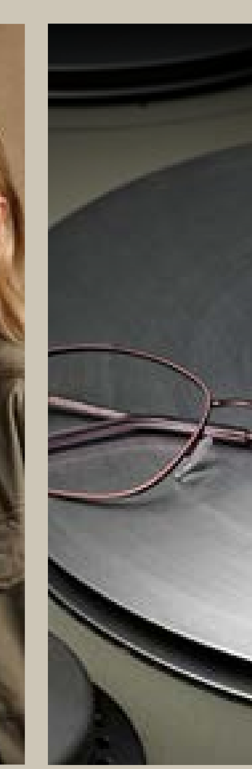
INSPECS
GROUP PLC



ALWAYS LOOKING FORWARD

ANNUAL REPORT & ACCOUNTS 2024

INSPECS *has* EMERGED *as a* GLOBAL FORCE *in the* EYEWEAR INDUSTRY

From the largest optical chains to individual consumers,
we offer eyewear, lenses, combined packages and low vision optical aids

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WHO WE ARE

DELIVERING VALUE

INSPECS is a leading provider of eyewear solutions and low vision aids to the global eyewear market

OUR STRATEGIC AIM

To build a highly respected global eyewear company that delivers long-term value for our stakeholders

SEE PAGE 04

OUR MISSION

To deliver a global, high performing and vertically-integrated eyewear company that creates a dynamic platform for growth, ignites customer excitement and exceeds expectations through our commitment to product, innovation, people and planet

FINANCIAL HIGHLIGHTS

Revenue
£198.3m

Underlying EBITDA
£17.6m

Gross Profit Margin
52.2%

Operating Profit/(Loss)
£3.4m

Eyewear Units Sold
11.4m

Cash Flows From Operating Activities
£14.2m

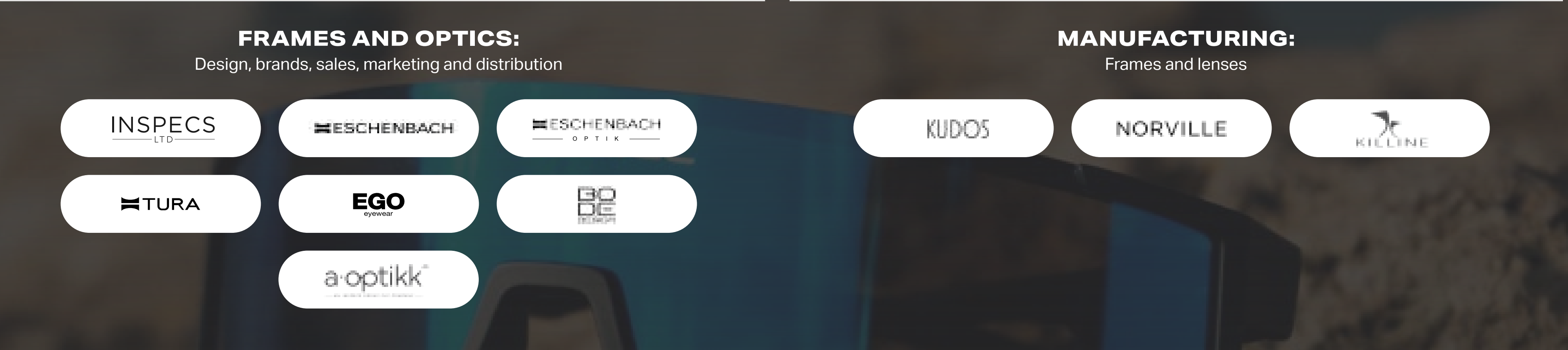
Net Debt (Excluding Lease Liabilities)
£22.9m

Basic and Diluted Loss Per Share
4.53p

Please refer to page 112 for our definition of alternative performance measures.

WHAT WE DO

Vertically integrated, INSPECS provides a one-stop-shop, from design to frame and lens manufacturing, sales, marketing and distribution. With our portfolio of owned and licensed brands, along with low-vision aids, we supply most of the biggest eyewear retailers in the world.



UNDERPINNED BY OUR VALUES

Customer focus:
we will meet or exceed all of our customers needs, understand their challenges, provide solutions and strive for continuous improvement.

Employee engagement:
we will be committed to promoting collaboration, transparency, positive communication and teamwork to foster a supportive and inclusive work environment.

Community contribution:
we will engage with local communities and contribute positively to social and economic development through our social responsibility initiatives.

Responsibility:
we will be a responsible business leader, committed to a sustainable future, implementing impactful social and cultural initiatives, upholding best practice governance standards and health and safety practices.

Agility:
we will be flexible and adaptable to customer needs and respond quickly to challenges and opportunities.

Innovative:
we will evaluate new opportunities with customers, new materials and technologies across the Group.

A YEAR IN REVIEW

Whilst overall 2024 has been a challenging year, the Group has continued to progress on integration and operational efficiencies. The benefits of this focus will aid future sales growth across all major entities.

The following show some of our operational highlights from the year.

FRAMES AND OPTICS:

- Secured the license for Tom Tailor, a fashion brand for the German and European markets.
- Concluded the integration of INSPECS USA into Tura which is now one of the major distributors of eyewear to the US market.
- Launched Optaro, our new digital low vision aid which has been well received by the market.
- Successfully launched Barbour into a global retail chain which has achieved strong sales to date.
- Collaborated and released a new specialist sunglass collection for the sport shooting market in North America.

SEE PAGE 31

LENSES:

- Designed and manufactured state of the art lenses to assist with colour blindness.
- Relaunched Reactolite, our photochromic lens brand which adapts to varying light conditions.
- Successfully introduced a new varifocal lens which provides smooth transition between multiple focal points.

SEE PAGE 33

MANUFACTURING:

- We completed our new additional 10,000sqm facility in Vietnam. The Group now has 18,000sqm of production space making it the largest eyewear manufacturing plant in Vietnam. Total capacity of around 12million frames per annum has enabled the Group to have increased flexibility of production and a significant offering to major customers around the world.

SEE PAGE 32

WHAT MAKES US UNIQUE

FRAMING SUCCESS

Our competitive edge

1

DISTRIBUTION

Balanced distribution:
INSPECS supplies global chains, wholesalers and independent opticians around the world.

Worldwide distribution:
To more than 75,000 points of sale.

75k

Points of sale distributed to

2

INNOVATION

Market-leading:
Range of innovative and high-tech 'low vision aid' products.

Innovation:
Dedicated research and development team.

10

Active collaborations with global technology partners

3

BRAND PORTFOLIO

Balanced portfolio:
INSPECS supplies private label, proprietary and licensed brands throughout the world.

Our brands:
28 licensed brands and 18 proprietary brands: including best-selling proprietary brands Titanflex and Humphrey's.

46

Brands in our portfolio

4

CAPABILITIES

Manufacturing capabilities:
Ability to produce high-end titanium and metal frames, as-well as acetates and injected frames, giving us a complete customer offering.

Robust network:
Of talented employees.

1,654

Total employees across the Group

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CHAIRMAN'S STATEMENT

OPERATIONAL EFFICIENCY, STRATEGIC EXECUTION

DEAR STAKEHOLDERS,

I am pleased to present INSPECS Group's Annual Report for the year to 31 December 2024. While this year has been a period of strategic progress, it has also presented challenges which led to declining revenues and profits. Nevertheless, we have demonstrated resilience, while continuing to invest in innovation and manufacturing to deliver long-term growth. We continue to navigate a dynamic economic environment while reinforcing our position as a leading global specialist in the eyewear sector.

Robin Totterman

Performance highlights

Despite ongoing macroeconomic headwinds, INSPECS has remained focused on delivering operational efficiency and strategic execution. Revenue for the year reduced by £5.0m against prior year to £198.3m, reflecting a weaker than anticipated consumer demand in key markets and the impact of customer consolidation. Our disciplined cost management and efficiency improvements resulted in a 130-basis point improvement in gross profit margin, however our revenue performance, combined with increased losses in our Lenses segment, led to a £0.4m reduction in Underlying EBITDA to £17.6m.

Our vertically integrated business model continues to provide significant advantages, enabling us to maintain operational efficiency across our global supply chain. The integration of past acquisitions is now largely complete, delivering synergies that are contributing to both revenue protection and margin improvements. Furthermore, our investment in sustainable production methods reinforces our leadership in ethical and environmentally responsible eyewear solutions.

Our strategic focus on mid-market and premium eyewear remains well aligned with consumer preferences for quality, craftsmanship, and sustainability. This has supported the development of new partnerships with leading global retailers while also driving direct-to-consumer growth.

Strategic developments in 2024

Throughout 2024, we remained focused on the six key pillars that guide our strategy: vertical integration, worldwide distribution, innovation, growth, global network and fit for the future.

- Vertical integration: Investments in automation and digital transformation have driven production efficiencies and quality enhancements. These improvements have also mitigated cost pressures from inflationary trends and supply chain disruptions.
- Worldwide distribution: We continued to expand in key growth markets, particularly in North America, with revenue from this region increasing by 4.0%.
- Innovation: We introduced several new eyewear designs, including collaborations with globally recognised fashion brands, broadening our portfolio and engaging new customer segments. Our R&D investments in smart eyewear technology have also delivered promising early-stage results, positioning INSPECS at the forefront of industry innovation.
- Growth: Expansion of our omnichannel retail presence has improved the customer experience, integrating in-store and online shopping. We continue to invest in our direct-to-consumer e-commerce platforms.
- Global Network: We remain committed to identifying acquisitions that align with our existing portfolio.
- Fit for the future: We are always looking at ways to improve our climate goals, and with that in mind, we are setting a clear new target: a 40% reduction in our global Scope 1 and Scope 2 emissions by 2040, using 2023 as our base year. This shifts our focus from our previous goal of carbon-neutral operations by 2030 to making deeper, more direct emissions reductions. At the same time, we are staying committed to sustainability by ensuring that by 2030, all our packaging will be recyclable, reusable, biodegradable, or made from bio-based materials.

→ SEE STRATEGY ON PAGES 15-21

Outlook for 2025

Looking ahead, demand for eyewear, particularly in the mid-to-premium and sustainable categories, remains robust, supported by trends such as increasing health awareness and global demand for optical correction.

We expect to realise further benefits from investments made since our IPO in 2020, particularly in our expanded manufacturing capabilities and distribution networks. Plans for additional expansion into underpenetrated regions such as Latin America, the Middle East, and Southeast Asia present significant opportunities for growth.

Our commitment to innovation and responsible design remains unwavering. In 2025, we plan to introduce new eyewear collections with thoughtfully sourced materials and accelerate progress on integrating smart technology into our product lines. Additionally, we will leverage data analytics to enhance our understanding of customer preferences, ensuring our offerings remain aligned with evolving consumer needs.

Operational priorities for 2025 include reinforcing supply chain resilience, maintaining strict cost discipline, and increasing the proportion of our Group's procurement from in-house manufacturing rather than third-party suppliers. While macroeconomic headwinds such as inflation, tariffs and currency volatility remain risks, we are confident that our business model and strategic agility will enable us to effectively navigate these challenges.

As per our communication to the market on 20 December 2024, I intend to step down as Executive Chairman at the conclusion of the Company's AGM pending the outcome of the ongoing search for a new Non-Executive Chair. I will remain as Chair until a successor is found, after which I intend to remain an Executive Director of the Group.

I would like to take this opportunity to express my gratitude to our leadership team and employees worldwide for their dedication and hard work throughout 2024. Their efforts have been instrumental in driving our progress.

To our stakeholders, thank you for your continued support and confidence in our vision.

As we enter 2025, I am confident that INSPECS is on a strong growth trajectory, equipped with the right strategy, talent, and resources to capitalise on emerging opportunities.

Sincerely,

Robin Totterman
Executive Chairman

14 April 2025

CHIEF EXECUTIVE'S REVIEW

STRATEGIC PROGRESS *and* RESILIENCE

DEAR STAKEHOLDERS,

I am delighted to share with you the 2024 Chief Executive's Review for INSPECS Group plc's Annual Report and Accounts.

Richard Peck

"Our commitment to innovation remains steadfast, and we are exploring new product lines and services to diversify our offerings."

Overall Performance

Starting with our financial performance, the Group delivered revenue of £198.3m, down from £203.3m the previous year. On a constant currency basis, the Group's revenue was £203.2m. Despite a difficult first half, revenue in the second half of the year increased 3.4%, from the previous year, to £95.3m. Underlying EBITDA decreased to £17.6m from £18.0m.

We continued to generate positive cashflow in the year and reduced our net debt by £1.3m to £22.9m, even after investing in a new factory and paying deferred consideration on previous acquisitions. In December, we successfully refinanced our banking arrangements with HSBC UK Bank plc. The new loan facilities, maturing in 2027, are expected to reduce interest costs starting in 2025 and continuing thereafter.

Frames and Optics

Our Frames and Optics segment performance in the USA, Canada and the UK was robust. However, as highlighted through the year, we did experience a softer market in Europe, which impacted our overall performance.

Whilst the segment saw a dip in sales from £179.0m to £172.2m, improvements in gross margin helped mitigate the impact on Underlying EBITDA.

The team has been focused on operational and strategic initiatives through the year. Our strategy to grow by introducing our brands into more markets, while continuously simplifying our business operations, has shown promising results. The launch of a new brand, Barbour, globally has been very well received in the market.

We have made significant developments in centralising our procurement processes, with a dedicated global team delivering synergies. The integration of our US businesses completed in the year, streamlining our operations under a single team, which has already delivered efficiencies and enhanced performance.

In regard to brand portfolio highlights, we were excited to announce the addition of a new brand, Tom Tailor, in August 2024. Our house brand, Titanflex, has continued to deliver strong results this year with a record number of sales. In Q4, Eschenbach Optiks successfully launched a revolutionary low vision aid – a video smartphone magnifier, which was well received by the market.

Manufacturing

Revenue from our manufacturing segment was £20.7m, compared to £20.2m in 2023. A major highlight of the year was the completion of the Group's new, state-of-the-art manufacturing facility in Vietnam. This expansion of manufacturing capability, which is now fully operational, has significantly increased our capacity allowing the Group to be able to produce an additional 5 million units per year in the future.

Lenses

Our Lenses segment grew its revenue by 18.2%. Despite this growth in sales, operationally the business increased its losses by £0.5m. Our satellite businesses have been merged into our main production facility in early 2025 to reduce operational overheads and we are currently carrying out a strategic review of the business, which is expected to be concluded by June 2025.

ESG

In 2024, we maintained our focus on ESG across our operations, remaining committed to aligning with UK mandatory climate-related financial disclosures and meeting stakeholder expectations. We have shifted from a carbon-neutral goal to a 40% emissions reduction target, focusing more on direct reductions to our carbon footprint. As we move forward, we remain dedicated to regularly reviewing and refining our ESG strategy to drive meaningful progress across our global operations.

Our role within the community remains important to us, and we continue to foster strong partnerships with charities and non-profit organisations, both in the UK and internationally. In 2024, we proudly supported various initiatives, including the food bank project at Eschenbach, Sight Support Southwest with INSPECS Ltd, and the local food support programme at Tura.

Current trading and outlook

Looking ahead, we remain committed to growth with several key initiatives this year. We will introduce Tom Tailor, a significant brand in eyewear with Eschenbach in Europe. In Asia, production in our factories is ramping up, which will allow us to manufacture more products for our customers. In February, we attended the world's largest optical fair in Italy, where we received strong interest in our new Vietnam factory.

We delivered solid growth in H2 2024 and I am pleased to report that our current trading is in line with expectations, giving the Board confidence in delivering growth in revenue, margins and profits in 2025.

In addition to these efforts, we are focusing on enhancing our technological capabilities to stay ahead in the market. We are investing in digital transformation initiatives to improve our supply chain efficiency and customer experience. Our commitment to innovation remains steadfast, and we are exploring new product lines and services to diversify our offerings. We believe that these strategic moves will position us well for sustained growth and success in the coming years.

Finally, I would like to thank our employees and teams for your continued dedication and support. Your hard work and collaboration are essential to our ongoing success.

Richard Peck
Chief Executive Officer

14 April 2025

MARKET OVERVIEW

The global eyewear frames and sunglasses market is projected to see a 3.0% CAGR over the next five years, driven by evolving consumer trends, changing market dynamics, and technological advancements

Ageing is a major global demographic factor affecting eye care, as the need for vision correction grows and becomes more complex with age. Furthermore, the rise in screen time, particularly among young people, may have more severe impacts than previously anticipated, reinforcing the ongoing demand for preventive eyecare.

Market size and growth

According to recent market research (Statista), the global market for eyewear frames and sunglasses is expected to be valued at £53.6bn in 2025 and is projected to reach £60.4bn by 2029, with a CAGR of 3.0% (2025-2029) during the forecast period. The average volume per person in the total eyewear market is expected to be 0.3 pieces per person in 2025. On average, in 2025, every person worldwide is expected to generate a revenue of £13.09 in the eyewear market.

SEGMENTATION BY PRODUCT

Forecast 2025 Market Size:

EYEWEAR FRAMES

Key trends:

Recent trends have seen a growing demand for eyewear frames from sustainable materials. Demand has increased for innovative designs such as bold colours and unconventional shapes. Advancement in material technologies has allowed for the development of more lightweight and durable frames.

£33.1bn

SUNGLASSES

Key trends:

UV protection has become increasingly important to consumers along with the popularity of polarised lenses to reduce glare. The incorporation of sunglasses into high-end designer collections has turned them into a style statement as well as practical accessories.

£20.5bn

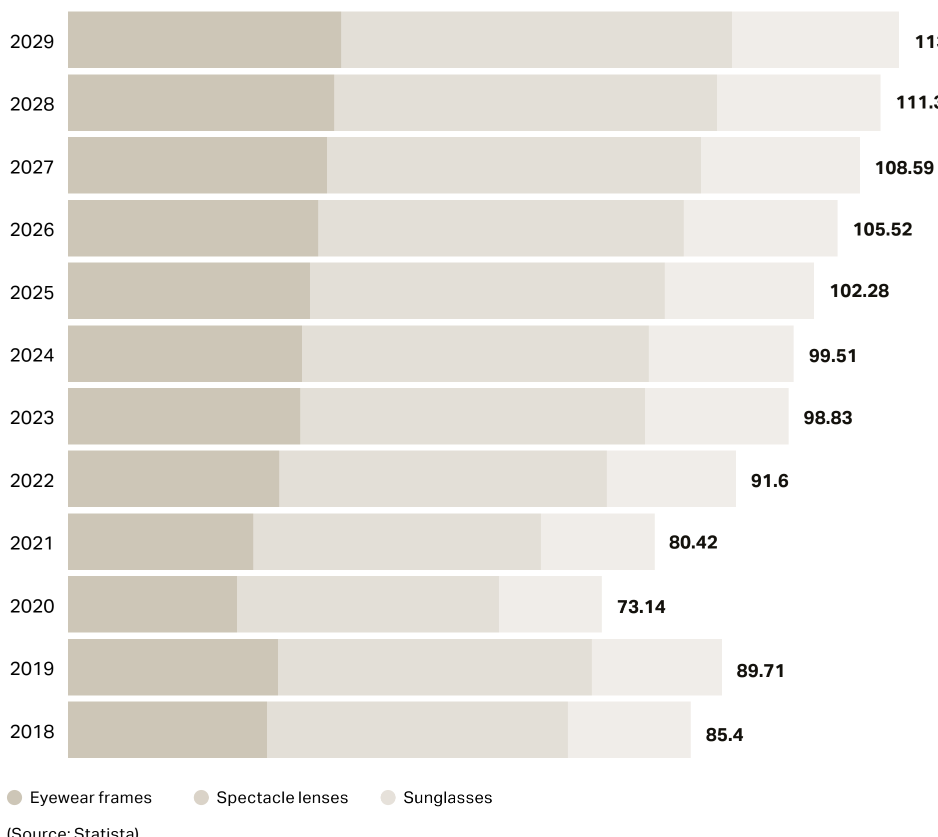
SPECTACLE LENSES

Key trends:

The industry has seen increased research and developments into smart lenses in both the entertainment and medical sectors. Advancements in lens technology has also led to demand for thinner, lighter and more scratch resistant lenses.

£48.7bn

REVENUE BY SEGMENT (£BN)



(Source: Statista)

SEGMENTATION BY REGION

Forecast 2025 Market Size:

EUROPE

Key trends:
Europe is expected to experience moderate growth, spurred by a rising prevalence of myopia and hyperopia, as well as ageing populations. Germany makes up the largest slice of this market (£6.1bn) followed by France (£5.6bn) and the United Kingdom (£3.7bn).

