



# INSPECS

— GROUP PLC —

FY22 UNAUDITED PRELIMINARY RESULTS PRESENTATION



# Presenters

**Richard Peck**  
Group CEO

**Chris Kay**  
Group CFO

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# Strategic Outlook

- A leading global designer, manufacturer and distributor of eyewear frames and prescription lenses to the optical industry
- Rationalisation of Group procurement
- Invest and expand our inhouse proprietary brands
- Increased utilisation of sustainable packaging and products
- Expansion of the Group's manufacturing capacity in Vietnam
- Targeted increase in EBITDA Margins
- Continue to monitor strategic acquisition opportunities
- FY23 will build on the Group's solid foundation





# Financial Highlights

## TURNOVER

2022	2021
\$248.6m	\$246.5m
Increase of 1%	

## GROSS PROFIT

2022	2021
\$122.3m	\$115.8m
Increase of 6%	

## ADJUSTED UNDERLYING EBITDA

2022	2021
\$19.2m	\$27.6m
Decrease of 30%	

## EYEWEAR UNITS SOLD

2022	2021
10.7m	10.4m
Increase of 0.3m units	

## TURNOVER – *constant exchange rate*

2022	2021
\$265.7m	\$246.5m
Increase of 8%	

## GROSS MARGIN

2022	2021
49.2%	47.0%
Increase of 220 BPS	

## ADJUSTED PBT DILUTED EPS

2022	2021
0.08¢	0.17¢
Decrease of 53%	

## CASH FLOWS FROM OPERATING ACTIVITIES

2022	2021
\$12.4m	\$24.9m
Decrease of 50%	





# Operational Highlights

## SKUNKWORKS

Our Research & Development department delivered its first commercial revenue in 2022 and this has continued into 2023

## CHINA – TORKAI

Frames supplied increased from 1.82m to 1.94m a rise of 6.6%

## VIETNAM – NEO

Frames supplied decreased from 3.75m to 3.4m a reduction of 9.3%

Reduction caused by Covid-19 related supply issues

Detailed specification of 3<sup>rd</sup> Vietnam plant completed

## EYEWEAR UNITS SOLD

Frames distributed increased from 10.4m to 10.7m a rise of 3%

## GROUP INTEGRATION

These included reductions in office space in Germany, the amalgamation of our two Hong Kong offices into one and the integration of International Eyewear Limited's offices and warehouse operations with Inspects Limited.

## NORVILLE EXPORTS

First exports of specially designed Colour Vision Deficiency (CVD) lenses to European and US markets



# The Group – 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

**Ego Eyewear** – Design, sales & distribution

**BoDe Design** – Sales & distribution

**KILLINE** – Eyewear manufacturing

**NORVILLE** – Lens manufacturing

## COMPETITIVE EDGE

Strong customer key account base

Range of 'low vision aid' products

Strong independent customer base

Patented intellectual property (IP)

Manufacturing capabilities of lenses and frames

Robust network of talented employees

28 licensed brands and 18 proprietary brands

Dedicated research and development team

Worldwide distribution





# Group P&L

## HEADLINE PERFORMANCE

Revenue grew to \$248.6m an increase of **+1%**

Revenue grew to \$265.7m on a constant currency exchange basis an increase of **+8%**

Organic revenue growth of \$6.2m on a constant currency exchange basis an increase of **+3%**

Adjusted Underlying EBITDA of \$19.2m a decrease of **-30%**

Gross profit margin of 49.2% an increase of **+220 BPS**

	31 December 2022 \$m	31 December 2021 \$m
Operating profit/(loss)	(1.5)	1.5
Depreciation and Amortisation	16.9	15.0
Impairment on intangible assets	0.0	3.4
Share based payments	1.7	1.5
Purchase price adjustment	0.2	6.0
Other adjustments	1.9	0.2
Adjusted Underlying EBITDA	19.2	27.6

GROUP REVENUE	
	\$m
2022	248.6
2021	246.5

ADJUSTED UNDERLYING EBITDA	
	\$m
2022	19.2
2021	27.6

Basic EPS	
2022	\$(0.10)
2021	\$(0.05)

