and one of the most innovative and influential British designers of all time.

INSPECS Group will continue to expand the licence fee income generated by the brand, and is currently designing a bespoke range of eyewear for launch to the market in 2023.

Hardy Amies



Group Members

VERTICALLY INTEGRATED

INSPECS Group plc – Vertically integrated from frame and lens manufacturing to design, brands, sales, marketing and distribution

INSPECS Eyewear – Manufacturing, design, sales & distribution

ESCHENBACH Group – Manufacturing, design, sales & distribution

TURA – Design, sales & distribution

NORVILLE – Lens manufacturing

KILLINE – Eyewear manufacturing



Inspecs Eyewear

DESIGN, BRANDS, MARKETING, DISTRIBUTION (UK)

Founded in 1988

Winner of two Queen's awards for International Trade, among many others

Head office, design studio and showroom in Bath, UK

In-house licensed brand management working with the UK's leading brands

Global trend forecasting team

Experienced international design team delivering fashion forward designs from the high street to the catwalk



Killine

MANUFACTURING
JOINED GROUP IN 2017

40 years experience of creating eyewear

Killine's team of 50+ technicians and engineers from multi-national backgrounds are dedicated to being first to market with new innovations

State-of-the-art factories in China and Vietnam. Torkai in China produces high-end frames using premium materials and innovative patented techniques. Neo in Vietnam delivers our core product ranges

International team of designers are based in Portugal and China

↓ NEO



↑ TORKAI Factory

↓ Killine Lisbon office



Eschenbach

DISTRIBUTION

JOINED GROUP IN 2020

Genuine expertise

70+ highly qualified in-house opticians

No.1 in Germany for prescription frames

Experienced engineering and design team

Strong consumer recognition

Premium quality and optical engineering

Low-Vision Technology - 'Made in Germany'

Supplying both analog and digital vision aids

Consumer Optics

Binoculars with outstanding optics, high level of functionality and exceptional design

Award-winning designs

Red Dot award winner 2021, 2022

Silmo d'Or 2021/22



reddot winner 2021



Tura

DISTRIBUTION

JOINED GROUP IN 2020

Founded in 1938

Head office, design studio and showroom in
New York, NY

Distribution in USA, Canada & Mexico

Distribution centre in Muncy, PA. Customer
service, accounting, credit and collections, IT,
warehouse and distribution facility



Norville

LENSES

JOINED GROUP IN 2020

Founded in 1898 specialist lens supplier

3 UK manufacturing sites, Gloucester facility has 5,000m² production area

90+ team that are passionate on delivering exceptional customer experience





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GROUP PLC

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