£29.4bn

UNITED STATES

Key trends:
The United States generates the highest revenue in the eyewear market with average revenue per capita of £68.1 expected in 2025. Growth is expected to be fuelled by an increasing prevalence of eye disorders and a growing awareness of the importance of preventive eyecare such as blue light blocking lenses for the population's increased screentime.

£23.4bn

REST OF WORLD

Key trends:
The eyewear market in the Asia-Pacific region is expected to experience the highest growth over the next five years. This growth is driven by an increasing number of people requiring vision correction due to ageing populations, rising disposable incomes, and changing consumer preferences.

£49.5bn

(Source: Statista)

OUR BUSINESS MODEL

1

DESIGN

Our design teams around the world follow the latest trends in the market and get inspiration from a variety of industries, including consumer fashion and beyond.

Our design teams are principally in the UK, USA, Germany, Portugal and Sweden.

Drivers of success

- Talented employees
- Dedicated Innovations team

2

MANUFACTURE

Our product development teams work with our in-house design teams before passing designs on to our production teams. The Group has manufacturing plants in Vietnam, China, UK, Germany and Italy.

Drivers of success

- Enlarged manufacturing capabilities for lenses and frames

3

MARKET

Our marketing teams work in tandem with brand owners and brand managers to bring products to the market.

Drivers of success

- Blend of proprietary brands and licensed brands
- Cutting edge 'low vision aid products'

4

DISTRIBUTE

Through our network of 75,000 optical and retail outlets across 80 countries our products are sold in well-known high street chains and independent opticians globally.

Drivers of success

- Strong key account customer base
- Strong independent customer base

OUR STRATEGY

INSPECS' CONTINUED *to* POSITION *itself* *as* ONE *of the* WORLD'S LEADING EYEWEAR COMPANIES

Our model is based on six strategic pillars achieving sustained and balanced growth for the benefit of all stakeholders

01
VERTICAL INTEGRATION

02
WORLDWIDE DISTRIBUTION

03
INNOVATION

04
GROWTH

05
GLOBAL NETWORK

06
FIT FOR THE FUTURE

01

VERTICAL INTEGRATION

Maximise our Group synergies, resources and expertise

- Our Group procurement team is focused on delivering an increasingly competitive supply chain of quality manufactured products at the best price for the Group to distribute to both global chains and independent opticians.
- Targeted consolidation and optimisation of resources around the Group.
- Further growth of in-house manufactured products from our own enlarged manufacturing capabilities.

02

WORLDWIDE DISTRIBUTION

Use of our worldwide distribution platform to increase global reach

- Key brands both proprietary and licensed now distributed across our entire network.
- Tom Tailor licence secured with distribution starting in 2025.
- Barbour successfully launched into global chain with distribution now in place across our entire network.
- Continual growth in supply to travel retail outlets across the globe.

03

INNOVATION

Innovation at the forefront of our approach

- Major global retailers and manufacturers engaged with our teams on innovative and market-leading eyewear development.
- Gaming eyewear launched with unique lenses and innovative heat-dissipating materials.
- A new digital low vision aid 'Optara' launched in 2024.

04

GROWTH

Pursue all avenues for growth, internally and externally

- Construction of new Vietnam facility, raising capacity from 7m to 12m frames completed.
- Solid growth in our low vision optics division both in Europe and the USA.
- Solid growth in our North American businesses with increased distribution to major chains secured in 2024 for distribution in 2025.
- Launch of selected frames to global online retailer with first deliveries made in December 2024.

OUR STRATEGY

05

GLOBAL NETWORK

Strategic acquisitions

- Acquisition of A-Optikk (Norway) in January 2024 for increased operations in the Nordic region and enhanced distribution capacity.
- Successful integration of our US businesses in 2024.
- Further integration for our European businesses to be completed in 2025.

06

FIT FOR THE FUTURE

High-performing, on-trend, innovative products with a responsible future

- Sustainable and biodegradable materials and products used to reduce our environmental impact and offer customers more thoughtfully sourced options.
- Ongoing research and development of biodegradable packaging to be introduced with product offering.
- Norville developed lenses in 2024 to assist individuals with colour blindness as well as cutting edge blue light blocking lenses.
- Patented hinge developed for Titanflex being utilised across other Group products.
- Three Red Dot design awards won in 2024 for our eyewear models from our Marc O'Polo, Jos and Mini eyewear ranges.

KEY PERFORMANCE INDICATORS

Our business focuses on nine key performance indicators that are used by the Board and senior management to review future outcomes and the successful delivery of the Group's overall strategy.

Revenue

£198.3m

-2%

Underlying EBITDA Margin

8.9%

+0 Basis points

Eyewear Units Sold

11.4m

+4%

Net Debt (Excluding Lease Liabilities)

£22.9m

-5%

2024 £22.9m
2023 £24.2m
2022 £27.6m

Underlying EBITDA

£17.6m

-2%

Diluted Underlying EPS

3.36p

-31%

Operating Profit/(Loss)

£3.4m

+17%

Gross Profit Margin

52.2%

+130 Basis points

Cash Flows From Operating Activities

£14.2m

-16%

→ PLEASE REFER TO PAGE 112 FOR OUR DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES.

MEDIUM-TERM TARGETS

In addition to the KPIs detailed on the previous page, INSPECS has the below 2025 – 2027 Medium-Term Targets. These targets will assist us in delivering our aim and mission, detailed on page 2 and will be supported by our strategy, on pages 15 to 21.

01 Accelerated Revenue Growth:

CAGR Organic Revenue Growth 40% above the market rate*

Drivers of growth:

- Expansion in premium and performance eyewear segments.
- Increased penetration in key markets and e-commerce growth.
- Product innovation and brand differentiation.

02 Operational Strength:

Achieve double digit Underlying EBITDA%

Key contributors:

- Improved gross margins through strategic sourcing and supply chain efficiencies.
- Increased automation and AI-driven analytics for inventory and demand forecasting.
- Greater direct-to-consumer (DTC) sales and omnichannel retail strategies.

03 Sustainable Leverage:

Net Debt to be 40%-75% of Underlying EBITDA

Capital allocation priorities:

- Strategic investments in innovation and expansion.
- Prudent leverage management to maintain a healthy debt profile.
- Returning value to shareholders through dividends and share buybacks where feasible.

* Market Benchmark: Based on Statista Eyewear: Market Data & Analysis, covering Sunglasses and Eyewear Frames revenue projections.

CHIEF FINANCIAL OFFICER'S REVIEW

The Group's Underlying EBITDA decreased by 2.2% in the year from £18.0m to £17.6m. The Group reduced its net debt by £1.3m whilst investing a further £0.7m in our new Vietnam manufacturing facility and paying £1.9m of deferred and contingent acquisition consideration.

Chris Kay

Group sales for the year of £198.3m was a decrease of 2% on the previous years sales of £203.3m. On a constant currency basis* our sales of £203.2m were flat on the previous year's sales of £203.3m.

The Group's Operating Profit increased from £2.9m to £3.4m.

The Group's Underlying EBITDA decreased by 2% in the year from £18.0m in 2023 to £17.6m.

Reported loss before tax of £1.0m (FY23: Profit before tax £0.2m) is after incurring non-underlying costs (net) £0.5m (FY23: £0.1m), exchange adjustments on borrowings £0.1m (FY23: £1.3m) and net finance costs of £4.0m (FY23: £3.9m).

* 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.

	FY24 £'000	FY23 £'000
REVENUE	**198,258**	203,292
Gross profit	**103,451**	103,547
Underlying operating expenses	**(85,869)**	(85,508)
UNDERLYING EBITDA	**17,582**	18,039
Share-based payment expense	**(371)**	(972)
Depreciation and amortisation	**(12,817)**	(13,039)
Earnout on acquisitions	**(981)**	(1,140)
OPERATING PROFIT BEFORE NON-UNDERLYING COSTS	**3,413**	2,888
Reconciliation to reported results		
OPERATING PROFIT BEFORE NON-UNDERLYING COSTS	**3,413**	2,888
Non-underlying costs (net)	**(468)**	(58)
Exchange adjustments on borrowings	**97**	1,312
Share of loss of associate and joint venture	**(29)**	(12)
Net finance costs	**(4,036)**	(3,915)
(LOSS)/PROFIT BEFORE TAX	**(1,023)**	215
Tax charge	**(3,585)**	(1,212)
LOSS AFTER TAX	**(4,608)**	(997)

Revenue

Total revenue for the year was £198.3m, decreasing by 2% from £203.3m in 2023. On a constant currency basis, revenue remained flat,at £203.2m in 2024 and £203.3m in 2023.

Gross profit margin

The Group's gross profit margin for 2024 was 52.2% compared to 50.9% in 2023, an increase of 130 basis points. The Group continues to focus with its new procurement team on supply chain efficiencies.

Underlying EBITDA

The Group considers Underlying EBITDA as one of its key operating performance indicators. Our Underlying EBITDA decreased by £0.4m, from £18.0m to £17.6m, a decrease of 2%. Underlying EBITDA margin remained flat at 8.9%. Our Underlying EBITDA performance reflects the decrease in sales in 2024 from 2023.

Operating expenses

Operating expenses decreased from £100.7m to £100.0m in 2024 despite cost inflation on wages, salaries and operating costs. The Group will continue to seek further operational cost savings in 2025.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000	Percentage change
Revenue	**198,258**	203,292	-2.5%
Gross profit	**103,451**	103,547	-0.1%
Distribution	**5,743**	6,020	-4.6%
Employee expenses	**53,012**	52,690	0.6%
Administrative expenses, excluding employee expenses	**41,283**	41,949	-1.6%
TOTAL OPERATING EXPENSES	**100,038**	100,659	-0.6%

CHIEF FINANCIAL OFFICER'S REVIEW

The table below sets out our operating costs as a percentage of revenue.

	Year Ended 31 December 2024 £'000	Percentage of revenue	Year Ended 31 December 2023 £'000	Percentage of revenue
Revenue	**198,258**	—	203,292	—
Gross profit	**103,451**	52%	103,547	51%
Distribution	**5,743**	3%	6,020	3%
Employee expenses	**53,012**	27%	52,690	26%
Administrative expenses, excluding employee expenses	**41,283**	21%	41,949	21%

(Loss)/Profit before tax

In 2024, the Group made a statutory loss before tax of £1.0m (FY23: profit £0.2m), a decrease of £1.2m. The Group made an Underlying EBITDA of £17.6m (FY23: £18.0m).

	2024 £m	2023 £m
Underlying EBITDA	**17.6**	18.0
Non-cash adjustments		
1. Depreciation and amortisation	**(12.8)**	(13.0)
2. Exchange adjustments on borrowings	**0.1**	1.3
3. Share-based payment expense	**(0.4)**	(1.0)
4. Earnout on acquisitions	**(1.0)**	(1.1)
Sub-total	**3.5**	4.2
Non-underlying costs (net)	**(0.5)**	(0.1)
Net finance costs	**(4.0)**	(3.9)
(LOSS)/PROFIT BEFORE TAX	**(1.0)**	0.2

Key items impacting the current year's results are as follows:

Depreciation and amortisation

The Group's depreciation and amortisation charge is set out below. Amortisation costs principally arise from the capitalisation of customer relationships on acquisitions.

	31 December 2024 £m	31 December 2023 £m
Depreciation	**6.0**	6.1
Amortisation	**6.8**	6.9
Total	**12.8**	13.0

Exchange adjustments on borrowings

The exchange adjustment on borrowings primarily relates to intragroup loans, where the functional currency of the entities differs from the loan currency. This exchange adjustment also relates to the revolving credit facility and term loan held in Euros.

Share-based payment expense

The Group has an LTIP scheme in place that vests over a period of three years from the date of the grant of the option at market value, and is subject to the continued employment of the individual over that period. The Group has recognised a non-cash charge of £0.4m in 2024 (FY23: £1.0m). The scheme is designed to give the equivalent of one year's salary to an individual over that three-year period. Details of all options granted are shown in note 31 to the accounts. The Remuneration and Nomination Committee have approved the issue of further options, with this expected following the announcement of the 2024 results. Please see page 85 for further details.

Earnout on acquisitions

The acquisitions of EGO Eyewear and BoDe Designs in December 2021 both contained amounts due for contingent consideration, based on the performance of those businesses. In 2024, the amount of contingent consideration recognised under the agreements amounted to £1.0m (FY23: £1.1m) and has been charged to the profit and loss account in accordance with IFRS 3.

Net finance costs

Total net finance costs of £4.0m remained in line with 2023. On 13 December 2024 the Group repaid its previous multicurrency term loan and revolving credit facility with HSBC. At the same time, the Group entered into a new term loan and multicurrency revolving credit facility with HSBC.

The Group's multicurrency facility has now been drawn down in Euros with the interest rate charge based on the Euribor rather than Sonia. On 13 December the Sonia rate was 4.7%, the Euribor rate was 2.9%. The new facilities were put in place to reduce net finance costs over the term of the new facilities.

The amortisation of loan transaction costs relates to the refinancing charges that are amortised over the period of the financing facilities available to the Group.

	2024 £m	2023 £m
Bank loan interest	**3.1**	3.4
Invoice discounting	**0.3**	0.1
IFRS 16 lease interest	**0.6**	0.5
Interest receivable	**(0.2)**	(0.2)
Net finance costs	**3.8**	3.8
Amortisation of loan transaction costs	**0.2**	0.1
Total net finance costs	**4.0**	3.9

Non-underlying costs (net)

The Group incurred £0.5m of non-underlying costs (net) in 2024 (2023: £0.1m). During the year the Group incurred restructuring costs of £0.4m which included the integration of INSPECS USA and Tura. The Group incurred a provision charge of £0.3m (2023: £nil) in relation to pre-acquisition withholding tax. The Group also recognised a non-underlying gain of £0.2m in relation to the sale of the Magdala Road site. The details of these are given on in note 8 to the accounts.

Cash flows

During the year, the Group generated £7.2m in net cash flows from operating activities after tax and interest (2023: £12.7m). An analysis of how the Group has deployed its free cash flow in the year is set out below.

	31 December 2024 £'000	31 December 2023 £'000
Cash and cash equivalents at the beginning of year	**20,070**	22,153
Net cash from operating activities	**7,199**	12,665
Net cash used in investing activities	**(2,518)**	(6,183)
Net cash used in financing activities	**(426)**	(8,835)
Increase/(Decrease) in cash and cash equivalents	**4,255**	(2,353)
Foreign exchange rate (loss)/gain	**(365)**	270
Cash and cash equivalents including overdrafts at the year end	**23,960**	20,070
THE BREAKDOWN OF NET CASH USED IN INVESTING ACTIVITIES IS		
Purchase of intangible fixed assets	**(964)**	(1,248)
Purchase of property, plant and equipment	**(1,956)**	(4,502)
Proceeds from disposals of property, plant and equipment	**1,025**	–
Cash paid in relation to deferred consideration	**(700)**	(673)
Acquisition of subsidiaries, including overdraft acquired	**(124)**	–
Interest received	**201**	240
Net cash used in investing activities	**(2,518)**	(6,183)

Working capital

The Group closely monitors its working capital position to ensure that it has sufficient resources to meet its day-to-day requirements and to fund further investing activities to supply its customer base.

CHIEF FINANCIAL OFFICER'S REVIEW

Receivables by due date

The Group closely monitors its receivable due days to ensure that amounts overdue more than 30 days are kept to a minimum balance.

	Year ended 31 December 2024				Year ended 31 December 2023			
	Total	Current	<30 days overdue	>30 days overdue	Total	Current	<30 days overdue	>30 days overdue
Receivables (£m)	**28.3**	**19.0**	**4.3**	**5.0**	24.2	15.2	3.2	5.8
Percentage	**100**	**67**	**15**	**18**	100	63	13	24

Inventory

Our sales to inventory ratio decreased from 5.0 to 4.6. The Group constantly monitors its working capital position, with a view to increase the sales to inventory ratio where possible.

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Turnover	**198.3**	203.3
Inventory	**42.8**	40.9
Sales to inventory ratio	**4.6**	5.0

Current asset ratio

The current asset ratio is a liquidity ratio that measures a company's ability to pay its short-term obligations, or those due within one year.

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Current assets	**106.6**	97.2
Current liabilities	**75.1**	65.9
Ratio	**1.4**	1.5

Quick ratio

The quick ratio is an indicator of a company's short-term liquidity position, and measures a company's ability to meet its short-term obligations with its most liquid assets.

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Current assets	**106.6**	97.2
Less inventory	**(42.8)**	(40.9)
	63.8	56.3
Current liabilities	**75.1**	65.9
Ratio	**0.8**	0.9

Net debt

The Group's closing net debt, including and excluding lease liabilities, is shown below. During the year the Group decreased its net debt excluding leases from £24.2m to £22.9m.

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Cash at bank	**24.0**	20.1
Bank loans & invoice discounting	**(46.9)**	(44.3)
Lease liabilities	**(15.6)**	(17.9)
Net debt	**(38.5)**	(42.1)
Net debt (excluding lease liabilities)	**(22.9)**	(24.2)

Financing

During the year, the Group refinanced its facilities with HSBC. The new loan facilities, maturing in December 2027, have a leverage ceiling of 2.25, debt service cover of 1.05 (increasing to 1.1 in December 2025) and an interest cover of 3.0. The Group finances its operations through the following facilities.

	Amount £m	Matures	Drawn at 31 December 2024 £m
Group revolving credit facility	29.8	December 2027	**28.2**
Term loans	9.9	December 2027	**9.9**
Revolving credit facility USA	8.0	1-year rolling	**7.5**
Invoice discounting	1.7	1-year rolling	**1.7**
Total	49.4		**47.3**

Leverage (using debt to equity ratio)

The Group's leverage positions, calculated in the context of its banking covenants, are shown below including and excluding operating lease liabilities:

	2024	2023
Including operating lease liabilities	**1.64**	1.70
Excluding operating lease liabilities	**1.52**	1.58
Required ratio	**2.25**	2.25

The Group's leverage is constantly updated, and a rolling projection for 12 months is reviewed to ensure compliance with the Group's covenants. A breach in the cash flow cover covenant as of 31 March 2025 was identified, which was caused by accelerated payments to suppliers. Controls over subsidiary bank accounts have been strengthened such that a breach of a similar nature cannot reoccur. The breach was formally waived by HSBC on 9 April 2025. The Group's other covenant positions are given on page 132.

(Loss)/earnings per share

Year ended 31 December 2024	Basic weighted average number of Ordinary Shares ('000)	Total (loss)/ earnings £'000	(Loss)/ earnings per share (pence)
Basic loss per share	**101,672**	**(4,608)**	**(4.53)**
Diluted loss per share	**101,672**	**(4,608)**	**(4.53)**
Basic Underlying EPS	**101,672**	**3,593**	**3.53**
Diluted Underlying EPS	**106,824**	**3,593**	**3.36**

Dividend

The Group does not intend to pay a dividend for the year ended 31 December 2024.