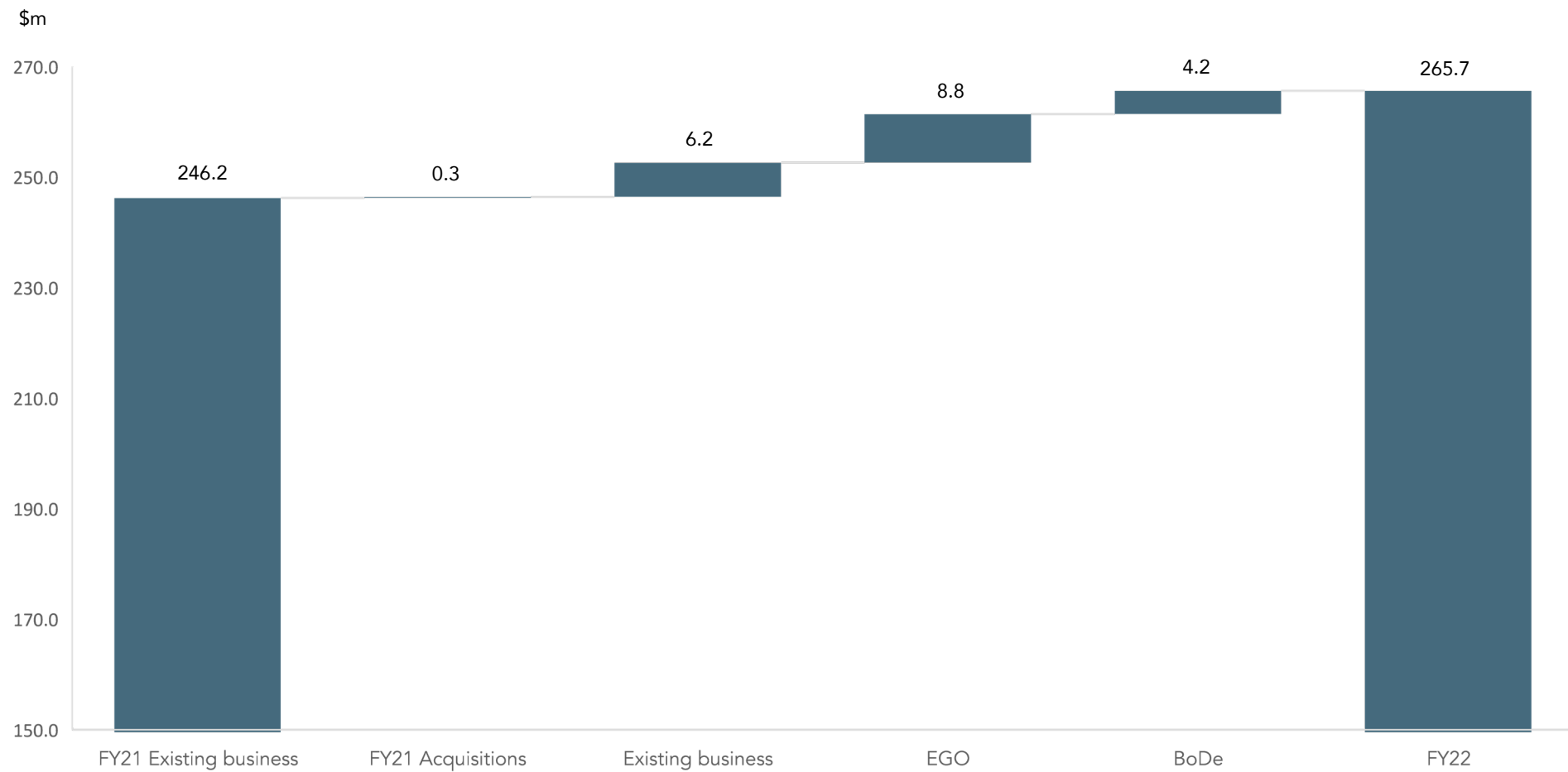
ADJUSTED EPS	
2022	\$0.08
2021	\$0.18

	12 months ended 31 December 2022 \$m	12 months ended 31 December 2021 \$m
Revenue	248.6	246.5
Gross Profit	122.3	115.8
Adjusted Underlying EBITDA	19.2	27.6
Operating Profit/(Loss)	(1.5)	1.5
(Loss)/Profit before income tax	(9.5)	(9.1)
(Loss)/Profit for the period	(7.8)	(5.4)

