

26 January 2023

**Inspec Group plc**  
 ("Inspec" or "the Group")

**Full Year Trading Update**

Inspec Group plc, a leading designer, manufacturer, and distributor of eyewear (sunglasses, optical frames, lenses and low vision products), today announces a trading update for the year ended 31 December 2022 ahead of reporting its final results on 27 April 2023.

**Highlights**

- Full year trading in line with revised expectations
- China production volume increased in 2022 despite COVID-19 restrictions
- Norville losses narrowed in Q4 and further progress continues to be made
- Skunk Works generated its first commercial income
- Operational efficiencies expected to deliver further benefits in 2023

The Group's trading performance for the year, despite COVID-19 restrictions mainly in China and Vietnam, was in line with expectations as revised in October 2022, delivering Group revenue of \$246.0m (2021: \$246.5m). A breakdown of this revenue performance is shown below:

<b>Revenue (\$m)</b>	<b>12 months to 31 December 2021</b>	<b>12 months to 31 December 2022</b>	<b>Movement</b>
Existing business	246.3	233.4	(12.9)
Acquisitions during 2021	0.2	12.6	12.4
<b>Total</b>	<b>246.5</b>	<b>246.0</b>	<b>(0.5)</b>

On a constant exchange rate basis<sup>1</sup>:

<b>Revenue (\$m)</b>	<b>12 months to 31 December 2021</b>	<b>12 months to 31 December 2022</b>	<b>Movement</b>
Existing business	246.3	256.9	10.6
Acquisitions during 2021	0.2	13.1	12.9
<b>Total</b>	<b>246.5</b>	<b>270.0</b>	<b>23.5</b>

1. Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

On a constant exchange rate basis<sup>1</sup>, revenue increased by \$23.5m from \$246.5m to \$270.0m, an increase of 9.5%. In Asia, our factories maintained production throughout most of the year, despite both supply chain and COVID-19 restrictions.

The Group saw a decrease in order flow in Q3 2022 following a slowdown in our German, French and other European markets, resulting in a reduction of sales in Q4. As a result, the Board implemented a cost reduction programme to improve operational efficiency in 2023. The Group's other markets remain in line with management expectations. The Group order book as at 31 December 2022 was \$41.9m (31 December 2021: \$42.0m on a constant currency basis).

The Group experienced several headwinds in 2022, in particular, a large decrease in the Euro against the US Dollar which had a material impact on the reporting of our European business. Freight costs, which are now reducing, were at record highs in 2022, and material, product and operating costs all rose significantly in the year. Management are making good progress at Norville, having cut costs to streamline the business and are now focused on growing revenue. Our research and development department, Skunk Works, generated its first commercial revenues in 2022 and management expect further growth in 2023.

**Financial position**

The Group's net debt (excluding leases) increased by \$1.4m during the year to \$34.1m (31 December 2021: \$32.7m). Following the Group's trading update in October 2022, the Group agreed with its lender, HSBC, to a covenant waiver at 31 December 2022 and a relaxation of covenants through to 30 September 2023 to provide additional headroom. As a result, the Board will not be proposing a final dividend for 2022 or a dividend for 2023.

**Outlook**

The Group will continue to seek operational efficiencies and reduce costs where appropriate while maintaining execution of its growth strategy. The Group anticipates beginning construction of its new manufacturing facilities in H2 2023 funded from free cashflow. The Group enters 2023 with a good order book and is confident that it will enhance value for all stakeholders.

**Richard Peck, Chief Executive Officer commented:** "The Group experienced significant financial and trading headwinds in 2022 and the Board has implemented both cost reduction and operational efficiency programmes to ensure a better performance is delivered in 2023. Having taken over as CEO on 1 December 2022, I am confident that these programmes will ensure the Group is fit for the future and best placed to take advantage of the exciting growth opportunities that I see in the market."

**For further information please contact:**

**Inspecks Group plc**  
Richard Peck (CEO)  
Chris Kay (CFO)

**via FTI Consulting**  
**Tel: +44 (0) 20 3727 1000**

**Peel Hunt (Nominated Adviser and Broker)**  
Adrian Trimmings  
Andrew Clark  
Lalit Bose

**Tel: +44 (0) 20 7418 8900**

**FTI Consulting (Financial PR)**  
Alex Beagley  
Harriet Jackson  
Alice Newlyn

**Tel: +44 (0) 20 3727 1000**

**About Inspecks Group plc**

INSPECS is a Bath-based designer, manufacturer and distributor of eyewear frames and optically advanced spectacle lenses. The Group produces a broad range of frames and lenses, covering optical, sunglasses and safety, which are either "Branded" (either under licence or under the Group's own proprietary brands), or "OEM" (including private label on behalf of retail customers, as well as unbranded).

INSPECS aims to be the leader in eyewear solutions through its vertically-integrated business model and has adopted a three-pillar growth strategy to achieve this: (i) continue to grow organically; (ii) undertake further acquisitions (and drive value through leveraging the Group's internal capabilities); and (iii) extend the Group's manufacturing capacity.

INSPECS customers include global optical and non-optical retailers, global distributors and independent opticians, with its distribution network covering over 80 countries and reaching approximately 75,000 points of sale.

INSPECS has operations across the globe: with offices and subsidiaries in the UK, Germany, Portugal, Scandinavia, the US and China (including Hong Kong, Macau and Shenzhen), and manufacturing facilities in Vietnam, China, the UK and Italy.

More information is available at: <https://inspecks.com>

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