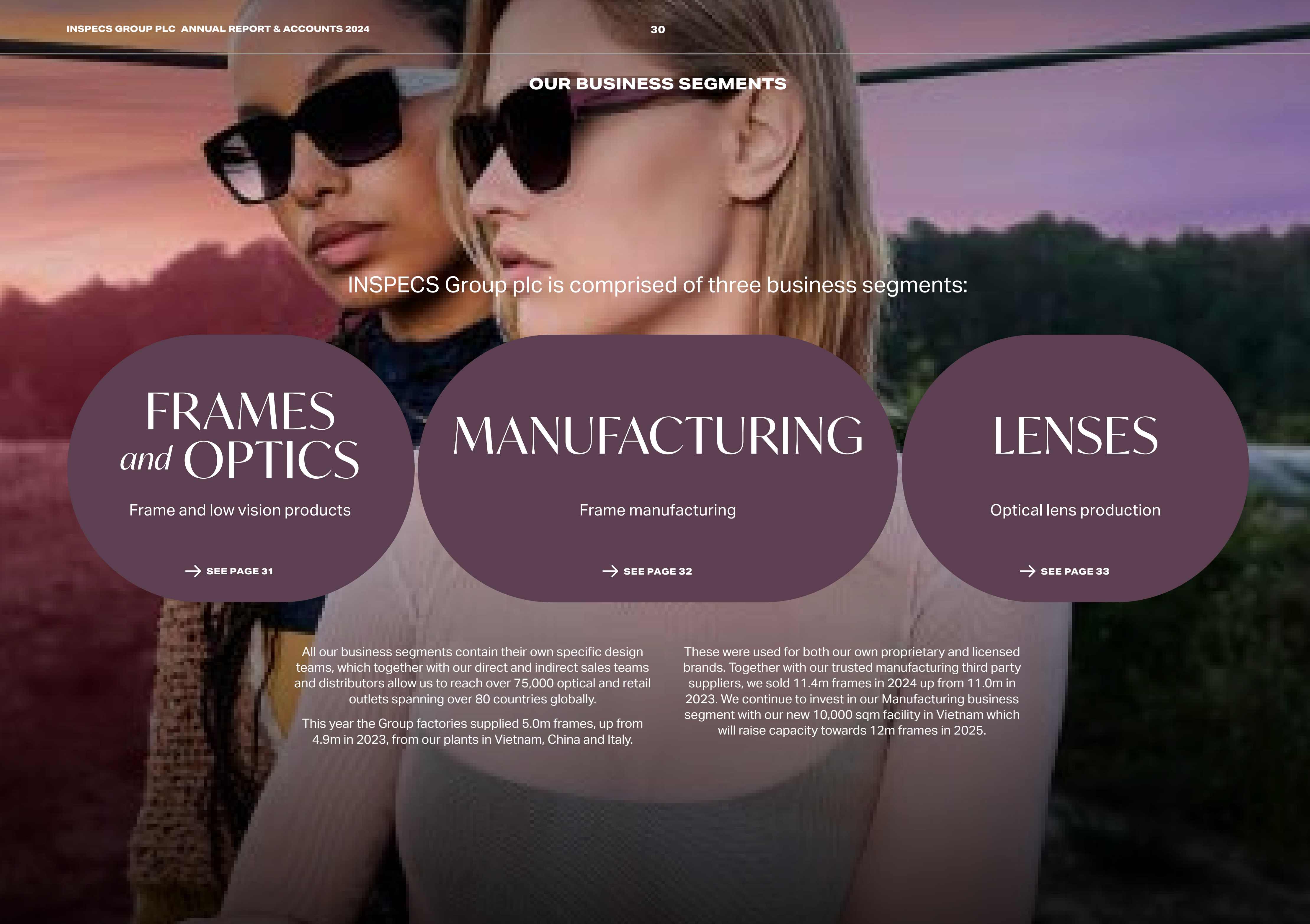
Going concern

The Directors have undertaken a comprehensive assessment of the Group's ability to trade out to at least 30 June 2026. Details of this are given in the Directors' Report on pages 90 to 92. Taking this into consideration, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue to trade throughout the review period. Therefore, the Directors continue to adopt the going concern basis in preparing the consolidated and Parent Company financial statements.

Chris Kay
Chief Financial Officer

14 April 2025

OUR BUSINESS SEGMENTS



INSPECS Group plc is comprised of three business segments:

FRAMES and OPTICS

Frame and low vision products

SEE PAGE 31

MANUFACTURING

Frame manufacturing

SEE PAGE 32

LENSES

Optical lens production

SEE PAGE 33

All our business segments contain their own specific design teams, which together with our direct and indirect sales teams and distributors allow us to reach over 75,000 optical and retail outlets spanning over 80 countries globally.

This year the Group factories supplied 5.0m frames, up from 4.9m in 2023, from our plants in Vietnam, China and Italy.

These were used for both our own proprietary and licensed brands. Together with our trusted manufacturing third party suppliers, we sold 11.4m frames in 2024 up from 11.0m in 2023. We continue to invest in our Manufacturing business segment with our new 10,000 sqm facility in Vietnam which will raise capacity towards 12m frames in 2025.

FRAMES *and* OPTICS

Frame and low vision products

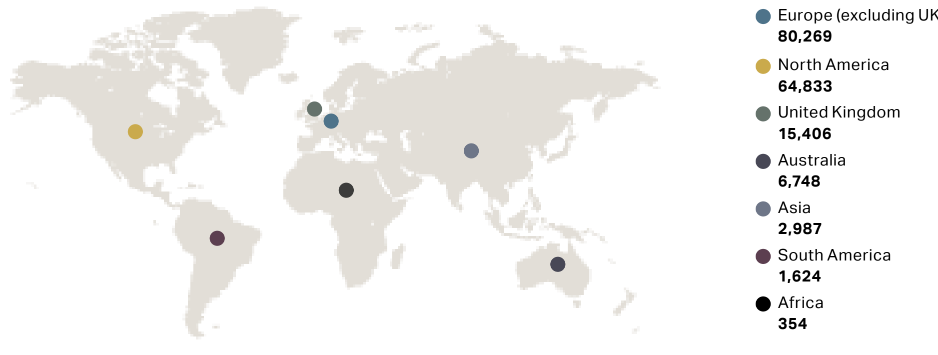
Our Frames and Optics business segment is located across the globe and comprises of Eschenbach, INSPECS, BoDe, Ego Eyewear and Tura. During 2024, this business segment had combined sales of £172.2m, down from £179.0m in 2023.

Our low vision business in Europe and America performed strongly in 2024 with solid growth. In September 2024 it launched the Optara, a new digital low vision aid which has been successfully received into the market. The business continues to develop new and innovative products with a diffusion range to be launched digitally to the market in 2025.

Our optical frame business, whilst down in revenue in 2024, performed well in North America with solid growth, but was affected by the continuing consumer weakness in both Germany and other European markets. Our UK business performed well, and further licensed brands will be delivered to its key chain business in 2025. The Tom Tailor fashion licence was signed by our German business in 2024 and launches in 2025 across both Germany and the European market.

Our new Nordic sales teams performed well in the last quarter of 2024 winning key accounts and increased independent distribution for 2025, which combined with our Swedish operation gives us a solid platform to increase growth in the future.

Revenue split by region for Frames and Optics (£'000)



Revenue*
£172.2m
2023: £179.0m

Number of Employees
681
2023: 669

Operating Profit*
£5.0m
2023: £5.1m

Adjusted Underlying EBITDA*
£16.6m
2023: £17.6m

FRAME AND OPTIC DEVELOPMENT TIMELINE

1988
- INSPECS created

2009
- Acquired Inspecs USA

2020
- Acquired Eschenbach Group, including Eschenbach Optik

2021
- Acquired BoDe
- Acquired Ego Eyewear

2024
- Acquired A-Optikk AS

* Segment excludes any allocation of adjustments and eliminations. Please refer to page 114 for our full reconciliation.

OUR BUSINESS SEGMENTS

MANUFACTURING

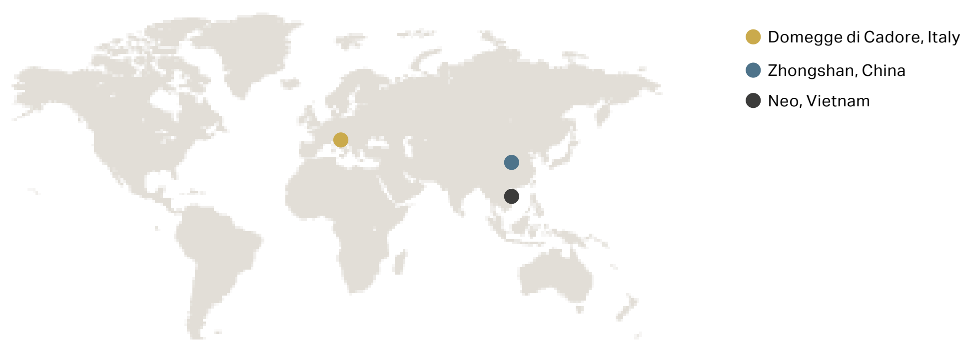
Frame manufacturing

As part of our vertical integration strategy, we continue to invest in our own Frame Manufacturing segment. This gives us an added advantage of being able to use, where appropriate, our own in-house teams, or subcontract to some of the world's best manufacturers. During the year the Group factories supplied 5.0m frames, an increase of 0.1m frames from 2023. We have invested a total of £3.7m in our new additional 10,000 sqm plant in Vietnam that commenced manufacturing in 2024. This brings technical capacity of the Group to 12m frames on an annual basis, but more importantly, increases our ability to deliver at busy times.

Our main manufacturing plants are NEO Optical in Vietnam, Torkai Optical in China and Kudos in Italy.

Despite the work undertaken on the construction of the new manufacturing facility the business increased its revenue by £0.5m to £20.7m and had a 5% increase in operating profit to £4.2m.

Frame manufacturing locations



Revenue*
£20.7m
2023: £20.2m

Number of Employees
894
2023: 928

Operating Profit*
£4.2m
2023: £4.0m

Adjusted Underlying EBITDA*
£5.9m
2023: £5.6m

MANUFACTURING TIMELINE

1994
Torkai Optical factory completed
- Metal and acetate frames
- 10,000 sqm

2016
Neo Optical Plant A completed
- Injection moulded and acetate frames
- 4,000 sqm

2019
Neo Optical Plant B completed
- Injection moulded and acetate frames
- 4,000 sqm

2021
Kudos factory completed
- High-end rolled gold frames
- 1,500 sqm

2024
Neo Optical Plant C completed
- Injection moulded, acetate and metal frames.
- 10,000 sqm

* Segment excludes any allocation of adjustments and eliminations. Please refer to page 114 for our full reconciliation.

OUR BUSINESS SEGMENTS

LENSES

Lens Manufacturing

Whilst our Lens Manufacturing segment increased its revenues by 18% from 2023, operating losses increased mainly as a result of increased manufacturing overheads.

During the year the Group sold its old factory site at Magdala Road and in early 2025 integrated its two satellite plants in Livingston and Seaham into the main Gloucester business in a further effort to increase operational efficiencies.

The Group is currently undertaking a strategic review of our Lens Manufacturing segment.

Lens Manufacturing locations

Revenue*
£4.9m
2023: £4.2m

Number of Employees
79
2023: 76

Operating Loss*
£2.5m
2023: £2.0m

Adjusted Underlying EBITDA*
£(1.9)m
2023: £(1.4)m

* Segment excludes any allocation of adjustments and eliminations. Please refer to page 114 for our full reconciliation.

OUR BRANDS

GLOBAL FOOTPRINT

Our brand portfolio includes a balanced mix of proprietary and licensed brands.

PROPRIETARY

We target specific market segments with our proprietary brand offer. We elevate Group-owned patents and manufacturing techniques by building a brand around them and successfully taking them to market.

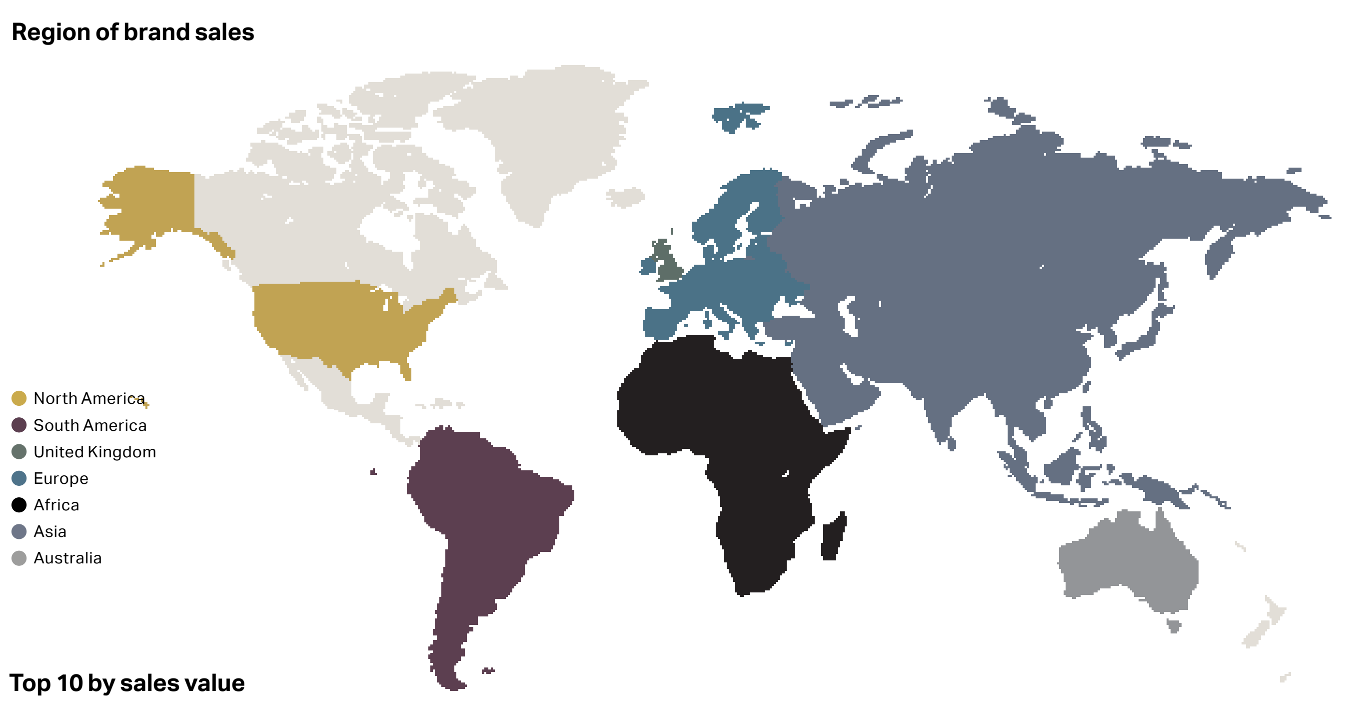
LICENSED

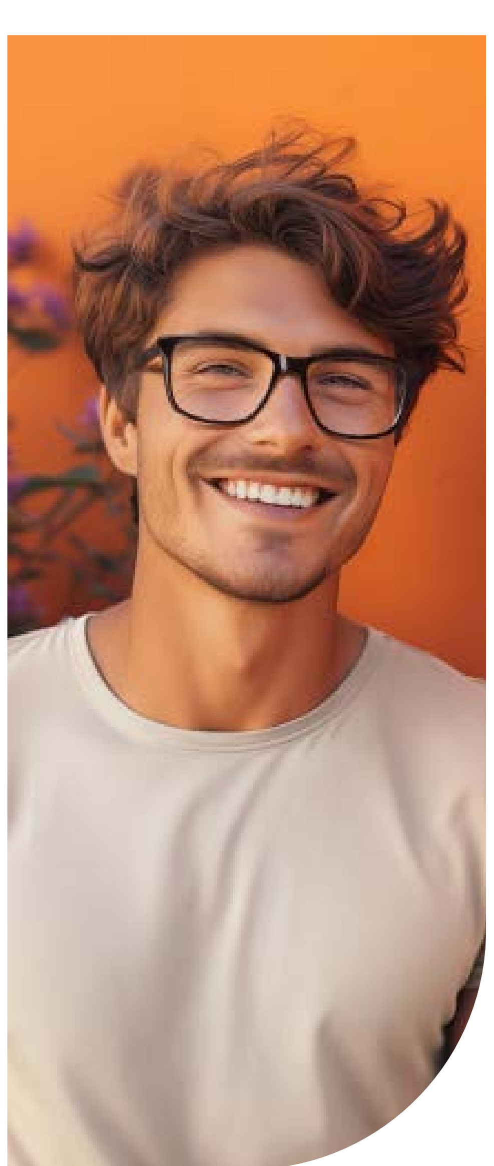
Consumer brands are selected with potential to grow market share in a geographical region or for broader global distributions. We are specialists in working with brand owners in partnership, to help deliver growth for both parties.

OUR BRANDS

Global footprint

Region of brand sales





Top 10 by sales value

BRAND	North America	South America	United Kingdom	Europe	Africa	Asia	Australia
Titanflex	●	●	●	●	●	●	●
Humphreys	●	●	●	●	●	●	●
Ted Baker	●						
Marc O'Polo		●	●	●	●	●	
L.A.M.B	●	●	●				
Superdry	●	●	●	●	●	●	●
Brendel	●	●	●	●	●	●	●
O'Neill	●	●	●	●	●	●	●
Tura	●		●				
Lulu Guinness	●		●				

OUR BRANDS
Licensed
TED BAKER

CASE STUDY

TED BAKER
LONDON

Ted Baker London is a globally recognised lifestyle brand, known for its refined yet quirky approach to fashion.

Fusing British heritage with contemporary design, the eyewear collection embodies modern sophistication through wearable shapes and unexpected design elements. Characterised by clever details and signature prints and patterns, Ted Baker eyewear captures the essence of distinction and individuality while maintaining an approachable mid-level luxury positioning.

Market penetration and distribution

Ted Baker Eyewear is strategically distributed across more than 8,000 independent eyecare professionals ('IECPs'), numerous optical chain accounts, certain e-commerce sites and fashion retailers across North America. The brand maintains strong partnerships with optical alliances and buying groups using tailored marketing and sales support strategies. In 2025 an affordably priced diffusion collection, *Baker by Ted Baker* will expand the brand's reach into additional optical chains further strengthening its market presence.

Design innovation

The Ted Baker eyewear collection balances contemporary fashion with functional sophistication. The brand's commitment to innovation is evident in its use of custom acetate materials, bold yet wearable shapes, and intricate design details. With an emphasis on fit inclusivity, the collection offers petite/narrow, universal, and XL fit options, ensuring accessibility for a diverse range of consumers. Sustainability initiatives extend to eco-conscious materials and packaging, reinforcing its commitment to responsible fashion. The men's collection combines smart styling with innovation, while the women's and kids' assortment focuses on trend-forward yet timeless designs.

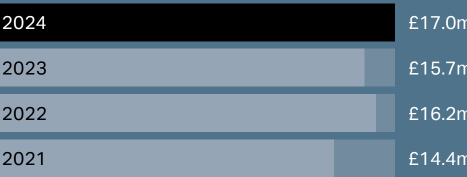
Customer engagement and loyalty

Ted Baker fosters brand loyalty through a multi-channel marketing approach that combines brand training, tailored merchandising, and digital engagement. The brand invests in ongoing communication via social media, email campaigns, and direct mail to keep consumers connected. Through in-store experiences and visual merchandising, Ted Baker strengthens its presence among optical retailers and consumers alike. The eyewear collection's blend of quality craftsmanship, stylish versatility, and thoughtful design ensures a lasting emotional connection with wearers, reinforcing Ted Baker as a trusted name in fashion eyewear.

Financial performance

Ted Baker eyewear continues to grow and contribute meaningfully to the Group's financial performance. At the heart of the brand's 20-year track record of growth is a commitment to innovative design and a deep understanding of the professional eyecare space. We expect recent brand extension efforts to contribute significantly to market share gains in the coming years.

Annual Sales

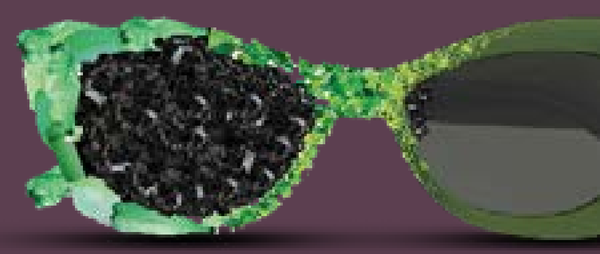


OUR BRANDS

Proprietary

BOTANIQ

CASE STUDY



BOTANIQ®

Introduced in 2021, BOTANIQ is a stylish, eco-friendly eyewear collection, designed with the planet in mind that makes people feel good about their choice and look fantastic at the same time.

BOTANIQ aims to inspire others to join the movement and understand that saving the planet requires a collective effort, starting with something as small as the frames you choose to wear.

Market penetration and global reach

Despite being a brand-new player with limited brand awareness, BOTANIQ has rapidly secured prime retail placements. The brand is now listed in Boots Opticians and Dufry – Travel Retail across Europe, expanding its footprint in key markets. Additionally, its presence in Sam's Club in the US gives it access to a massive American consumer base. These strategic partnerships provide BOTANIQ with a global showcase, accelerating its market penetration and brand awareness.

Sustainable practices and corporate responsibility

BOTANIQ is ISCC certified across both optical and sunglasses ranges made with Eastman Acetate Renew for frames and Tritan™ Renew for the sun lenses resulting in highly responsible eyewear with exceptional look and feel.

Tritan™ Renew lenses are made with 50% certified recycled content[1], while Acetate Renew frames are made with 28% recycled content[1] and 42% responsible bio-based content[2] resulting in a total of 70% responsible content.