## Organic Growth – constant currency basis

### REVENUE

Organic growth of \$6.2m, +3% on a constant currency exchange basis

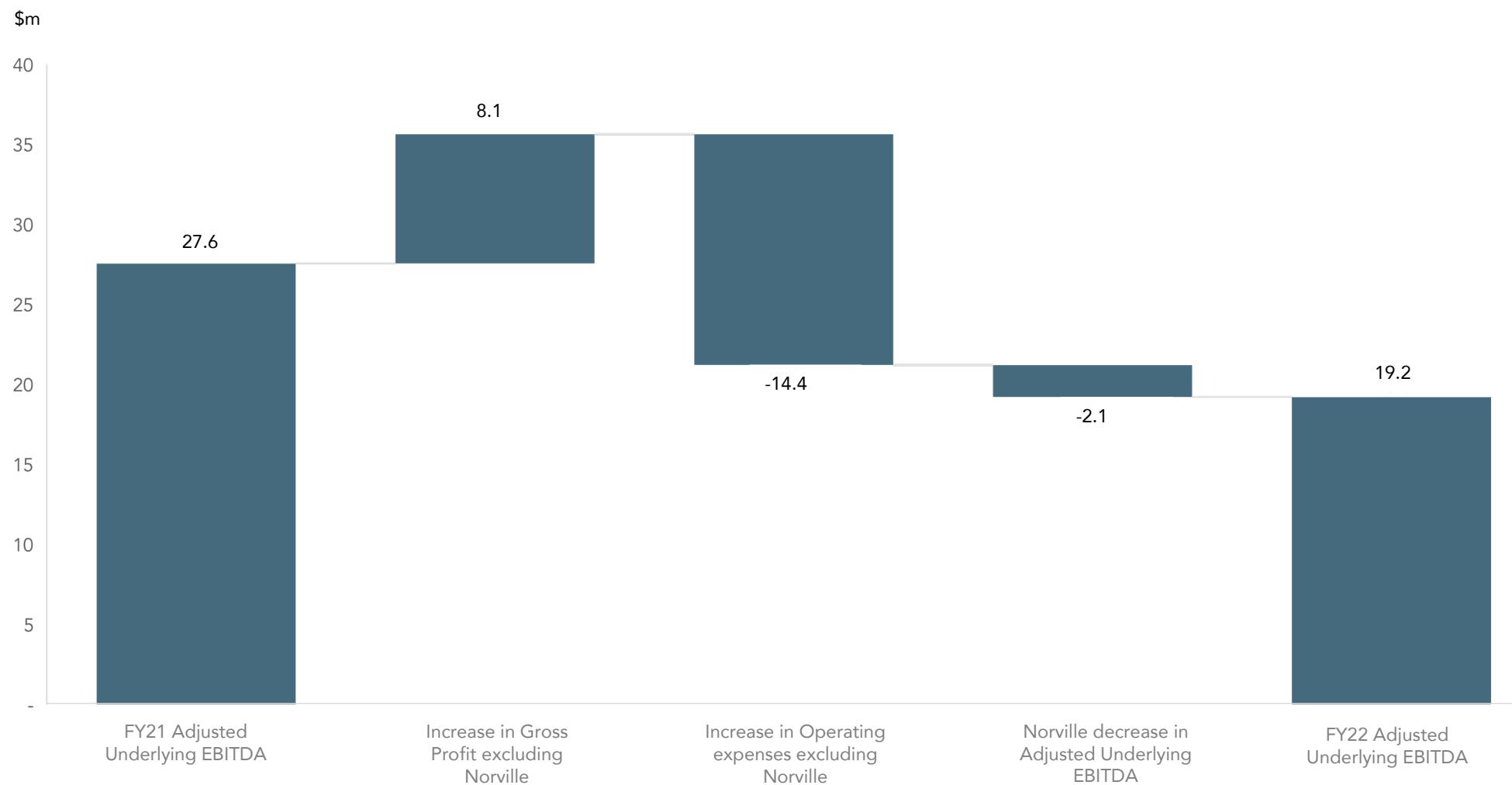




# Adjusted Underlying EBITDA Bridge

## ADJUSTED UNDERLYING EBITDA

Decrease of \$8.4m -30%



# Group Balance Sheet

## OVERVIEW

### BALANCE SHEET

Cash and cash equivalents decreased	-\$2.96m
Net debt (including leasing) increased	+\$2.5m
Net debt (excluding leasing) increased	+\$0.7m