This certification showcases BOTANIQ's commitment to the sourcing of sustainable materials, transparency with the supply chain and provides credibility to the consumers.

All packaging is recyclable. Paper and cardboard is from FSC sources. The case folds flat, reducing transport energy use.

Customer engagement and brand loyalty

BOTANIQ builds customer loyalty on trust, ethical choices, and staying true to its promises. The commitment to sustainability, transparency, and responsible practices ensures that the customer feels confident in every purchase.

By consistently delivering eco-conscious products and standing by its values, BOTANIQ creates a deeper connection with the customers.

BOTANIQ is committed to planting a tree for every frame sold and working with TerraCycle® BOTANIQ recycles and repurposes the old products giving the materials a second life, diverting waste from landfill and incinerators.

For us, loyalty isn't just about repeat purchases – it's about building a movement of like-minded individuals who believe in a better future.

Design innovation and collaboration

BOTANIQ sets itself apart through cutting-edge design and material innovation, blending trend-setting aesthetics with sustainability. Each frame is meticulously crafted to offer flattering, progressive style and comfort while maintaining an environmentally responsible footprint. By leveraging advanced material technologies like Eastman Acetate Renew and Tritan™ Renew, BOTANIQ ensures that its eyewear is both durable and eco-conscious.

BOTANIQ collaborates with leading designers and sustainability experts to push the boundaries of sustainable fashion. Through continual refinement, its collections incorporate the latest advancements in recycled and bio-based materials.

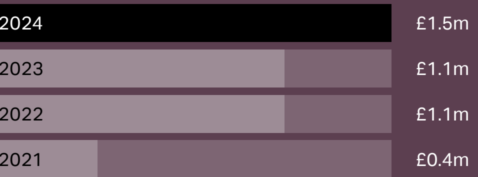
In addition to internal innovation, BOTANIQ embraces strategic partnerships with like-minded brands and organisations to drive forward-thinking design solutions. These collaborations result in collections that resonate with environmentally conscious consumers, further cementing BOTANIQ's position as a pioneer in sustainable eyewear.

With a keen focus on both function and fashion, BOTANIQ continues to redefine what it means to wear responsible eyewear – proving that sustainability and style can go hand in hand.

Financial performance

BOTANIQ has experienced steady growth, with revenue rising from $544k in 2021 (launch year) to $1.964m in 2024. This reflects a strong CAGR of 53%, demonstrating the brand's expanding market presence and consumer demand. The steady year-over-year increase highlights BOTANIQ's successful retail partnerships, ethical positioning, and growing customer loyalty. With this momentum, the brand is well-positioned for further scalability and global impact.

Annual Sales



Looking ahead

Being a house brand, the Group has full control over its quality, pricing, and sustainability initiatives, allowing for a unique competitive edge in the market. Looking ahead, we're poised for even greater expansion, with exciting innovations and global opportunities on the horizon – this is just the beginning!

1. ISCC certified recycled content calculated via a mass balance approach. Acetate Renew frames are made with approximately 28% recycled content.
2. Eastman has achieved FSC® and PEFC™ Chain of Custody certification, ensuring the traceability of raw materials through the supply chain back to the forest.

DRIVING INNOVATION *and* SHAPING *the* FUTURE

Our progress reflects our dedication to innovation and our ability to turn ideas into impactful solutions that meet evolving industry needs.

We consistently push boundaries, transform ideas into realities whilst staying ahead of emerging trends, technologies, and consumer insights. This enables us to stand out in a competitive market. By working closely with market leading tech companies, our skilled team addresses challenges with creativity and delivers effective, forward-thinking solutions. This approach not only improves existing products and services but also opens the door to new opportunities that enhance our capabilities and diversify our offerings.

Looking ahead, we are excited about the possibilities the future holds. By continuing to embrace innovation and collaboration, we aim to drive meaningful progress and strengthen our position as a trusted leader in the market. Our Innovations team has had an incredible year, focused on advancing key areas that are reshaping the eyewear industry and beyond. By combining advanced technology with bold creativity, we continue to set new benchmarks across six pivotal categories:

01

Innovative Eyewear Collections

We're pushing boundaries with forward-thinking designs that combine form, function, and cutting-edge materials. This includes developing tailored collections, like our Regen Gaming Eyewear range, designed specifically for gamers. The collection combines specially formulated technical blue blocking with colour enhancing lenses with premium materials for enhanced visual comfort and performance, marking our first direct-to-consumer brand with a dedicated website.

By utilising the data collected through our global sales networks, we joined forces with a global retailer to develop their private label line, ensuring the styles best suit the target customer segment.

02

New Material Generation

Sustainability remains at the core of our material innovations. We've developed revolutionary biodegradable materials currently unused in the eyewear field that promise superior durability and environmental responsibility. From recyclable lenses to non-toxic dyes, these advancements are redefining how eyewear is produced. Additionally, we are pioneering 3D titanium printing to create ultra-durable frames with reduced waste.

We have reimagined our cleaning/anti-fog solution by introducing a hassle-free gel format, offering a streamlined and effective alternative that makes a strong impact in the market. This innovative approach enhances user convenience while maintaining top-tier performance.

03

Smart Eyewear Development

Collaborating with an innovative technology-driven enterprise offering an extensive range of products and services, we have been exploring groundbreaking Smart Eyewear concepts. These include prescription lens integration and augmented reality capabilities, as well as the development of smart eyewear. These innovative eyewear concepts cater to various applications, from sports to professional use.

We have also been actively collaborating with a globally renowned leader in advanced technology and engineering solutions, blending sensors and real-time data display to create seamless physical-digital integration. Although traditionally specialising in automotive systems, consumer electronics has accelerated with the development of micro laser modules. We are in collaboration to amalgamate this superior technology into advanced Visionary Smart Frame concepts. These innovative designs demonstrate advanced forward-thinking engineering, reflecting our shared commitment to pushing the boundaries of smart eyewear solutions.

INNOVATION

Our Innovations team has had an exciting year, leading the way in advancements across materials and technology.

04

Lens Technology

Leveraging Group expertise, we are advancing lens technology to deliver next-generation products. From bespoke lens solutions to innovative coatings, our work is setting a new standard for performance and adaptability.

Further commissioned project modules have led to the development of cast lenses, successfully encapsulating multimedia films for edging/glazing into eyewear components.

05

Prescription Lenses for Smart Eyewear

In addition to experimental lenses/coating development, we are also solving challenges surrounding prescription additions to smart eyewear designs. These range from clip-in enhancement systems, magnetic gaskets, rotational adaptations, and lens integration.

06

Collaborating for Impact

A highlight of this year was our collaboration with a prestigious research-led university, King's College London, on a UV protection headwear solution tailored for patients with Xeroderma Pigmentosum ('XP'). This rare condition requires exceptional UV shielding, and we provided full support in design, prototyping, and production advice to create a solution that combines protection with comfort and style. This project underscores our commitment to applying innovation for the betterment of lives, showcasing how our expertise can make a tangible difference in healthcare-related fields.

Framework for impactful innovation

Our innovation projects are evaluated against four core principles:

- Desirability (Human): Does it add real value to our customers' lives?
- Viability (Business): Is it sustainable and scalable?
- Feasibility (Technology): Can we deliver it effectively using current and emerging technologies?
- Integrity Impact (Society and Planet): How does it contribute positively to society and the environment?

Collaboration at the core

Innovation thrives on collaboration. Our team works closely with global brands and R&D teams to develop frame concepts, material solutions, and production techniques. These partnerships allow us to integrate our breakthroughs into mainstream production, ensuring they reach a wider audience while maintaining our high standards of quality and creativity.

As we look to the future, our focus remains steadfast: to inspire, innovate, and create solutions that shape the next era of eyewear and technology. We're proud of what we've achieved and are energised by the opportunities ahead. Together, we're not just meeting the demands of today – we're shaping tomorrow.

SECTION 172 STATEMENT

The Board of INSPECS Group continues to uphold and develop the high standards of Corporate Governance already established.

The Directors believe they have acted at all times to promote the success of the Group for the benefit of its members as a whole. In doing so, the Board has considered the interests of a range of stakeholders impacted by the business, as well as having regard for the matters set out in s.172(1) of the Companies Act 2006. In line with the Section 172 statement the Board considers the long-term effects of key decisions on all of our stakeholders.

The Board recognises that effective engagement with a broad range of our stakeholders is essential for the long-term success of the business. The Board regularly considers the likely consequences of our strategy and long-term decision making, taking into account our suppliers, investors, communities, employees, customers and the environment in which we operate.

The Board engages with all areas of the business to gather data that is relevant to the decisions being made. The Board has actively engaged in ensuring the Group takes into account climate change and the effect our operations have on the community and environment.

Stakeholders considered

OUR EMPLOYEES

Overview

The Board recognises that it is our people who ensure we fulfil our potential and execute our strategy. Over the course of 2024, the Board received regular updates on topics of interest from the Group's ESG Compliance and Risk Officer, CEO and CFO. Board members engage with employees across the Group and welcome open discussions.

What is important to them and how we engage

Training and career prospects:
The Board ensures our team have open and transparent communication lines to influence change in relation to matters that affect them. Certain senior employees of the Group have been granted options over shares in INSPECS Group plc under the LTIP scheme to maximise retention and secure the future leadership team. The Group actively encourages all employees to have access to further training to enhance their skills and develop their careers.

Health and safety:
Individual entities review health and safety monthly and report findings to the Group ESG Compliance and Risk Officer. These findings are reviewed at each Board meeting and form part of the standing agenda.

Diversity and fair pay:
The Group has high standards in relation to diversity and fair pay for all employees regardless of their age, disability, sex or ethnicity.

2024 considerations

During the year the Board visited the Group's Norville subsidiary to meet with key employees, better understand their priorities and discuss the implementation of the Group strategy.

During the year the Group established a target to deliver 12,500 hours of skills training and mentorship annually in line with its ESG Roadmap. During 2024 the Group achieved 11,386 hours.

During the year the Group launched a new compliance training platform designed to enhance employee understanding of key topics as well as providing role-specific training modules and interactive content.

OUR INVESTORS

Overview

The Chairman and members of the Board make themselves available to meet with investors and seek to understand and prioritise the issues that matter most. These include operational and financial performance, liquidity and dividend policies, risk management and ESG matters.

What is important to them and how we engage

Demonstrate a clear investment case and strategy for continued sustained growth:
The Group communicates through RNS releases, publication of the interim and annual accounts, and the website.

Ensure good risk management and corporate governance:
All Directors and senior executives have a shared governance and risk understanding. Our Audit and Risk Committee is in place with continual Board involvement in governance of key elements.

Communicate KPIs:
Regular communication is provided to the market via RNS, maintaining a relevant information flow to all stakeholders.

Continue our ethical behaviour in all business matters:
We are committed to working with our suppliers, business partners and key stakeholders to ensure their business is ethical and responsible. Honesty and transparency are integral to our business operation.

2024 considerations

The Executive Directors held three sets of meetings with major shareholders during the year along with the annual general meeting in order to understand their priorities, consider their feedback and communicate our strategy.

Votes from shareholders at the AGM represented 72% of the share capital.

The Board regularly consulted with the Group's NOMAD and advisers to stay informed about market trends and sentiment, which helped in developing our strategy.

OUR CUSTOMERS

Overview

The Board recognises that strong relations with customers are key for the success of the business with their feedback allowing us to better understand their needs and maximise product design. The Board regularly receives operational updates, including customer metrics and feedback, from each of the businesses.

What is important to them and how we engage

Continue to create new well-designed products:
The Group design hubs are in the UK, Portugal, Germany, Hong Kong and the USA. They regularly engage directly with customers to create new and exciting ranges.

Deliver to our customers on time:
Our communication with our customers and suppliers is key, especially while we navigate through turbulent political and economic unrest.

Engage in customer feedback to ensure continual improvement of our supply chain:
The Group reviews its six-monthly or annual feedback reports from our global accounts and utilises these to help in constantly improving our performance.

Develop more sustainable products and packaging for our customer base:
We continue to develop sustainable eyewear ranges and packaging which have won multiple awards.

2024 considerations

The Group has built upon its success in previous years, winning three Red Dot product design awards for our eyewear models from our Marc O'Polo, Jos and Mini eyewear collections.

The Group is aware of the value our customers place on key licence brands and has successfully renewed its CAT brand for another three years as it continues these relationships.

The Group has successfully launched a new optics product to its customers, named 'Optaro'; this product is a video magnifier specifically made for smartphones which can magnify text up to 15x.

OUR COMMUNITIES

Overview

The Group operates globally and we operate in a responsible way, ensuring consideration to those around us and continuing to minimise our effect on the environment. The Board monitors the Group's engagement with its communities through the Environmental, Social and Governance Committee.

What is important to them and how we engage

Ethical and responsibly managed business:
The Board ensures ethical and responsible management is implemented from the top through its ESG Committee and the Audit and Risk Committee.

Generation of employment opportunities:
The Group's continued expansion brings about employment and career opportunities for individuals in many local communities.

Protection of the local environment:
We continue to focus on environmental protection as we aim to reduce our emissions and our local environmental impact.

Community involvement:
The Group encourages our local businesses to explore opportunities to work directly with voluntary programmes in order to contribute back to the communities they are apart of.

2024 considerations

The Group has established a target of each of our major operations participating in at least one local community project each year to enhance our community engagement.

In our German and US subsidiaries we have supported local foodbanks through both donations and logistical support. In our UK subsidiary we have supported Sight Support Southwest who aim to remove barriers and address inequalities for people living with sight loss.

The ESG Committee has made good progress on their environmental strategies through Planet, Product, Packaging and Procurement further detailed on pages 50 to 53.

OUR SUPPLIERS

Overview

The Board understands that treating suppliers fairly and having strong relations with them allows us to improve our product standards whilst mitigating risks. The Group ensure they are partnering with ethical suppliers who take appropriate health and safety measures.

What is important to them and how we engage

Fair trading and payment terms:
The Group ensures that all suppliers are paid and treated equally and the Board reviews average supplier days.

Collaboration and long-term partnerships:
We engage with our key suppliers for the long term and aim to create a partnership of supply. We collaborate with our licensed brands to design products which meet the visions of both partners.

Supplier engagement checks:
We monitor key suppliers to ensure compliance with modern slavery laws.

Collaborative innovation:
Our Innovations team works collaboratively with a number of key suppliers to innovate and develop new products for both new and existing markets.

2024 considerations

The Group's procurement department became operational during 2024 and held a number of meetings with key suppliers to strengthen relations and improve supply chain efficiency.

The Group introduced the Integrity Next platform to enhance supply chain due diligence and drive continuous improvement. This platform streamlines information sharing and progress tracking, strengthening partnerships with suppliers.

SECTION 172 STATEMENT

OTHER STAKEHOLDERS

Overview

The Group operates in many jurisdictions throughout the world and at all times complies with regulation and legal requirements, engaging with both governmental, tax, and planning authorities.

In accordance with Section 172 of the Companies Act 2006 the items listed demonstrate how the Board has fulfilled its duties. This provides a summary of the key stakeholders of the Group whom the Board considered and engaged with. Further information that demonstrates how the Directors have fulfilled their duties is shown within the Strategic Report and Directors' Report. Any new member to the Board, as part of their induction, will receive training on the Section 172 statement and the Group's risk framework along with all other aspects of the business.

The Board of INSPECS believes that it has acted and made decisions in a way considered most likely to promote the success of the Group for the benefits of its members by following the key priorities:

Key priorities for stakeholders:

- Clear strategy and reporting of performance against plan.
- Strong governance and controls to mitigate risk.
- Positive impact and responsible behaviour in the communities where we operate whilst minimising environmental impacts.
- Responsible employer, including pay and benefits, health and safety and the workplace environment.
- Consider the environment across the business, minimise pollution and waste and provide sustainable solutions.

Key considerations:

- The likely long-term consequences of any decision.
- The interests of the Group's employees.
- The need to foster the Group's business relationships with suppliers, customers and others.
- The impact of the Group's operations on the community and the environment.
- The Group's desire to maintain a reputation for business conduct of the highest standard.
- The need to act fairly between members of the Group.

KEY BOARD DECISIONS		CONSIDERATIONS
01 COST CONTROL	The Board has continued to review analysis of discretionary expenditure across the Group with the objective of controlling costs amid higher inflation levels.	Controlling costs of the business allowed us to control product prices for the benefit of consumers whilst also ensuring the viability and long-term success of the business for investors and employees.
02 INTERNAL CONTROLS	The Board reviewed the reports from the Head of Internal Controls and the external auditors. In conjunction with the executive team, the Board has implemented recommendations to improve the overall controls of the Group.	The continual improvement in internal controls allows investors to place increasing confidence in the financial reporting and operational controls of the business.
03 REFINANCING	The Board reviewed and approved negotiations by management with the Group's principal lender and the subsequent agreement put in place on 13 December 2024 for new facilities of the Group out to 2027.	A strong financing position is important for all stakeholders in allowing a business to meet its short-term cash flow requirements as well as making the appropriate investments for the future of the business.
04 STRATEGY	The Board continued to review with management the medium-term strategy of the business.	A clear strategy allows employees to align with the direction of the business and allows investors to understand the Group's trajectory.

ANGELA EMAN
GROUP ESG, COMPLIANCE AND RISK OFFICER

ENVIRONMENTAL, SOCIAL *and* GOVERNANCE

This report details our continued commitment to drive positive change through meaningful social and cultural initiatives, responsible governance, and a thoughtful approach to our environmental impact.

Our focus on ESG is not just about meeting standards, it's about empowering our colleagues, supporting our communities, and ensuring a lasting, positive impact for our operations. We believe that by upholding these values, we are contributing to a better future for everyone.

2024 has been a year focused on laying the foundations for the future. We are strengthening our Diversity, Equity and Inclusion ('DE&I') framework and enhancing our people plans to promote greater inclusion, foster a positive culture, and create new opportunities for growth. Our People team initiatives are complemented by the outstanding community engagement projects carried out across the Group this year.

Frameworks, like the Taskforce on Climate-related Financial Disclosures ('TCFD') and the Corporate Sustainability Reporting Directive ('CSRD'), will continue to help us identify key vulnerabilities, assess potential opportunities, and adapt our business plans to ensure long-term resilience.

As we refine our ESG Roadmap, we have transitioned from a carbon neutral goal to a 40% emission reduction target as part of our ongoing commitment to continuous improvement. The shift from a carbon-neutral approach, which included the use of carbon offsets, to a direct emissions reduction target represents a more impactful strategy for addressing climate change. While carbon offsets were previously a key part of our carbon-neutral strategy, this new target ensures that our efforts are now focused on directly reducing emissions at the source.

We have also reviewed our risk policies and procedures, and a new Group-wide risk process is currently under development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

WHAT WE HAVE ACHIEVED SO FAR

2020

- Commitment to SECR reporting
- Tree planting project launched
- Energy efficiencies identified
- Electric cars introduced to UK fleet
- University placements and opportunities offered.
- Launched ESG platform to record data

2021

- Sustainable product development
- Transition to renewable energy procurement

2022

- Establishment of ESG Committee
- Completion of first TCFD workshop
- Improve water management systems
- Launched community projects
- Anti-bribery and corruption review

2023

- Group Code of Conduct issued
- First TCFD analysis completed
- Recyclable packaging concepts developed
- Product carbon footprint analysis
- Business Continuity Plan review to include climate change
- Focus groups conducted

2024

- TCFD Steering Group established
- Volunteering projects rolled out across our UK, European, and US operations
- ESG workshops conducted at our Nuremberg office
- Launch of supply chain due diligence platform
- Initiated limited assurance audit on 2023 emissions data
- New training platform launched at our UK operations
- Development of a new Group-wide risk process

PEOPLE

Our global organisation benefits from a workforce enriched by a variety of cultures, languages, and perspectives. We value the diverse experiences our team members bring to our operations worldwide, enhancing our ability to innovate and connect with the communities around us.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

People

Our Commitment	Our Targets
We are committed to empowering our global teams by equipping them with tools for growth and providing management with the skills to foster a more inclusive workplace. To ensure equal opportunities for employment and progression, we will focus on building lifelong skills. Additionally, we will contribute to our local communities by donating our products, expertise, and time. Through active engagement with our teams, we strive to create a transparent and positive culture.	**Skills Development:** Deliver 12,500 hours of skills training and mentorship annually across all levels of the business, supporting both professional growth and personal development. **Community Engagement:** Ensure that each of our major operations participates in at least one local community project every year, furthering our commitment to social responsibility. **Employee Engagement:** Maximise employee engagement by facilitating focus groups and creating spaces for open dialogue, enabling us to continuously improve the workplace experience.

Community

Our role in the community remains important to us. We continue to foster strong partnerships with charities and non-profit organisations both in the UK and internationally, focusing on improving the health and wellbeing of people in local communities and beyond. We have been proud to support various initiatives in 2024, including a Nuremberg food bank project at Eschenbach, Sight Support Southwest in collaboration with INSPECS Ltd, and a community food support initiative at Tura.

These efforts, as detailed in our case studies, demonstrate that dedicating time and support, no matter how small, can spark meaningful and lasting change.

Employee engagement

Our employees are our greatest asset, and their wellbeing and development are critical to our success. We have introduced several new initiatives to further enhance employee engagement and foster a more inclusive workplace. This includes the launch of programmes, such as diversity and inclusion training, mental health support, and social committees, all aimed at nurturing a supportive and empowering environment.

TURA

Tura is proud to continue its annual Christmas food drive, bringing employees together in support of those in need during the holiday season. Through generous donations of non-perishable items and fresh food, the initiative aims to provide local families with the resources they need to enjoy a festive meal. This initiative continues to foster employee engagement and contributes to local wellbeing, strengthening our Group commitment to community support and social responsibility.

ESCHENBACH

Eschenbach is dedicated to making a positive impact within its local community. In March 2024, it launched a new local food bank initiative called ‘Eschenbach Food Bank Day’. Each month, employees actively contribute to the Nürnberger Food Bank by volunteering. They provide essential logistical support and help deliver food to individuals and families facing food insecurity in the local area.

The Nürnberger Food Bank plays a crucial role in the community. Every day, perfectly edible food from local grocery stores and supermarkets goes to waste, while many in the area struggle to access enough food. The food bank helps bridge this gap by collecting surplus food and redistributing it to those in need.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

People

Diversity, equity and inclusion

In 2024, we expanded our efforts to foster a culture that is inclusive, equitable, and diverse. Our goal is to ensure that our team reflects the rich diversity of the communities we serve and that every individual is empowered to thrive.

Diversity for us encompasses gender, ethnicity, skills, experiences, abilities, and perspectives. As a Disability Confident employer at our UK head office, we are committed to creating a supportive and accessible environment for employees with disabilities across the Group. To further this goal, we have introduced training programmes that raise awareness of disability inclusion and equip employees with the tools to support their colleagues effectively.

Our focus on career progression ensures that pathways for growth are accessible to everyone. Through enrichment programmes designed to support personal and professional development, we aim to empower employees to realise their full potential. These initiatives align with our vision of fostering a culture of inclusivity and continuous growth.

As we move forward, we will continue to evaluate and refine our programmes to attract, nurture, and develop talent from all backgrounds, ensuring that every individual has the opportunity to contribute and succeed.

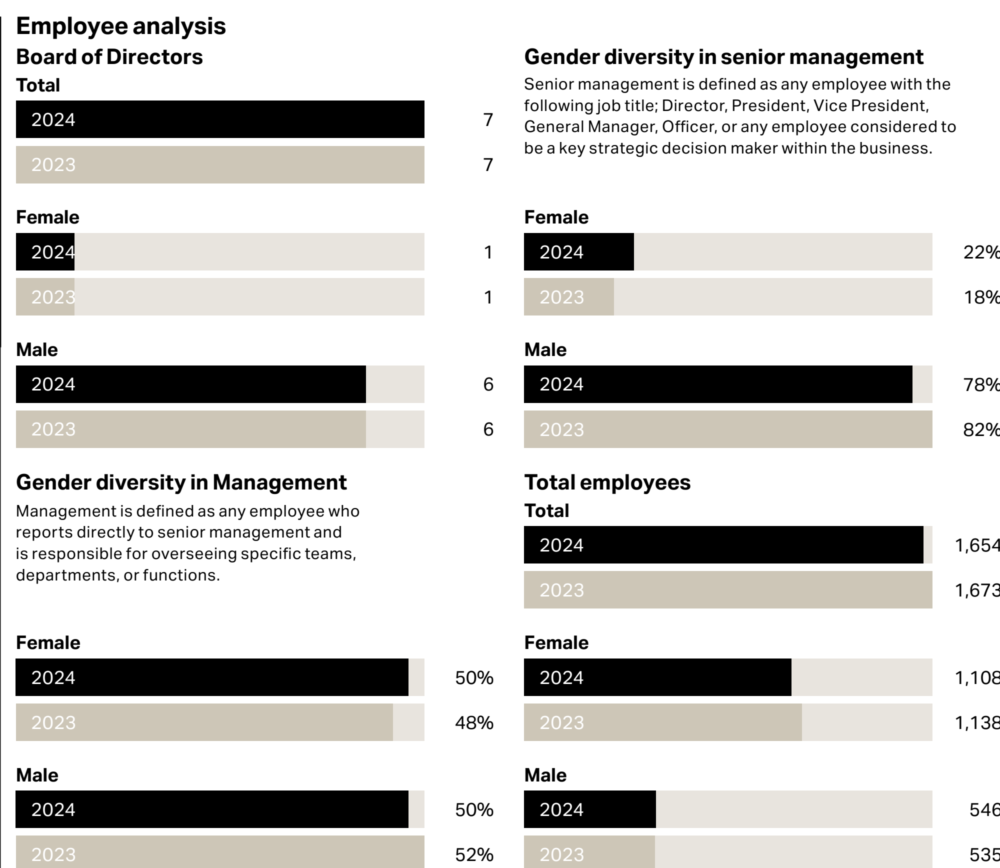
Health and safety

Maintaining a safe working environment with clear and robust safety standards remains a top priority for the Group. In 2024, we continued to take a proactive, best-practice approach to ensure safety is embedded across all our global operations. We track and monitor health and safety performance, allowing us to swiftly identify potential risks and implement targeted improvement plans throughout the year.

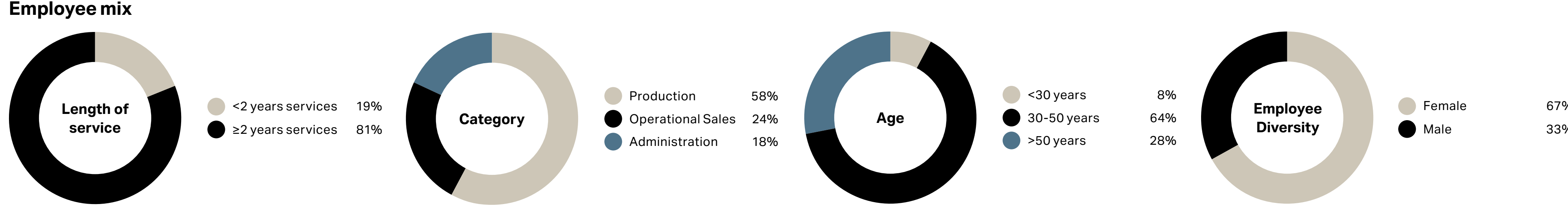
Health and safety governance

Health and safety is a standing item on our Board meeting agenda, reflecting the importance we place on protecting our people. In 2024, we had no major incidents at any of our sites. We recognise that continuous improvement is essential, and we have expanded our focus to include 'near misses' to be able to ensure we have captured all training opportunities.

Employee analysis



Employee mix



ENVIRONMENT

We all have a responsibility to protect our planet and as a responsible business, we recognise the urgent need to address climate change.

We are committed to continuously evaluating our climate impact and exploring innovative solutions to reduce our carbon footprint. Building on our ongoing ESG efforts, we have now established a clear emissions reduction target and are working towards strengthening our commitment to reducing our environmental impact.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environment

Our Commitment	Our Target
PLANET – We will collaborate closely with both internal teams and external partners to ensure the accuracy and transparency of our emissions data. This collaboration is essential for driving meaningful initiatives that effectively reduce our carbon footprint.	– We are committed to achieving a 40% (relative) reduction in emissions across our global operations by 2040 in Scope 1 and Scope 2 against our 2023 base year*, reinforcing our pledge to minimise our environmental impact and contribute to global sustainability goals.
PRODUCT – We will develop clear material design principles and foster innovation to expand our range of more sustainable materials and products. – We will continually review our product offerings to ensure alignment with both our sustainability vision and our customers' evolving expectations.	– By 2030, we will establish and distribute a materials and product hierarchy to guide our teams in designing and selecting more sustainable materials and products. – 50% of our eyewear frames will be made from bio-based or recycled materials by 2030. This includes materials such as bio-acetate, recycled acetate, Acetate Renew, and recycled metals.
PACKAGING – We will develop packaging principles that prioritise the use of recyclable, reusable, biodegradable or bio-based materials. By improving our packaging designs, we aim to reduce waste and streamline our processes, creating a more responsible and sustainable packaging approach.	– By 2030, 100% of our packaging will be recyclable, reusable, biodegradable or from bio-based sources, reflecting our dedication to reducing packaging waste and environmental impact.
PROCUREMENT – We are dedicated to working exclusively with suppliers who adhere to rigorous social and environmental standards. We will engage our suppliers on key ESG issues, encouraging our first-tier suppliers to cascade responsible business practices throughout their own supply chains. We will maintain participation of our Tier 1 suppliers in sharing their environmental and social impacts with us via collaborative platforms such as SEDEX and Amfori BSCI.	– Achieve Group-wide alignment of supplier agreements and contractual clauses related to ESG by 2030. – Develop and implement a comprehensive Group Responsible Sourcing Code by 2030, ensuring our procurement processes align with our ESG values and commitments.

* We have set a relative emissions reduction target to reduce our Scope 1 and Scope 2 emissions intensity – measured as emissions per unit of revenue by 40% compared to our 2023 base year. The reductions will be assessed relative to revenue generated. Unlike absolute emissions reduction targets, which focus solely on reducing total emissions regardless of business growth, this target adjusts for changes in business activity. It ensures that our emissions are reduced in proportion to our growth.

As we refine our ESG Roadmap, we have transitioned from a carbon neutral goal in 2023 to a 40% emissions reduction target in 2024. The shift from a carbon-neutral approach, which includes the use of carbon offsets, to a direct emissions reduction target represents a more impactful strategy for addressing climate change. While carbon offsets were a key part of our carbon-neutral strategy, this new target ensures that our efforts are now focused on directly reducing emissions at the source. We believe our emissions reduction target is achievable through a planned series of actions. The 2040 timeline allows us to implement any necessary changes across operations and processes, with sufficient time to integrate new low-carbon technologies and enhance efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

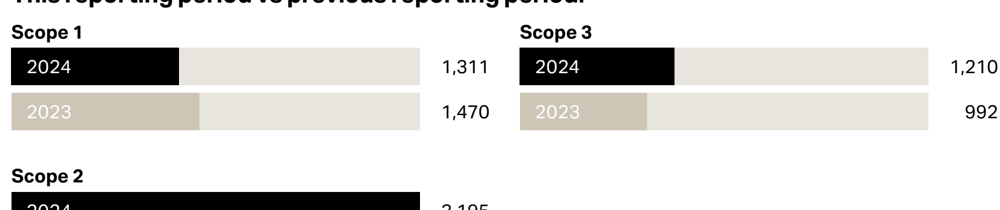
Environment

Streamlined Energy and Carbon Reporting (SECR) Greenhouse Gas emissions (tCO_2e) and Consumption (kWh) Totals:

Global GHG Emissions Data	Unit	2024	2023
Scope 1			
Combustion of fuel (stationary and mobile), process emissions and refrigerants	tCO2e	**1,311**	1,470
Scope 2			
Electricity purchased and heat and steam generated for own use:			
Location based	tCO2e	**3,195**	2,939
Market based	tCO2e	**1,625**	2,562
Scope 3			
Business travel, water supply and treatment, transmission and distribution losses from purchased electricity, upstream leased assets	tCO2e	**1,210**	992
Total GHG emissions – location based	tCO2e	**5,716**	5,401
Total GHG emissions – market based	tCO2e	**4,146**	5,024

The location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid average emission factor data). The market-based method reflects emissions from electricity that companies have purposefully chosen, using source or supplier-specific emission factor where available.

Scope 1, 2 and 3 emissions (tCO_2e) This reporting period vs previous reporting period:



The total consumption (kWh) figures for energy supplies are as follows:

Utility and scope	2024 Consumption (kWh)	2023 Consumption (kWh)
Gaseous and other fuels (Scope 1)*	**1,116,256**	1,070,092
Fleet transportation (Scope 1)**	**4,409,585**	5,398,451
Grid-supplied electricity (Scope 2)	**6,137,583**	5,674,469
Business transportation (Scope 3)**	**998,062**	361,647
Leased assets (Scope 3)***	**1,357,541**	1,582,378
Total	**14,019,027**	14,087,038

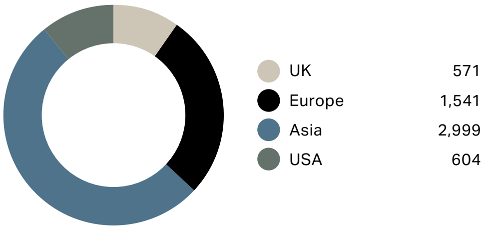
* Excludes refrigerants as the data cannot be converted to kWh.
** Excludes non-car business travel as the data cannot be converted to kWh.
*** Excludes water as the data cannot be converted to kWh.

Emission Intensity Ratio: Analysis of Scope 1 and Scope 2 Emissions (2024 vs 2023)

Scope 1 and Scope 2 (location-based)	2024	2023	% change
Emissions per £1m turnover (tCO_2e)	**26.02**	21.69	20.0
Emissions per full time equivalent employees (tCO_2e)	**3.12**	2.64	19.3

Scope 1 and Scope 2 (market-based)	2024	2023	% change
Emissions per £1m turnover (tCO_2e)	**14.81**	19.83	-25.3
Emissions per full time equivalent employees (tCO_2e)	**1.78**	2.41	-25.7

Carbon emission by region (tCO_2e)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environment

Methodology

We have calculated our 2024 carbon footprint using the fundamental principles of the GHG Protocol, which is the internationally recognised standard for corporate carbon reporting. We have used a bottom-up consumption/activity-based approach to calculate emissions across all our sites globally. We calculate our direct emission figures using actual consumption data from smart meters, accurate meter readings and invoicing. Where data was not available, electricity and water consumption were estimated using a kWh or cubic meter per full-time employee factor.

The emissions stated are for our global operations that span the UK, Europe, United States of America, and Asia. In compliance with SECR reporting, we also state our UK and offshore GHG emissions (location-based) and UK energy consumption. For 2024, our UK GHG emissions was 571 tCO_2e and our UK energy consumption was 1,817,544 kWh.

In 2024, our Group saw a reduction in fleet vehicle emissions compared to 2023, driven by a decrease in petrol and diesel miles and an increase in electric and hybrid vehicle usage, leading to a decrease in Scope 1 emissions. Scope 2 location-based emissions increased due to higher electricity consumption, mainly from our new facility in Vietnam and increased energy use at our US and Chinese operations. However, Scope 2 market-based emissions decreased through the use of I-RECs certificates at our factories in Vietnam and China, offsetting part of these emissions. Scope 3 emissions rose compared to 2023, primarily due to higher personal car and flight travel, with improved reporting systems across several subsidiaries capturing more comprehensive travel data.

Carbon reduction interventions and energy efficiency

INSPECS Group is committed to enhancing operational energy efficiency and reducing our global carbon footprint. We have already implemented a variety of initiatives aimed at improving energy efficiency across our operations. These efforts include electrifying our UK fleet, installing electric vehicle charging points at our UK sites, and transitioning to renewable energy tariffs wherever possible. We remain dedicated to further reducing both our carbon footprint and energy consumption.

Actions taken through FY24 include:

- Site Optimisation: We have evaluated our global sites to identify opportunities for more efficient resource use, including consolidating and merging sites where needed to streamline our footprint and reduce both energy and resource consumption.
- Clear Carbon Reduction Targets: We have set measurable carbon reduction goals, to ensure continuous progress toward reducing our climate impact.
- Machinery and Equipment Upgrades: At our UK factory, we have upgraded our machinery and installed a new, more efficient boiler, to work towards improving energy performance.

UN Sustainable Development Goals (SDG)

We are proud that our ESG Roadmap and responsible business initiatives contribute to some of the UN's Sustainable Development Goals, including but not limited to:

SDG 3: Promote Health and Wellbeing

We partner with charities and organisations such as Vision Care for Homeless People, Sight Support West, and local food banks. Our efforts include product donations, technical support, and volunteering, all aimed at making a difference. We also focus on providing our customers with products that protect their vision and support their overall well-being. These efforts not only address immediate health needs but also support long-term well-being and opportunities for individuals and communities to thrive.

SDG 8: Decent Work and Economic Growth

Investment in employee training, skills development, and mentorship to create career advancement opportunities, supporting both individual growth and the sustained success of the business.

SDG 10: Reduced Inequality

Fostering a more equitable workforce through a strategic focus on diversity, equity, and inclusion (DE&I). Key initiatives include achieving Disability Confident Employer status at our UK Head Office, conducting regular reviews of our pay structure to ensure fairness, ensuring inclusive hiring practices, and offering wellbeing support through Employee Assistance Programmes, Mental Health First Aiders, and other initiatives.

SDG 12: Responsible Consumption

Commitment to incorporating lower impact materials into our products and packaging by 2030 to reduce our environmental footprint.

SDG 13: Climate Action

Renewable energy tariffs, LED lighting installation, UK electric/hybrid car fleet and car charging points.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GOVERNANCE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

Our CEO leads with vision and insight, driving progress in our Environmental, Social, and Governance ('ESG') agenda.

The CEO works closely with the Group ESG Compliance and Risk Officer and ESG Committee Chair to ensure that our ESG objectives are continuously reviewed and integrated into the broader business strategy. his close collaboration helps to reinforce our commitment to responsible growth while staying aligned with evolving global standards and stakeholder expectations.

We actively align with leading external disclosure frameworks, including the Global Reporting Initiative ('GRI'), the Task Force on Climate-related Financial Disclosures ('TCFD'), and the Streamlined Energy Carbon Reporting ('SECR') Regulations, alongside our commitment to the UN Sustainable Development Goals ('SDGs'). As a global company, we regularly review and update our reporting practices to ensure alignment with evolving international standards. We continue to monitor emerging legislation across the regions in which we operate, such as the Corporate Sustainability Reporting Directive ('CSRD'), to stay ahead of regulatory changes that could impact our business.

Ethical conduct and corporate responsibility are fundamental to our business operations, and we are continuously seeking ways to strengthen and enhance our compliance culture.

At the end of Q4 2024, the Group launched a new compliance training platform designed to enhance employee understanding of key topics such as fraud prevention and bribery and corruption, while further reinforcing our commitment to integrity and ethical business practices. The platform offers role-specific training modules and interactive content, creating a dynamic and engaging learning experience, ensuring our global team remain informed and equipped to manage compliance risks effectively.

Alongside the training platform, the Group introduced a comprehensive Fraud Policy aimed at preventing, detecting, and addressing corporate fraud. This policy establishes a zero-tolerance approach to fraud, outlining clear procedures for identifying and reporting suspicious activities, and ensuring that all employees understand their roles in preventing and reporting fraud.

As part of this policy, all employees will be required to participate in targeted anti-fraud training, which focuses on recognising fraud risks, understanding internal controls, and reporting potential fraud incidents.

Moving forward we are committed to continually improving both the training platform and reviewing our fraud policy and associated controls.

Business Continuity Plans

Our Business Continuity Plans are currently undergoing a comprehensive review, with testing scheduled for the first half of 2025. These plans will be regularly reviewed and tested across the Group, considering key insights from our climate risk analysis and wider TCFD work. This approach will further enhance our ability to adapt, maintain stability, and support our operations amid an evolving risk landscape.

ESG Committee

The Board remains a pivotal force in guiding the Group's ESG strategy and direction. The ESG Committee continues to play a critical role in overseeing our approach to ESG, focusing on:

- Developing and implementing ESG initiatives across the Group.
- Monitoring and reviewing our performance in relation to governance, reporting, and compliance.
- Advising on the most relevant and effective policies to ensure we meet or exceed legislative requirements.
- Approving projects and investments that align with our ESG Roadmap and contribute to the long-term sustainability of the business.