	31 December 2022	31 December 2021
Adjusted* <sub>1</sub> Quick ratio	0.8	0.9
Adjusted* <sub>1</sub> Current ratio	1.5	1.6
Sales to inventory ratio	4.3	4.4

### LEVERAGE HEADROOM

	31 December 2022		31 December 2021	
	Actual	Required	Actual	Required
Leverage including lease finance * <sub>2</sub>	2.24	2.25* <sub>3</sub>	1.51	Below 2.0
Leverage excluding lease finance * <sub>2</sub>	2.07	2.25* <sub>3</sub>	1.34	Below 2.0
Interest cover	5.0	Above 4.0	12.3	Above 4.0

\*<sub>1</sub> Adjusted reflects long term reclassification of bank loans as non-current liabilities

\*<sub>2</sub> Leverage is calculated on a rolling 12-month historical EBITDA against net debt

\*<sub>3</sub> After to the year end HSBC formally waived the leverage ratio requirement as at 31 December 2022

	As at 31 December 2022 \$'000	As at 31 December 2021 \$'000
<b>ASSETS</b>		
NON-CURRENT ASSETS	164,489	189,825
CURRENT ASSETS <small>including assets held for sale</small> <i>(Cash and cash equivalents)</i>	128,191 26,799	131,120 29,759
<b>TOTAL ASSETS</b>	<b>292,680</b>	<b>320,945</b>
<i>Net current (liabilities)/assets</i>	<i>(1,194)</i>	<i>48,201</i>
<b>EQUITY</b>		
<b>TOTAL EQUITY</b>	<b>130,090</b>	<b>145,208</b>
<b>LIABILITIES</b>		
NON-CURRENT LIABILITIES	33,205	92,818
<i>(Current and non-current Interest bearing loans and borrowings)</i>	<i>82,618</i>	<i>82,483</i>
CURRENT LIABILITIES	129,385	82,919
<b>TOTAL LIABILITIES</b>	<b>162,590</b>	<b>175,737</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>292,680</b>	<b>320,945</b>



# Group Financing and Net Debt

## FINANCING

	Amount \$m	Expires	Drawn at 31 Dec 2022 \$m
Group RCF Facility	37.0	October 2024	36.4
Term Loans	18.7	October 2024	13.3
Revolving credit USA	10.0	1 year rolling	8.7
Invoice discounting	3.0	1 year rolling	1.8

## NET DEBT

	Year ended 31 December 2022 \$m	Year ended 31 December 2021 \$m
Cash at Bank	26.8	29.8
Borrowings	(60.2)	(62.5)
Leasing	(24.2)	(22.4)
Net Debt	(57.6)	(55.1)
Net Debt (excluding leasing)	(33.4)	(32.7)

# Group Cash Flow

## OVERVIEW

### Working capital

Net movement in working capital: Increase of \$5.8m FY22, (FY21 decrease of \$7.2m)

### Investing activities \$4.2m (FY21 \$15.7m)

Purchase of intangible fixed assets \$1.0m (FY21 \$1.5m)

Purchase of plant and equipment \$3.2m (FY21 \$6.1m)

Acquisitions in the year \$0.0m (FY21 \$8.1m)

### Financing activities (\$4.4)m FY21 (\$1.7)m

Increase in bank finance \$2.4m (FY21 \$3.9m)

Decrease/Increase in invoice discounting \$0.4m (FY21 \$2.5m)

Finance leases capital payments \$4.7m (FY21 \$4.2m)

Dividends paid \$1.6m (FY21 \$0.0m)

Other elements \$0.1m (FY21 \$0.5m)

Closing cash \$26.8m (FY21 \$29.8m)