For more details on the ESG Committee's role and recent activities, see page 88.

Driving a culture of transparency

We are committed to fostering a culture of transparency and openness across the Group, where every employee is encouraged to ask questions and report any concerns in an environment that promotes accountability and trust. Through tools such as our Group Code of Conduct, confidential whistleblowing line, and focus groups, we continue to uphold our ESG principles while empowering employees to contribute to a positive, responsible corporate culture.

In 2024, we continued to prioritise safety, with no major accidents reported across the Group. Our commitment to community support was demonstrated through initiatives like a food bank project at Eschenbach, Sight Support Southwest with INSPECS Ltd, and a local community food support programme at Tura. We are proud of the efforts of our teams and look forward to expanding our community initiatives in 2025. We took steps to enhance energy efficiency and reduce our carbon footprint and while electricity consumption rose due to the opening of our new Vietnam facility and increased usage at our Chinese and US operations, the purchase of I-RECs played a key role in lowering our market-based emissions. We updated our roadmap to bring clarity and support to our long-term sustainability goals. In 2024, we completed 11,386 training hours to advance knowledge and skills across the Group. In 2025 we plan to extend our new training platform to other areas of the Group, further supporting employee development and driving progress against our people-focused targets. As we look to the future, INSPECS remains dedicated to upholding responsible business practices and advancing our environmental, social, and governance efforts to drive meaningful impact.

NON-FINANCIAL *and* SUSTAINABILITY INFORMATION STATEMENT

Across our global operations, we generate greenhouse gas emissions that contribute to climate change. As part of our ongoing commitment to operating responsibly, we align with the mandatory climate-related financial disclosures for publicly quoted companies, large private companies and LLPs. We report on four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This report describes our approach to scenario analysis and the principal climate risks and opportunities identified. By assessing and understanding the impact of climate risks and opportunities on our business strategy and financial planning, we aim to strengthen the resilience of our global operations to climate change.

Our TCFD progress so far:

Year	Progress
2022	– Held our first TCFD workshop. – Began building our data framework with guidance from external advisers and the TCFD framework.
2023	– Developed a financial risk outlook, incorporating climate change considerations.
2024	– Advanced our ESG Roadmap, reflecting on TCFD principles. – Enhanced our understanding of physical and transitional risks. – Strengthened resilience planning and improved scenario analysis to better address future uncertainties.

Governance

The Group has established a clear governance structure to integrate ESG and climate-related risks into the decision-making processes. Roles and responsibilities are well defined, with active engagement from the Board.

BOARD

- Ultimately responsible for both risk management and ESG matters.
- Oversight of all Committees.
- Committee minutes are shared with the Board after each meeting.

CHIEF EXECUTIVE OFFICER

- Provides vision and insight along with keeping updated with activities discussed and matters arising.

GROUP ESG, COMPLIANCE AND RISK OFFICER

- Executive report for all Group ESG matters and attends Board meetings to keep the Board fully informed.
- Chair of TCFD Steering Group.

TCFD STEERING GROUP

- Meets quarterly to review progress.
- Includes representatives from Group Finance and Group ESG to ensure ESG considerations are being appropriately reviewed and considered within risk management and financial planning.

BOARD COMMITTEES

ESG COMMITTEE

- Regular meetings focusing on ESG goals, reporting data, and responsible ESG activity.
- Makes recommendations to the Board of all ESG matters.
- Review progress against ESG targets

AUDIT AND RISK COMMITTEE

- Responsible for ensuring the effectiveness of the risk management process.
- Reviews risks and opportunities in line with any impact on financial statements.

REMUNERATION COMMITTEE

- May consider incorporating ESG metrics and targets into Executive Directors' variable pay or bonus structures, where applicable.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Board oversight of climate-related risks and opportunities

The Board is ultimately responsible for overseeing the Group's overall risk management process and ESG strategy. Climate-related issues are communicated and addressed through the relevant Committees, such as the ESG, Audit & Risk, and Remuneration Committees.

Further details on Committee membership and meeting attendance can be found in the respective Committee reports.

To further support the Board's oversight of climate-related matters, feedback from the TCFD Steering Group and the Group ESG Compliance and Risk Officer is incorporated into the governance process. This ensures that any relevant climate-related risks and opportunities can be addressed within the Group's overall strategy and financial planning.

Management's role in assessing and managing climate-related risks and opportunities

Richard Peck, the Group Chief Executive Office, meets with the Group ESG, Compliance and Risk Officer to stay informed on ESG matters, ensuring ongoing alignment with strategic initiatives and management priorities.

The senior teams around the Group are responsible for the day-to-day management of climate-related risks and opportunities and support the development and implementation of climate-related plans. As part of our risk management process (see page 65), each company within the Group will conduct a twice yearly review of climate-related risks specific to their business. Any identified risks will be escalated through the appropriate risk management channels for further assessment and action if required.

The Group ESG Compliance and Risk Officer is the Executive Report for all ESG matters and is responsible for the development, execution, and monitoring of the ESG Roadmap, including climate-related commitments and targets.

In 2024, the TCFD Steering Group was established and is chaired by the Group ESG Compliance and Risk Officer. This group includes senior representatives from Group Finance and Group ESG and meets quarterly to review key climate-related issues and trends. The TCFD Steering Group ensures that climate considerations are integrated into financial planning and works with each Group entity to develop internal processes to strengthen climate-related financial risk integration.

This governance structure ensures that our climate-related risks and opportunities are effectively managed and considered within the Group's overall strategy and ESG Roadmap.

Risk management

The identification, assessment and management of climate-related risks is integrated into our overall Group risk management process. A description of the Group risk management process can be found on pages 65 to 68.

At Board level, the Audit and Risk ('A&R') Committee is responsible for overseeing the Group's financial reporting, risk management, and internal controls. Any risk with a material financial impact, including climate-related risks, will be reviewed with the A&R Committee and the Group's Risk Management Committee ('GRMC').

The Group ESG and Finance team ensures that all climate-related risks and opportunities are reviewed in line with the financial planning process and considers the impact climate change could have on the Group's operations and overall financial performance. The Group ESG Roadmap encompasses targets aimed at mitigating and adapting to climate change. The ESG Roadmap is considered by the management team and the appropriate costings, and any material financial impacts are considered in prospective financial information where necessary.

The GRMC meets with the A&R Committee to review various risks, including climate-related risks. This review is based on data from the Operational Risk Management Committee (OMC), which specifically assesses risks relevant to each local entity, market, and location.

Managing risk requires integrating a multidisciplinary, company-wide risk identification, assessment, and management process. See page 66 for detailed information on the identification and assessment of risks, including climate risk.

Strategy

By exploring a range of potential climate scenarios, we are better positioned to identify key vulnerabilities, evaluate potential opportunities, and adjust our business plans accordingly to ensure long-term business resilience. The insights gained from our scenario analysis will help inform our climate-related risk management practices so we can build a more resilient strategy in the face of ongoing and future climate challenges.

As part of our scenario analysis, we assessed transition risks across the Group and focused on physical risks at our key revenue-generating sites, along with those associated with our primary suppliers and raw material sources. This approach enhances our understanding of climate impacts on operations and the supply chain. Our process will undergo regular reviews, incorporating external expertise to align with evolving scientific insights and support strategic planning.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Scenario analysis

Management qualitatively assessed the potential impact that exposure to transitional and physical climate risks could have on the business and considered how various climate-related risks and opportunities may develop over time.

Table 4. The time horizons used in 2024 to identify when a risk or opportunity will have the most significant impact on the business:

Short term (1 – 2 years)	Aligned with our risk management and financial planning processes, resources for climate change mitigation and adaptation are incorporated into annual budgets.
Medium term (3 – 5 years)	We are taking action between now and 2030 to meet our Group ESG roadmap commitments and targets. Our Group strategy planning horizon is set at 3 years, focusing on achieving our business objectives in the medium term.
Long term (5+ years)	Captures physical risks and opportunities over the long term, considering the lifespan of our assets in accordance with our accounting policies.

Table 5. The scenario warming pathways used in our climate scenario analysis in 2024:

CLIMATE SCENARIOS	
2°C	Transition scenario describing the policy, technology and market shifts in the energy system needed to limit warming to 2°C.
4°C	A scenario that indicates a significant increase in global average temperatures, leading to severe environmental impacts, including more frequent extreme weather events, rising sea levels, and disruptions to ecosystems. This scenario poses substantial risks to human health, food security, and economic stability, necessitating urgent action to mitigate its effects and adapt to changing conditions.

To assess climate risks and opportunities, we used two scenarios that capture a broad range of future climate projections (2°C and 4°C scenarios), focusing on transition and physical risks and their implications for our operations and strategy.

The analysis incorporated multiple timeframes (outlined in table 4) extending through 2050 to account for the expected lifespan of our assets in accordance with our accounting policies. The analysis considered transition risks to our global operations. For physical risks, we focused on nine key sites, selected based on their revenue significance, as well as our primary suppliers and key materials. This targeted approach ensures a thorough understanding of the key impacts which climate change may have on our operations and supply chain.

While our scenario analysis for 2024 remains primarily qualitative, we have started incorporating quantitative elements into our internal models to better assess the materiality of various climate risks. Over the next few years, we aim to expand our financial analysis to provide a more detailed view of the costs and assumptions related to the physical and transitional impacts of climate change.

Given the inherent uncertainty in climate scenarios, we view them as illustrative tools for guiding internal discussions about potential risks and opportunities, rather than as definitive predictions.

Our scenario analysis process is dynamic and will be regularly reviewed. We will seek external expertise where necessary to ensure our scenarios remain aligned with the latest scientific insights and continue to inform effective strategic planning.

Principal climate-related risks and opportunities

We reviewed various climate-related risks and opportunities that could impact our global operations. Our analysis identified 4 principal risks and 2 principal opportunities that are shown in this report. The principal climate-related risks and opportunities are those with the greatest potential to impact the Company's business model and strategy, either negatively or positively.

The tables on the following pages highlight the principal climate-related risks and opportunities identified from our analysis.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Principal climate-related risks identified:

Type	Category	Risk	Scenario	Time horizon	Impact description	Financial impact	Mitigation/Response
Transition	Policy and Legal	Carbon Pricing Mechanisms	2°C	Medium-term	Our operations are not currently subject to a direct carbon tax, however new or extended carbon taxes could increase costs for the Group, particularly under the 2°C scenario. These higher production costs may need to be absorbed or passed on to consumers, potentially affecting the value proposition of our products.	Increased tax expenses.	In response to evolving regulations, we have set a 40% relative reduction target for Scope 1 and Scope 2 emissions by 2040. Aligned with our Group ESG Roadmap, we will focus on reducing the environmental impact of our products and packaging. This will help mitigate risks from potential carbon taxes that could affect our supply chain.
					Stricter global carbon taxation frameworks, such as Carbon Border Adjustment Mechanisms ('CBAM'), could increase costs for purchased materials and supplier operations. Our suppliers may face higher costs due to new carbon tax schemes in their regions, which could be passed on to our Group. This may lead to higher raw material costs and production expenses, impacting profit margins and potentially reducing the competitiveness of our products in the market.	Increased product costs.	We will continue to monitor the impact of carbon pricing on our business as we develop our ESG commitments and our Group strategy.
Transition	Market – consumer preferences	Changing consumer preferences and increased sensitivity to ESG issues.	2°C	Medium-term	As consumers increasingly prioritise the environmental impact of products, failure to adapt our product mix could result in declining demand. Rising consumer demand for sustainable alternatives may lead to a shift in purchasing preferences, potentially causing a loss of business to our competitors. If the Group fails to effectively respond to these changes, it could negatively impact revenue and profitability.	Reduced revenue	The Group tracks customer trends and closely monitors competitors' offerings.
							The Group is well-positioned to meet changing consumer preferences by focusing on the development of products and packaging with a lower environmental impact. Aligned with our core ESG commitments and targets outlined in the Group ESG Roadmap, we are committed to offering environmentally responsible product solutions and packaging, in response to the growing demand for sustainable alternatives.
Physical	Acute	Short-term disruption to output of production and activities due to increased severity of extreme weather events, such as cyclones, hurricanes, or floods.	2°C & 4°C	Medium to long term	Extreme weather events impacting our operational sites could lead to property damage, production downtime, site closures and increased commercial insurance premiums. Our analysis indicates that most of our key operational sites and physical assets are not highly exposed to physical climate risks up to 2050.	Increased direct and indirect costs.	Many of our owned and key operational sites are not highly exposed to climate risks. For our production operations in Vietnam, we will continually evaluate potential climate adaptation measures, considering the relevant regional risks.
							Where possible, we aim to ensure we have multiple supplier sources.
					Operations and supply chains located in Southeast Asian countries are projected to be more significantly impacted by climate change over the long term. The number and intensity of extreme weather events such as storms and typhoons in this region have been increasing over recent years.		For key suppliers, we will monitor the impacts and engage in discussions to assess risks and mitigation.
							We maintain insurance coverage at our sites, including factories, which covers flood damage.
							Regional dispersion of our global offices, warehouses and factories avoids a 'single point of failure'.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Type	Category	Risk	Scenario	Time horizon	Impact description	Financial impact	Mitigation/Response
Physical	Chronic	Longer-term climate shifts, including rising temperatures, gradual changes in weather patterns, and rising sea levels, are expected to impact our sites, transportation networks, and supplier locations.	4°C	Long-term	Rising sea levels may cause damage to ports along key supply chain routes, resulting in delays and increased costs for the Group.	Increased direct and indirect costs.	We have established relationships with multiple transport providers across different regions and we will leverage multi-modal transport solutions where possible.
					Suppliers in regions vulnerable to long-term sea-level rise may face risks such as asset damage, operational disruptions, production downtime, and potential site closures due to storm surges and flooding. These impacts could lead to higher insurance premiums and result in delays to supply chain operations, along with increased costs for remediation, recovery, and risk management.		Strategic supplier partnerships that enable us to monitor physical risks for long-term impact. We will work with our key suppliers to explore adaptation measures and we will consider switching to suppliers with a lower risk profile where necessary.
					Rising mean temperatures due to climate change are expected to impact all of our sites, leading to higher demand for cooling systems, increased energy consumption, and associated costs, which may hinder our progress toward carbon reduction targets. Additionally, elevated temperatures could affect workforce productivity and pose health and safety risks, especially for vulnerable staff members.		Some of our sites are leased, providing the flexibility to relocate if necessary. We also have flexible working arrangements in place to adapt to changing circumstances. Additionally, we have built extra capacity at some of our manufacturing sites to ensure operational continuity in the face of potential disruptions.
							We will explore the option of holding additional buffer stocks in locations that are less vulnerable to climate-related risks.
							We will continue to invest in efficient cooling systems as required and adjust working hours as required.

Principal climate-related opportunities identified:

Type	Category	Opportunity	Scenario	Time horizon	Impact description	Financial impact	Mitigation/Response
Opportunity	Market-consumer preference	Responding to shifting consumer preferences by offering lower environmental impact products and packaging.	2°C	Medium term	Aligning product offerings with climate-conscious values may enable us to access new markets, enhance customer loyalty, and differentiate from competitors.	Increased revenue	As part of our ESG Roadmap, we have established medium-term targets (through to 2030) to reduce the climate impact of our products and packaging, while also adapting to evolving consumer preferences for more sustainable options.
Opportunity	Physical – higher temperatures	Increased temperatures could lead to increased consumer demand for UV protective products such as sunglasses	4°C	Long term	Our sunglasses could see increased interest, particularly in regions with more intense sunlight, as consumers become more focused on eye health. With higher usage, there may be a shift towards eyewear that offers both practicality and style, potentially leading consumers to purchase multiple pairs for various occasions.	Increased revenue	We will continue to monitor market trends and respond accordingly.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate change impact on our business and strategy

Sustainability is an important consideration for the Group and is reflected in our three-year strategic plans on page 21. Our Group ESG Roadmap outlines our primary pathway for responding to the climate transition which includes our commitment to reducing our operational carbon emissions and reducing the environmental footprint of our products and packaging. The impact of climate-related risks and opportunities identified have been considered in the context of our commitments and targets to ensure continued alignment and we will remain responsive to new information and developments in the external environment.

Climate change impact on financial planning

Our financial planning is aligned with the Group's strategic vision, integrating key revenue and cost assumptions while considering climate change-related risks and opportunities. In collaboration with our global teams, we identify climate-related expenses and investments aimed at mitigating climate risks and realising opportunities. These are then incorporated into our financial planning process and regularly reviewed.

Short-term outlook

In the short term, we do not foresee any material financial risks related to climate change affecting our business model. However, we continue to assess potential regulatory and market changes, such as carbon pricing mechanisms, that could have an impact on future operating costs. Investments in energy efficiency and emissions reduction initiatives are not forecast to have a material impact on the short-term outlook.

Medium-term outlook

In line with the 2030 Group Roadmap targets, we are analysing the medium-term financial implications of climate-related initiatives, including projected expenditures. We acknowledge that some aspects of the ESG roadmap may result in incremental costs over the next 3-5 years. We are collaborating closely with our global teams to precisely quantify these costs. These expenditures will undergo a thorough assessment, and capital allocation will be prioritised based on alignment with our ESG Roadmap and overall business impact.

Long-term outlook

Our long-term financial outlook remains less defined due to uncertainties such as market fluctuations, regulatory changes, and evolving carbon taxation mechanisms. While we continue to focus on credible solutions to meet our carbon reduction goals, we recognise the need for greater clarity in long-term projections. We are committed to enhancing disclosures to provide stakeholders with transparent insights and ensure our strategy is adaptable to future developments.

During the year we have assessed assets for any indicators of impairment based on current climate projections. It is considered that our current view on climate-related physical risks does not lead to any obsolete, impaired or damaged assets, nor materially change the way in which an asset is used. All our sites are covered by property and contents insurance, which mitigates the risk of impairment for any key assets.

Climate resilience

The Group aims to address both transition and physical risks through ongoing monitoring, strategic planning, and the integration of sustainability into our Group strategy and ESG Roadmap. Our carbon reduction commitments and sustainable product and packaging targets support our transition to a low-carbon economy.

We have assessed our resilience under 2°C and 4°C climate scenarios and considered our ability to manage climate risks while positioning the Group for long-term growth.

We recognise that there may be a need for adaptation measures in response to physical climate risks, particularly in high-risk regions and within any vulnerable areas of our supply chain. These will be identified and assessed through detailed quantitative scenario analyses over the coming years. We will regularly update our scenario analysis to reflect the latest scenario data and expand its scope as needed, if relevant and material to our business.

We have considered the transitional and physical risks and opportunities presented by climate change and continue to integrate climate-related issues into our strategy. During our 2024 review, we updated our Group ESG Roadmap to encompass a new carbon reduction target, ensuring more direct and decisive action against climate change. See page 51 for further details. This new target will be supported by various initiatives, including the electrification of our German fleet vehicles, energy efficiency improvements at our facilities, and the future adoption of renewable energy at our factories in China and Vietnam. In the short term, we may purchase Renewable Energy Certificates ('RECs') to offset emissions at these locations until local renewable energy solutions or on-site renewable projects are available. We continue to focus on transitioning to product and packaging materials that have lower environmental impact. These strategic commitments and targets focus on managing the risks and leveraging the opportunities presented by the transition to a low-carbon economy. Further information on our Group ESG Roadmap, commitments and targets can be found on page 51.

Metrics and targets

We are committed to reducing our emissions footprint and minimising the environmental impact of our operations. To support this commitment, we have established clear metrics and targets to assess and manage climate-related risks and opportunities. The metrics and targets we have established allow us to effectively measure, monitor, and report the impacts of climate-related factors, driving performance and ensuring alignment with our strategic vision. Pages 51 to 53 outline our Group ESG Roadmap and ESG initiatives supporting the progress of our metrics and targets.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Metrics

Metrics used to monitor our climate-related physical and transition risks:

TCFD metric category	Metrics	2024 Figures
TRANSITION – POLICY AND LEGAL INCLUDING CARBON TAXATION	Total GHG emissions by Scope 1, 2 & 3 (business travel, upstream leased assets, transmission and distribution losses, and water) and emissions intensity ratios (Scope 1 & 2).	Total (location-based) – 5716 tCO_2e. Total (market-based) – 4146 tCO_2e. Emissions per £1m turnover: 26.02 tCO_2e Emissions per full-time equivalent employees: 3.12 tCO_2e

For our second year of TCFD reporting, we have maintained our focus on disclosing climate-related metrics related to our global GHG emissions. More information on our GHG emissions and methodology can be found on pages 52 and 53.