	As at 31 December 2022 \$m	As at 31 December 2021 \$m
Operating cash flow	12.4	24.9
Interest paid	(3.7)	(2.0)
Tax paid	(3.6)	(2.9)
Net cash from operating activities	5.1	20.0
Net cash flow from investing activities	(4.2)	(15.7)
Net cash flows from financing activities	(4.4)	1.7
Net change in cash	(3.5)	6.0
Effect of FX rate changes	0.5	0.0
Opening cash	29.8	23.8
Cash & cash equivalents at end the of year	26.8	29.8



## Group Opportunities - Distribution

### **USE OUR WORLD-WIDE DISTRIBUTION PLATFORM TO INCREASE PENETRATION OF OUR BRAND PORTFOLIO**

The Group has successfully taken Superdry, Botaniq, O'Neill and Saville Row Titanium onto our worldwide distribution network

Further cross brand integration planned

### **INCREASE DISTRIBUTION IN ASIA PACIFIC MARKETS**

142% increase in Asia to \$8.0m from \$3.3m in 2022

Targeted increases and development planned

### **TRAVEL RETAIL MARKETS AROUND THE WORLD**

Significant growth opportunities have been identified and pursued post Covid-19 around the globe



# Group Opportunities - Production

Further expansion of our manufacturing capacities

Second Vietnam facility to begin construction in the second half 2023 increasing future frame capacity to 12 million

Major retail and eyewear distribution targeted for production

Portugal plant under negotiation

Maximise group synergies, resources and expertise

Consolidation of offices and warehouses in Asia and the UK completed in FY22

Further targeted consolidation synergies

Skunks Works department developing innovative new eyewear channels

Continued growth in commercial revenues generated in FY23

Targeted significant growth





# Roadmap to Carbon Neutrality

## PLANET

As a Group, our global offices to be Carbon Neutral by 2030

In 2022 4539 tCO<sub>2</sub>e offset through renewable energy projects

## PEOPLE

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

## 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

## PACKAGING

100% recyclable by 2025

## ESG

New ESG committee formed in 2022

# Sustainability Roadmap

## ENVIRONMENTAL

We have clear priorities for our business and continue to look for ways to improve as we evolve

We have worked with Ecologi and First Climate on renewable energy projects in Sri Lanka and Vietnam to help towards offsetting our Groups carbon emissions

We have continued our tree planting initiative by working with Ecologi and their planting partners

Over 2500 trees were planted in the UK in early 2023

## SOCIAL

Inspects collaborated with The Conservation Volunteers (TCV) to provide the team with the opportunity to volunteer in projects that benefit the local community

Over 28,000 frames distributed to charities in 2022

Our manufacturing site in Gloucester works closely with Vision Care for Homeless People (VCHP) a UK-wide charity



## Current Trading & Outlook

Q1 2023 inline with expectations

Construction to start shortly on the new Vietnam facility, raising capacity in the future from 7m to 12m units

Portugal manufacturing site continues to be planned and development remains on-going

Acquisitions performing well

Continued integration across the Group to achieve further synergies

Continual development of smart eyewear and increased revenue forecast in 2023

Market proving resilient and continuing improvement in trading conditions



# INSPECS

GROUP PLC



# Brand Map

Now **46** leading brands within the Group portfolio

	2022	2021	VARIANCE
Licensed	28	32	-4
In-house	18	18	-
Total	46	50	-4

The Group is continually reviewing the brand portfolio to ensure a mix that gives us an offering across the market



# Recent Timeline



## INTERNATIONAL MANUFACTURING

2017 - Killiney Group acquired  
(private label)



## AWARDS

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



## 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





# The Board



**Robin Totterman**  
**CHAIRMAN**

Robin has been a Board member since founding INSPECS in 1988.

Robin Totterman is an entrepreneur and forerunner in the branded eyewear industry with over 31 years' experience in eyewear licensing, design, manufacture and wholesale. Robin's passion for design and fashion brought the first branded eyewear to the UK optical market (Jean-Paul Gaultier). His ability to recognise value and seize opportunity saw him complete the acquisition of Killine in 2017, creating a vertically integrated Group rivalled by only a small number of eyewear firms. Prior to INSPECS, Robin worked at UBS Swiss Bank and Banque Paribas.



**Richard Peck**  
**GROUP CHIEF EXECUTIVE OFFICER**

Richard has served as a Board member since 10 January 2020.