Our TCFD Steering Group will continue to work closely with our global teams to expand our climate-related disclosures, including metrics and targets. We aim to incorporate product- and packaging-linked metrics in future reports.

We do not currently use an internal carbon price, but we may consider investigating its potential application to our business in the future.

Integrating ESG metrics in remuneration

We do not currently incorporate ESG metrics in executive remuneration, however, the Remuneration and Nomination Committee will consider linking executive remuneration to performance against ESG objectives and efforts to address climate change in the future.

Scope 1, Scope 2 and Scope 3 greenhouse gas ('GHG') emissions and the related risks

Since 2020, we have focused on building a solid foundation for measuring our global carbon emissions, developing internal frameworks and working with carbon consultants to ensure transparency, auditability, and consistency. You can find detailed GHG emissions data, including disclosure across Scopes 1, 2 and selected Scope 3 disclosure on page 52.

We recognise that Scope 3 emissions, particularly those from purchased goods and services and transportation, represent a significant portion of our overall carbon footprint. As many of these emissions fall outside of our direct control, collecting accurate data and ensuring consistency has been a challenge to date. Addressing this issue requires close collaboration with our suppliers and other external partners. Over the coming years, we will continue to work alongside our global teams to identify the most effective methods for tracking additional Scope 3 emissions data, ensuring transparency, traceability, and auditability. We will explore various data capture methodologies and encourage our suppliers to develop their own GHG inventories, enabling the efficient capture and monitoring of indirect emissions throughout the supply chain and with third-party vendors across our global Group.

To further advance our understanding of emissions in our value chain, we have begun conducting product carbon footprint analysis. We are also collaborating with external experts to develop systems and reporting structures that will allow us to capture and track material Scope 3 emissions sources effectively. We aim to apply best practices and enable a comprehensive assessment of our material emission sources, driving meaningful progress towards our climate-related goals.

Climate-related targets

As detailed on pages 51 to 53 of our ESG section, we have developed and progressed our ESG Roadmap, primarily committing to reducing our impact on the environment and preparing the business for the shift to a lower-carbon economy through the development of innovative, lower-impact products and sustainable packaging solutions.

As we continue to review and refine our ESG Roadmap, we are placing a greater focus on emission reduction rather than off-setting. In line with our commitment to continuous improvement, we have now established a clear emissions reduction target. Our updated target is a 40% relative reduction in emissions across our global operations (Scope 1 and Scope 2) by 2040, compared to our 2023 base year, replacing our previous target of achieving a carbon-neutral operational footprint by 2030.

Given our Group's global operations, staying informed on global regulatory developments and aligning with evolving sustainability legislation is essential to ensure compliance and drive consistent progress across all our operations.

Targets used to manage climate-related risks and opportunities, and key performance indicators to measure progress against these targets, are shown in the table on the next page.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Targets and Key Performance Indicators ('KPIs')

Target	KPIs	Summary and Progress Update	Linkage to climate risk/opportunity
40% (relative) reduction in emissions across our global operations by 2040 in Scope 1 & Scope 2 against our 2023 base year	Change in relative emissions (Scope 1 and Scope 2) (market-based) compared to our 2023 base year.*	Change in relative emissions (Scope 1 and Scope 2) (market-based) per £1 Million turnover: Reduction of 25.3% **Initiatives in place:** Site consolidation – streamline operational offices where possible. Machinery and equipment upgrades at our factories to improve efficiency. Renewable electricity at Vietnamese and Chinese factories ('RECS'). Work undertaken to further our plans for 50% of our German car fleet to be electric.	Impact of Carbon Pricing Mechanisms.
50% of our eyewear frames will be made from bio-based or recycled materials by 2030. This includes materials such as bio-acetate, recycled acetate, Acetate Renew, and recycled metals	Percentage of eyewear frames made from bio-based or recycled materials such as bio-acetate, recycled acetate, Acetate Renew, and recycled metals.	We are currently in the process of quantifying our progress against this KPI with the aim of reporting against this KPI in 2025.	Impact of market and consumer preferences.
100% of our packaging to be recyclable, reusable, biodegradable or from bio-based sources by 2030	Percentage of product packaging that is recyclable, reusable, biodegradable or from bio-based sources.	We are currently in the process of quantifying our progress against this KPI with the aim of reporting against this KPI in 2025.	Impact of Carbon Pricing Mechanisms, and impact of market and consumer preferences.

* This KPI tracks the reduction in emissions (Scope 1 and Scope 2) relative to £1 million turnover using the market-based method. The market-based method reflects emissions reductions achieved through the procurement of renewable energy, renewable energy certificates (RECs), and other contractual instruments that influence the emissions associated with electricity consumption. This approach accounts for emissions based on the specific energy supply contracts in place across the Group, rather than the average emissions intensity of the local electricity grid. Tracking this KPI enables the company to monitor progress towards the goal of achieving a 40% relative reduction in emissions across global operations by 2040.

Our approach to climate-related risks and opportunities is integrated into our overall business strategy see page 21, ensuring that we are well-positioned to navigate the evolving landscape of climate change. Through ongoing assessment and collaboration across our global teams, we aim to mitigate risks, leverage opportunities, and drive long-term sustainable growth. We are committed to enhancing our disclosures over the coming years, providing our stakeholders with insights into the financial implications of climate change, and continuously adapting our strategy to meet the challenges and opportunities of the low-carbon economy.

RISK MANAGEMENT

The BOARD *has* OVERALL RESPONSIBILITY *for* RISK MANAGEMENT

Our effective risk management framework ensures we have a structured approach to the delivery of our strategic objectives for our long-term growth and shareholder value.

RISK MANAGEMENT

With increasing complex global economic, geopolitical, and environmental challenges our risk framework looks to address this changing landscape and provide mitigation solutions.

Our Audit and Risk Committee (ARC) reviews and identifies risks in our operations and ensures we are not exposed to unnecessary or poorly managed risks. The ARC is made up of three Non-Executive Directors, Christopher Hancock (Chair), Shaun Smith and Hugo Adams.

Through our framework we identify material risks that may lead to a threat to our business. Each entity is accountable for identifying, evaluating, and managing their risks, and as such each Group division has an Operational Risk Management Committee (OMC) formed with senior members of the entity and led by the MD/CEO. The OMC is responsible for identifying new risks and implementing controls and processes across their area of the business.

The OMC reviews the risk framework at least twice a year and reports into the Group's Risk Management Committee (GRMC), which is headed by the Chief Treasury Officer the Group ESG, Compliance and Risk Officer and the Head of Internal Control and calls on both internal and external experts. The GRMC then reports to the Audit and Risk Committee and feeds back to the OMCs as appropriate.

We continually look to improve our risk management process to ensure the quality of our risk review and our ability to respond quickly to changes and direct risks.

In 2024 we have extended the use of a functional Risk Management system to all entities to record the opportunities and risks in our business following an interview process completed by the Head of Internal controls. This system has been running in one of our key entities for several years to help us refine our requirements. The system allows us to identify and prioritise risks qualitatively based on a relevance scale and quantify requirement scenarios using risk allocation functions and the corresponding probability of occurrence. The consolidated report is reviewed by the GRMC and the Audit and Risk Committee.

This system makes it easier to monitor our risks and their movement over time. As part of our risk process the Audit and Risk Committee and the OMCs are responsible for keeping up to date with regulatory changes.

Our internal risk framework covers production, sales, environmental and social risks, governance, finance, IT, economic and political issues.

As part of our ongoing risk management process, we have updated our risk register by identifying new risks and removing those no longer applicable. Despite these adjustments, we remain committed to actively monitoring all identified risks to ensure effective management and mitigation. The Group Risk Management Committee (GRMC) has reviewed Climate Risk and determined that it does not pose a significant near-term threat, though we continue to monitor it closely. Further details can be found in the TCFD framework on pages 56 to 64.

Health, Safety, and HR matters remain a priority for the Group and are a standing agenda item at each Board meeting. Due to the effectiveness of our existing controls, these issues are no longer considered principal risks to the business.

Historically, supply chain risk has been well-mitigated and not a significant factor in our risk assessments. However, as we transition towards increased central procurement to enhance quality control, efficiency, and long-term resilience, we recognise that this strategic shift introduces new complexities in supply chain management. While this presents an area of focus, we are implementing robust measures to ensure a smooth transition, maintaining our commitment to operational excellence and sustainable growth. As a result, we have included supply chain risk in this year's external risk register to reflect this strategic shift and ensure continued proactive management.

Changes in purchasing and retail trends has been added to reflect the evolving dynamics in consumer behaviour, particularly the shift towards online sales. By proactively addressing these changes, we aim to ensure that our business remains agile and well-positioned to sustain growth and profitability in a rapidly changing market environment.

The GRMC has also examined the rise of AI as both a potential risk and an opportunity. While AI is not currently considered a high residual risk, the company will continue to assess its implications – both within our operations and in the broader market.

Below, we outline the principal risks facing the Group, which may have a material operational and/or financial impact. Through our internal risk framework, we have identified key risks with the greatest potential near-term impact.

RISK MANAGEMENT

Residual risk movement (remaining risk after mitigations) within the year:
Increasing | Decreasing | Stable | NEW

Principal risks

Group risk event	Context and potential impact	Mitigation	Residual risk
CUSTOMER CONSOLIDATION	The continuing consolidation of customers could lead to a reduction in our market share This has potential to negatively impact our business, and we could see a reduction in revenue and EBITDA due to loss of key customers and access to key distribution channels.	Our diverse customer base ensures that no single customer accounts for more than 10% of total revenue. We continue to deliver a strong portfolio of products, innovations, and both licensed and proprietary brands. By maintaining strong customer relationships, we stay attuned to evolving demands and needs, ensuring our offerings remain relevant and engaging.	Increasing
COMPETITOR RISK	Competitor risk stems from the presence of existing and emerging market players who may offer similar products at competitive prices, invest in innovation, or adopt aggressive marketing strategies. This can impact the Group's market share, pricing power, and overall profitability.	To mitigate this risk, we focus on continuous innovation, strong brand positioning, and maintaining strong customer relationships. The Group's business model encompasses design, frame production, low vision aids, lens manufacturing, sales, marketing, and distribution, offering a one stop shop to customers.	Stable
CHANGING PURCHASING AND RETAIL TRENDS	Changing trends in areas such as online sales and own brand products could lead to a reduction in revenue and EBITDA.	The Group is well-positioned to swiftly adapt to evolving market demands. With our in-house design and manufacturing capabilities, we offer comprehensive solutions tailored to changing customer needs.	NEW
MACROECONOMIC RISK	Significant geopolitical events continue to impact the economies of certain key markets. Inflation rates and interest rates have fallen through 2024 but still exhibit a range of stability and volatility across different regions. Adverse movements in exchange rates could give rise to negative financial exposure. Economic forces may lead to reduced customer demand. Foreign exchange fluctuations could increase costs and increase the debt position. These may lead to the Group having insufficient liquidity and not being able to meet our obligations as they fall due. The threat of increasing US tariffs can have wide-ranging economic and geopolitical consequences such as higher consumer pricing, retaliatory trade wars & slower economic growth.	The Group constantly monitors and forecasts cashflow and trades in multiple currencies thereby offsetting some of the effects of movement in currency. Bank covenant tests are monitored by the Board monthly and reported to the bank on a quarterly basis. The Group maintains multiple regional supply chains alongside established multi-channel revenue streams. We provide a comprehensive range of products from value to premium, across the optical, sunglasses, and low vision aid markets, ensuring a diversified portfolio that mitigates the risk of fluctuating customer demand. Our production footprint remains centred in China and Vietnam and we anticipate elevated tariffs are likely to persist in the near term. To help mitigate the expected cost increase we can accelerate initiatives to streamline operations across our supply chain and selectively pass through cost increases to preserve margins across key markets.	Increasing

RISK MANAGEMENT

Residual risk movement (remaining risk after mitigations) within the year:

Increasing | Decreasing | Stable | N NEW

Principal risks

Group risk event	Context and potential impact	Mitigation	Residual risk
CYBER RISK	Harm could be brought to the Group via an unauthorised access, corruption, or destruction of data and/or ransomware causing inability to access systems or loss of data leading to a potential loss of revenue.	We are continually reviewing and assessing our cyber security protocols and tool sets across the Group to ensure we stay up to date with the evolving global threat. Cyber risk insurance is held in all our Group entities and investment has been made into new technologies, particularly AI based solutions which has increased our security responses and efficiency. Multiple cyber security accreditations are ongoing and all employees in our office sites receive regular security awareness training and testing. While security controls are improving, the overall cybersecurity risk continues to rise due to the growing attack surface, evolving threats, and financial incentives for criminals.	Increasing
SUPPLY CHAIN	Disruption to the supply chain could cause delays in delivery, poor or inconsistent quality of product or resourcing of product. This can lead to delays or reductions in Revenue.	The Group maintains a diverse supplier base and has expanded its internal production capacity for frames through its own factories, including enhanced capabilities at its new Vietnamese facility. This reduces reliance on any single supplier while allowing greater control over manufacturing. Rigorous quality control measures ensure that customers consistently receive high-quality products.	N (New)
PEOPLE	An inability to attract and retain skills required to effectively operate could threaten the delivery of our strategy and may impact our intended growth.	We review succession planning with the senior management team, the OMCs and with the Board. The senior team are part of a long-term incentive scheme to maximise retention, and our Remuneration and Nomination Committee seeks to ensure rewards are commensurate with performance.	Stable

GOVERNANCE

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CORPORATE GOVERNANCE STATEMENT

DRIVING LONG-TERM VALUE

Strong corporate governance is the foundation of our business. It provides the structure and discipline necessary for transparency, accountability, and ethical decision-making, ensuring we operate with integrity and resilience. By maintaining the highest governance standards, we safeguard stakeholder trust, mitigate risk, and create sustainable value for the long term.

Dear stakeholders,

i am pleased to present the 2024 Corporate Governance Report, which should be read alongside our disclosures on pages 78 and 79, detailing our compliance with the QCA Corporate Governance Code.

As I outlined in my report on pages 8 and 9, 2024 was a year of disciplined execution and operational efficiency. Despite macroeconomic challenges, including rising costs and wage inflation, we remained focused on optimising performance, strengthening governance, and driving long-term value creation.

Governance: the foundation of our success

The Board firmly believes that strong corporate governance is not simply a regulatory obligation – it is the cornerstone of strategic execution and business resilience. As Chairman, my responsibility has been to build and lead an effective Board, ensuring we meet the highest governance standards while advancing the Group's long-term objectives.

With considerable industry experience between our CEO Richard Peck and myself, I have decided to focus on Executive duties and therefore we are in the process of searching for a new Non-Executive Chair. Alongside a focused and driven senior and mid management team, we are well-equipped to navigate complexity, drive cost efficiencies, and execute on our strategic vision.

We recognise that strong leadership requires independent and experienced perspectives. Our Board includes dedicated Non-Executive Directors, providing objective oversight, strategic guidance, and accountability at every level.

We are equally committed to ensuring that our long-term ambitions are achieved responsibly. Our growth must not come at the expense of the environment or the stakeholders with whom we engage. We are dedicated to delivering sustainable value while minimising our environmental footprint and upholding our social responsibilities.

Engaging with our stakeholders

Stakeholder engagement is integral to how we operate. We understand that our success depends on fostering strong relationships built on trust, transparency, and shared value creation.

- Our Executive Team has actively engaged with shareholders, conducting a comprehensive investor relations programme.
- Our Non-Executive Directors maintain open channels of communication with auditors, our Nominated Adviser ('NOMAD'), and corporate advisers, reinforcing accountability and oversight.
- The Board carefully considers the impact of strategic decisions on customers, suppliers, employees, and the broader community.
- Recognising that culture is a key driver of sustainable growth, our Non-Executive Directors have conducted site visits across the Group, engaging with local management to ensure alignment with our strategic priorities.

Looking ahead: a clear vision for 2025

Following a resilient performance in 2024, the Board remains focused on strengthening strategic execution and positioning the Group for long-term growth in 2025. While market conditions presented challenges, we maintained stability and operational discipline, ensuring a strong foundation for future progress.
Risk management remains a key priority, and we are committed to continually refining our frameworks to navigate an evolving economic landscape with agility and confidence.

Our priorities are clear:

- Delivering sustainable, long-term value for shareholders
- Upholding the highest standards of governance and responsibility
- Strengthening operational efficiency across all levels of the organisation
- Fostering a business culture that supports innovation, accountability, and stakeholder engagement

At the Board level, we remain dedicated to continuous improvement, regularly assessing our effectiveness and implementing enhancements to ensure we remain agile, forward-thinking, and well-positioned for future success.

Robin Totterman
Executive Chairman

14 April 2025

HOW THE BOARD OPERATES

Board of Directors

ROBIN TOTTERMAN

CHAIRMAN
EXECUTIVE DIRECTOR

Tenure

Robin has been a Board member since founding INSPECS in 1988. On 20 December 2024, Robin announced his intention to step down as Executive Chairman at the next AGM, but will remain as Chair until a successor is found. He intends to remain an Executive Director of the Group.

Skills, competence & experience

Robin Totterman is an entrepreneur and forerunner in the branded eyewear industry with over 35 years of 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. 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 and Banque Paribas.

RICHARD PECK

GROUP CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR

Tenure

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

Skills, competence & experience

Richard Peck has over 40 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.

CHRIS KAY

GROUP CHIEF FINANCIAL OFFICER
EXECUTIVE DIRECTOR

Tenure

Chris has been involved with INSPECS since it was founded in 1988 and has served as a Board member since 13 November 2013. On 10 April 2025, Chris announced he will not stand for re-election at the next AGM, but will remain as CFO until a successor has been appointed.

Skills, competence & experience

Chris Kay is a qualified chartered accountant. He has been a partner of Thorne Lancaster Parker, a UK accountancy and taxation firm, since 1992. He became Finance Director of INSPECS in 2013 and works closely with Richard Peck and Robin Totterman on strategy for the Group. Chris's business development and M&A experience was pivotal to the execution and integration of INSPECS' Killine Group acquisition in 2017 and further acquisitions since IPO in February 2020.

CHRISTOPHER HANCOCK FCA

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Tenure

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

Skills, competence & experience

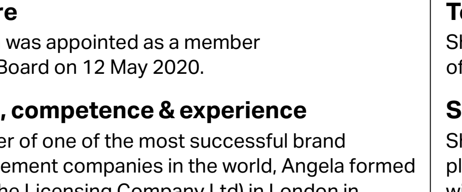
Christopher Hancock FCA has over 30 years of experience in business development, restructuring and corporate finance. Christopher qualified as a chartered accountant with Arthur Andersen before entering investment banking, where he spent 10 years with JP Morgan. He established his own consultancy practice in 2009 and co-founded an FCA regulated corporate finance and investment management firm in 2012. Christopher brings a broad range of experience in business development, M&A and corporate finance in public markets.

ANGELA FARRUGIA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tenure

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



Skills, competence & experience

Founder of one of the most successful brand management companies in the world, Angela formed TLC (The Licensing Company Ltd) in London in 1996. Creating a new breed of agency, the business grew to encompass 24 offices in 16 countries and amassed a roster of leading brand representations in various sectors, generating over $12.4bn in retail sales annually for its clients. In addition, she has 22 years of operating experience gained within a challenging international business environment. Angela was awarded an MBE in 2024 for Global Business Development & Licensing.

SHAUN SMITH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tenure

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

Skills, competence & experience

Shaun is a qualified treasurer and 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 terms as Audit and Nomination Committee Chair. He is currently the Non-Executive Chair of Driver Group Plc, and a Non-Executive Director of Epwin Group Plc.

HUGO ADAMS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tenure

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

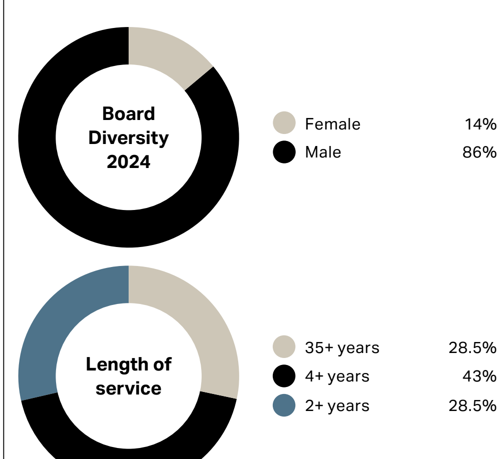
Skills, competence & experience

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 Property Director. Hugo served on the Executive Board at Superdry Plc, responsible for marketing and business development, and was this year appointed as CEO of Kelp Industries Ltd.