Richard Peck has over 38 years of optical experience. Richard brings a wealth of experience from working in other leading eyewear companies, such as David Clulow and Luxottica, where he held the position of managing director (Retail Northern Europe) between 2010 and 2018. Richard's retail background increases the Board's diversity of skills, knowledge and experience.



**Christopher Kay**  
**GROUP CHIEF FINANCIAL OFFICER**

Chris has been involved with INSPECS since it was founded in 1988 and served as a Board Member for Inspects Holdings Limited since 13 November 2013.

Chris Kay is a qualified chartered accountant and became a partner of Thorne Lancaster Parker, a UK accountancy and taxation firm, in 1992. He became Finance Director of INSPECS in 2013 and works closely with Robin Totterman on strategy for the Group. Chris' business development and M&A experience was pivotal to the execution and integration of INSPECS' Killine Group acquisition.



**Angela Farrugia**  
**NON-EXECUTIVE DIRECTOR**

Angela was appointed as a member of the Board in 12 May 2020.

Founder of one of the worlds most successful brand extension company's', Angela founded TLC (The Licensing Company Ltd) in 1996, creating a new breed of agency ready to tackle the needs of modern day retailing. The company grew globally, with 24 offices in 16 countries, generating over \$12.4Bn in retail sales for its brand clients. She sold the business in 2015 to Global Brands Group PLC, and continued to serve as Group Managing Director until 2019. She brings significant brand, licensing and international expertise to the board, and currently lectures at Central Saint Martins MA fashion.



**Christopher Hancock**  
**SENIOR NON-EXECUTIVE DIRECTOR**

Christopher has served as a Board member for INSPECS since 8 March 2017.

Christopher Hancock FCA has 31 years' experience in business development, restructuring and corporation finance. Christopher qualified as a chartered accountant with Arthur Andersen before entering investment banking, where he spent 10 years with JP Morgan. He established his own consultancy practice in 2009 and co-founded an FCA regulated corporation finance and investment management firm in 2012. Christopher brings a broad range of experience in business development, M&A and corporate finance across several sectors.



**Shaun Smith**  
**NON-EXECUTIVE DIRECTOR**

Shaun was appointed as a member of the Board on 1 December 2022

Shaun has extensive plc experience having previously held CFO roles with Norcros plc and Aga Rangemaster Group plc. In his role at Aga Rangemaster Group plc, Shaun helped oversee the transformation of the business into an international brand-led manufacturer and retail group. Shaun has served as a Non-Executive Director on public company Boards since 2016 including as Audit Committee chair. He is currently a Non-Executive Director of Epwin Group Plc.



**Hugo Adams**  
**NON-EXECUTIVE DIRECTOR**

Hugo was appointed as a member of the Board on 1 December 2022

Hugo has more than 25 years' experience working for some of the biggest and best-known, global consumer brands including The Body Shop and running marketing and international expansion at Dyson. During nine years at Marks and Spencer Group Plc he managed businesses across Europe and the Middle East, as well as being Chief of Staff to the CEO and subsequently Director of Property. Hugo served on the Executive Board at Superdry Plc, responsible for marketing and business development, then CEO of the Frugi Group and most recently CEO of Start-Rite Shoes.

# 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



L.A.M.B.



# 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

↓ NEO



↑ TORKAI Factory

↓ Killine Lisbon office





# Inspects 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





# Ego Eyewear

DESIGN, BRANDS, MARKETING, DISTRIBUTION (UK)

JOINED GROUP IN 2021

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, Germany and New York.

VIKTOR&ROLF	Valerie
JOSEPH	LYLE&SCOTT
Barbour	LIBERTY.
	DAY
IvanaHelsinki	2NDDAY





# BoDe Design

## SALES & DISTRIBUTION

JOINED GROUP IN 2021

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

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

**ZWO"**  
FOR MEN

comma,





# Norville

## LENSES

JOINED GROUP IN 2020

Founded in 1898 specialist lens supplier

3 UK manufacturing sites, Gloucester facility has 5,000m<sup>2</sup> production area

90+ team that are passionate on delivering exceptional customer experience







# INSPECS

GROUP PLC

FY22 UNAUDITED PRELIMINARY RESULTS PRESENTATION