BOARD OF DIRECTORS OVERVIEW

Board of Directors gender diversity

	Year	Number
Total	2024	7
	2023	7
Female	2024	1
	2023	1
Male	2024	6
	2023	6



HOW THE BOARD OPERATES

The BOARD *is* RESPONSIBLE *for the* GROUP'S STRATEGY *and for the* OVERALL MANAGEMENT *of the* GROUP

The Strategic Report outlines the key approach of the Board in ensuring and promoting the long-term, sustainable growth of the Group for all shareholders.

The main matters for consideration by the Board include:

- Risk management and operational controls
- Financial reporting and financial controls
- Monitoring of health and safety across the Group
- Approval of material contracts and Group expenditure
- Communication with stakeholders
- Financing and capital adequacy of the Group
- Approving budgets and forecasts
- Reviewing potential acquisitions
- Oversight of the Executive Team and Committees

Overview of governance structures

The Board structure is designed to ensure that it focuses on the Group strategy whilst at the same time monitoring its performance and reviewing the controls and risk of the Group. The Board considers that the governance structures allow for the operation of the Group in an open and straightforward culture without over-delegation of responsibilities.

STAKEHOLDERS

BOARD

The Board of Directors is responsible for overviewing the Group's strategy and ensuring that it delivers long-term growth in a sustainable manner for the benefit of the Group's shareholders and stakeholders.

BOARD COMMITTEES

Each Board Committee has documented terms of reference agreed by the Board. These are regularly reviewed and updated as necessary.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for:

- Overseeing the Group's financial reporting
- Overseeing the relationship with the external auditors and monitoring their independence
- Overseeing the Group's internal control framework and risk management process

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is responsible for:

- Reviewing the structure, size and composition of the Board
- Succession planning for Directors and other senior executives
- Promoting diversity, equity and inclusivity
- Setting, reviewing and recommending the policy on the remuneration of the Executive Directors
- Overseeing the senior management team and general workforce remuneration approach
- Overseeing the alignment of the reward, incentives and culture

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance Committee is responsible for:

- Overseeing the Group's sustainability framework, focus and strategy
- Monitoring the Group's sustainability impact and performance
- Providing guidance for the developing environmental challenges, which includes environmental risk and the impact this will have on the Group
- Overseeing the Group's ESG and TCFD reporting, including external audit and assurance requirements

EXECUTIVE COMMITTEE

The Executive Team is responsible for the day-to-day running of the Group's business, improving its performance and ensuring future long-term growth and development.

SENIOR MANAGEMENT

The Group has a wealth of experienced senior managers across the globe, all of whom have high levels of industry experience.

HOW THE BOARD OPERATES

Board meetings

The Board met eleven times during 2024, including one strategy meeting, four meetings to review quarterly updates, and two meetings to agree the interim and year-end financial accounts. One of the Board meetings during the year was held at Norville's offices in Gloucester.

Scheduled meetings	Board	Remuneration and Nomination Committee	Audit and Risk Committee	ESG Committee
Robin Totterman	11/11	1*	1*	—
Richard Peck	11/11	1*	1*	1*
Christopher Kay	11/11	—	4*	—
Christopher Hancock	11/11	2/2	4/4	4/4
Angela Farrugia	9/11	2*	—	4/4
Shaun Smith	11/11	2/2	4/4	—
Hugo Adams	9/11	2/2	4/4	4/4

* In attendance

Directors are expected to attend all meetings of the Board and the Committees on which they sit. In the event of a Board member not being able to attend their respective Committee or Board meeting, their comments are passed to the Chair.

Board Committees

The Board has delegated some specific responsibilities to the Audit and Risk Committee, the Remuneration and Nomination Committee, and the ESG Committee.

The respective reports are shown on pages 80 to 89.

Board composition

The Board believes it has the right skill sets, knowledge and up-to-date experience to perform its duties responsibly. This allows the Board to deliver on the Group's strategy of long-term growth of the Group for the benefit of all stakeholders.

The Board fully supports the Financial Reporting Council's aim of encouraging diversity.

A full breakdown of gender representation for Directors is shown on page 73.

Board and Board Committee effectiveness review

In January 2024 we carried out an internal Board evaluation for 2023. The Executive Chairman reviewed the actions and discussed the output with the Board individually and at the Board meeting held on 19 February 2024.

The key outcome of the review was that the Executive Team and the Board felt that the Board and its Committees continue to be well-functioning and effective in providing oversight of the Company and ensuring good governance. To increase the Board's understanding of the Group, it was agreed that an approach to provide greater exposure to the entities would benefit the Board.

Other recommendations included:

- Increased information on the competitive environment to help the Board review possible growth areas. This will improve the Board's understanding of strategies and direction and will enable the Board to continue to provide valued input.
- Continued consideration for ESG and the risks and opportunities associated. The Board will continually strengthen the Group's commitment and ensure all relevant legislation is followed including TCFD and updates to the QCA Code.

Over the past 12 months, progress has been made in response to these recommendations, particularly in enhancing communication and transparency between the Board and the Executive team. Key improvements include:

- Presentations Across the Group: The Board has received presentations from the Group's various business areas, providing deeper insights into operations and strategic initiatives.
- Real-Time Market Insights: The CEO delivers up-to-date market data, entity performance metrics, and competitor analysis to the Board, ensuring informed decision-making. Greater detail of divisional performance is to be provided in the monthly management accounts
- Operational Committee Updates: The Board has received updates on the two Operational Committee meetings which took place in the year.
- Timely Board Pack Distribution: Board materials including monthly management accounts are delivered in an increasingly timely manner
- Governance and Compliance: The Board Committees acknowledge the latest updates to the QCA Code and continue to advance compliance with TCFD (Task Force on Climate-related Financial Disclosures). There is a commitment to improving governance, transparency, and strategic alignment across the Group.

It was decided not to hold a review in respect of performance in 2024. Following appointment, the new Non-Executive Chair will conduct a review of the Board talent and performance.

Board members' independence

The Board considers and ensures that each of the Non-Executive Directors are independent of management.

The founder and Executive Chairman has a substantial shareholding in the Group, but this does not detract from the Board's ability to exercise independent judgement and enquiry.

All Non-Executive Directors are considered to be independent in both their character and judgement and confirm that they are free of relationships or other circumstances that could impact on their independence.

The Board delegates specific matters to three sub-committees, as follows:

- The Audit and Risk Committee is responsible for overseeing the Group's financial reporting, risk management, and internal controls, and liaises closely with the Group's external auditors. Full details of this Committee's work is set out on pages 80 to 82 of this report.
- The Remuneration and Nomination Committee is responsible for establishing procedures for setting executive remuneration policy and executive pay. Details of its work during the year is given on pages 84 to 87 of this report. The Committee is also responsible for leading Board appointments.
- The ESG Committee is responsible for overseeing and reporting to the Board on environmental, social and governance matters across the Group. Their report for the year is on pages 88 and 89.

Conflicts of interest

Declaration of any conflicts of interest is a standing agenda item on all Board and Committee meetings to ensure that they are regularly considered.

Directors' and Officers' liability insurance

The Group continues to hold Directors' and Officers' insurance during the period to the benefit of the Directors.

Senior Independent Director

Christopher Hancock is the Senior Independent Director and is also Deputy Chair-elect and will act as the Chairman's alternate when required.

Development

The Board engages with the Group's external advisers, principally our NOMAD, Peel Hunt, and our Group corporate lawyers, Macfarlanes, to keep up to date with changes to relevant legislation.

Election of Directors

All Directors will offer themselves for re-election at the forthcoming Annual General Meeting.

Relationship with stakeholders

Continuing engagement with shareholders and stakeholders in the Group is of prime importance to the Board. This communication includes both the Annual Report and Accounts and interim accounts, and RNS releases when appropriate.

The Group communicates through its website www.INSPECS.com and investor information is available on the website.

The Non-Executive Directors are available to discuss matters that stakeholders may wish to raise and the Executive Team holds meetings with investors on a timely basis.

The Group has regular reviews from material customers on its performance and these are closely monitored, and the Group maintains regular communication with a wide range of stakeholders.

Annual General Meeting

The Annual General Meeting of the Group will take place on 3 June 2025. The Notice of Annual General Meeting and the Ordinary and Special Resolutions to be put before the meeting are contained in the Notice of the Annual General Meeting. The AGM is an opportunity for shareholders to ask questions relating to the Group, with details of how to do so also included within the Notice of the Annual General Meeting.

Corporate Governance Code

The Board recognises the corporate responsibility in the way that INSPECS operates around the globe. The Board has adopted the Quoted Companies' Alliance Corporate Governance Code for small and mid-sized quoted companies, known as the 'QCA Code'.

The Board is accountable to a wide range of stakeholders and to ensuring its primary goal of long-term sustained growth whilst acting in a sustainable manner. Examples of our continued work on sustainability are covered on pages 50 to 53 of this report.

The Board has ultimate responsibility for internal control and how we manage this process is shown on page 81.

Our gender diversity is shown on page 49 of this report. Our compliance with the QCA Corporate Governance Code principles is reported on below. The Board acknowledges the updates to the Code effective for financial years starting on or after 1 April 2024 and is actively working to ensure ongoing compliance.

HOW THE BOARD OPERATES

THE QCA CORPORATE GOVERNANCE CODE

DELIVER GROWTH

Governance principles		Compliant	Application of the principle	Further information
1	**Establish a strategy and business model which promotes long-term value for shareholders.**	✓	The Board is responsible for Group strategy and its implementation. This strategy is debated and tracked by the Board which monitors its progress.	See pages 14 to 21 to learn more about our strategy and business model.
2	**Seek to understand and meet shareholder needs and expectations.**	✓	Meetings are held with investors and analysts after the release of interim and final results. The AGM provides a forum for all shareholders to meet and hear from the Directors. Shareholder comments and suggestions are welcomed by the Board.	See pages 42 to 44 to see how we communicate. Further information is available on our website www.INSPECS.com.
3	**Take into account wider stakeholders and social responsibilities, and their implications for long-term success.**	✓	The Board has identified the key stakeholders in the business and discusses the impact of the long-term growth strategy and how our business model may affect these stakeholders. We acknowledge our social and environmental responsibilities, and consider the impact upon these in all that we do.	See pages 42 to 44 see how we communicate and deal with our stakeholders. In addition, see pages 45 to 53 of our ESG Report.
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation.**	✓	Risk Management Committees are held at the division and Group level, considering both internal and external risks, and reporting into the Audit and Risk Committee. In 2023, the role of Head of Internal Controls was established. He has been reviewing and reporting with recommendations that local management is acting upon.	See pages 65 to 68 for further detailed information on risk management, and pages 80 to 82 for the Audit and Risk Committee's Report considering auditor independence.
5	**Maintain the Board as a well functioning, balanced team led by the Chair.**	✓	The Board consists of four independent Non-Executive Directors with diverse and relevant experiences and perspectives, the Executive Chairman, the CEO and CFO. The Board has a wealth of experience on strategy, operations and financial matters. The Executive Chairman engages in open debate and proposed strategies are challenged.	See Board Director information on pages 72 and 73 for further details.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Governance principles		Compliant	Application of the principle	Further information
6	**Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities.**	✓	The Board believes that it has the required skills and a strong balance of capabilities to manage the Group. Members of the Board keep their skillset up-to-date in a variety of ways throughout the year. The Board is also supported by Committees, and use external advisers where relevant, to ensure sufficient resource and expertise are available.	See Board Director information on pages 72 and 73 for further details.
7	**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.**	✓	The Board and Board Committees internally review their performance on an annual basis, with an external review every three years. The 2025 review has been deferred until the appointment of the Non-executive chair.	Details of the Board and Board Committees effectiveness reviews are included on page 76.
8	**Promote a corporate culture that is based on ethical values and behaviours.**	✓	The Board and Senior Management promote and encourage the core values of the Group. The aim is to deliver continual improvement in both the economic performance of the Group and in its ability to meet its social responsibility to the wider community.	See pages 70 and 71 of the Corporate Governance Report, along with pages 47 to 49 for the Social section of our ESG report.
9	**Maintain a governance structure and processes that are fit for purpose and support good decision-making by the Board.**	✓	The Board's governance model is widely known as the unitary system. The Board is aided by three subcommittees to undertake specific work. The Board has regular information flows and has regular meetings to ensure it has the ability to review, debate and make well-informed decisions.	See more information on the Committee Reports on pages 80 to 89.

BUILD TRUST

Governance principles		Compliant	Application of the principle	Further information
10	**Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders.**	✓	INSPECS has open communication with a wide range of stakeholders. This includes regular updates with investors, yearly and half-yearly reports and regulatory news service releases on key corporate matters.	See pages 42 to 44 of the Strategic Report.

AUDIT AND RISK COMMITTEE REPORT

MAINTAINING TRANSPARENCY

The Audit and Risk Committee, comprised of independent directors with diverse professional backgrounds, plays a crucial role in ensuring the integrity of financial reporting, effective risk management, and compliance with regulatory requirements

CHRISTOPHER HANCOCK FCA
CHAIR OF THE AUDIT AND RISK COMMITTEE

Membership

The Audit and Risk Committee comprises Christopher Hancock (Chair), Hugo Adams and Shaun Smith. See Director biographies on pages 72 and 73 for further details.

Meetings and attendance

The Audit and Risk Committee is mandated to meet at least three times a year. It met four times in 2024.

The Committee has unrestricted access to the Group's external auditors and has meetings with external auditors without management present.

Members of Executive and Group management attend meetings of the Committee by invitation.

The Group Company Secretary serves as secretary of the Committee and ensures that the Committee receives information and papers in a timely manner.

Meetings during 2024

04

Committee member	Attendance
Christopher Hancock (Chair)	4
Shaun Smith	4
Hugo Adams	4

The Committee's primary responsibilities include:

Financial reporting

- Review of going concern, key judgements and significant accounting policies.
- Assessing the adequacy of internal controls over financial reporting.
- Review of the Annual Report and Accounts to ensure its completeness, fairness, balance and understandability.
- Review of disclosures required under the Task Force for Climate-related Financial Disclosures (TCFD) framework.

External audit oversight

- Reviewing and approving the audit plan.
- Monitoring the auditor's independence and performance.
- Reviewing the extent of, and policy for, non-audit services provided to the Group by the external auditors.

Risk management

- Assisting management with identifying and addressing new and emerging risks.

Overseeing the implementation of risk mitigation strategies.

Independent external audit

The external auditors, EY, were reappointed at the Company's AGM on 6 June 2024.

Fees, effectiveness and independence

The Audit and Risk Committee undertakes a review of the effectiveness and independence of the Group's auditors. The Committee determined that the expertise and global presence of the auditor is appropriate given the size and complexity of the Group. The Group's auditors have brought to the Committee's attention a number of internal control matters which will be addressed by management.

Savings from the reduction in the scope of the audit engagement (e.g. the removal of a statutory audit of INSPECS Limited) have been offset by cost inflation so the audit fee for the year to 31 December 2024 is £1,544,000 (2023: £1,528,000).

The Committee reviews the level and nature of non-audit work performed by the Group's auditors to ensure that there is not a risk to their independence.

In 2024, £nil of non-audit fees were paid to EY (2023: £5,000).

Internal Audit

The Committee is aware of the risk of fraud and the Board's responsibility to prevent it and has continued to recommend that the Group should establish an Internal Audit Function to improve, monitor and test the Group's controls. During Q3 of 2023, a Head of Internal Controls was recruited. When his initial review of Group internal controls is completed in 2025, the Committee will consider the appropriate Internal Audit resources to audit financial controls, accounting procedures and further enhance risk management across the Group.

Risk governance

The Group ESG Compliance and Risk Officer attends the Committee's meetings as a matter of course to ensure that the Committee has an appreciation of the underlying risks faced by the Group and the adequacy of the controls and policies in place to mitigate them. A comprehensive review of the Group's risk register at a divisional level was begun during the year using specialist risk management software. In addition, the Committee advised on a more systematic approach to risk measurement and management at a Group level. The results of this review are set out under Risk Management on pages 65 to 68.

Internal control environment

The Group uses both manual and automated systems to control, monitor and report risk matters. The principal elements of the Group's internal control are:

- Cash management by the Group treasury function.
- An annual budgeting process producing detailed profit and loss, balance sheet, and cash flow projections, updated monthly on a rolling 12-month basis.
- Monthly reporting of KPIs, key risk areas, capital expenditure and compliance with covenants on banking facilities.
- 5 year forecasts are used for the analysis of longer terms risk such as going concern and to assess potential impairment of assets.
- Key risks, including reasonableness of market forecasts, covenant compliance and Health and Safety issues, are raised to the level of Board agenda items.

AUDIT AND RISK COMMITTEE REPORT

Significant financial judgements

During the year the Audit and Risk Committee considered the following significant issues regarding the financial statements and having reviewed them, were satisfied that they were appropriately stated.

- The Committee reviewed the going concern forecast for the period to 30 June 2026. This review focused, in particular, on the headroom on the covenants on the HSBC bank facility which was refinanced in December 2024 and currently matures in December 2027. The review included Management's 'base case', 'severe but plausible' downside case and 'reverse stress test' scenarios. As a result of this review and taking into account the additional controls put in place to manage the Group's cash in response to the recent covenant breach, the Board concluded that it was appropriate to prepare the financial statements on a going concern basis.
- Goodwill and intangible assets are significant values in the Group's balance sheet and the Committee considered any potential impairment that might be required. Having reviewed the cash flows of the CGU (cash-generating units), growth assumptions and the discount rates applicable to the CGU along with sensitivity analysis, the Committee concluded that given the headroom which exists for each CGU, no impairment should be recorded.
- The Committee has reviewed the provision made against the Group's sales in respect of the constructive right of return by its customers in certain markets and concluded that given the Company's further change in commercial arrangements regarding the period over which returns are accepted, the provision is reasonable.
- The Committee reviewed the tax provisions recognised relating to uncertain tax provisions and permanent establishment risks and the position taken as at 31 December 2024 and concluded that, given the practices and procedures in place, the provision was reasonable.
- The Committee reviewed the accounting for deferred tax. The Committee noted that the Company has substantial brought forward losses in the UK and the Committee agreed that only the portion of these which could reasonably be expected to be used in the next five years should be recognised as an asset.
- The Committee has noted the further reduction in the market capitalisation of the Company as an indicator of potential impairment. It has reviewed the carrying value of investments and receivables due from Group companies in the Company's own balance sheet and compared them with the discounted cash flows forecast to arise from these investments. These demonstrate that the underlying value of these investments remains higher than the value currently attributed to them by the market and so there is no impairment to the value of these assets.

Recommendations arising out of the audit

The Committee has highlighted concerns about the weakness of management in key positions to make important judgements and oversee important controls. In particular, the Committee continues to recommend strengthening of both the European and UK finance teams to enhance controls and information flow.

Whistleblowing, fraud and bribery

Reflecting the Group's concern to manage the risk of fraud, it has established an overarching Anti-Fraud Policy which sets out its approach to combatting fraud and the other policies and procedures which support its approach. In particular, the Group has in place a whistleblowing policy which is communicated to all employees on joining and updated yearly. The policy sets out a formal process by which employees may, in confidence, raise concerns in respect of the Group's activities. These include any financial improprieties in reporting and in other matters. All reports are reviewed by the ESG Compliance and Risk Officer and, when appropriate, shared with the Board.

The Group is committed in all respects to a zero-tolerance attitude with regards to bribery.

The Group is aware of the particular dangers arising from the threat of cyber crime. Personnel receive regular training to sensitise them to typical threats and inculcate practices which reduce the risk posed by phishing attacks, malware, and online deception.

REMUNERATION AND NOMINATION COMMITTEE REPORT

EFFECTIVE BOARD

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on all elements of the remuneration, terms of service or employment, reward structure and fringe benefits for Executive Directors, Non-Executive Directors and senior management with the aim of attracting, retaining and motivating individuals of the highest quality.

The Committee is responsible for ensuring the appropriate Board balance and size, and that the Board members have the required mix of skills, experience and other core competencies.

CHRISTOPHER HANCOCK FCA
CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Membership

The members of the Committee are all independent Non-Executive Directors in compliance with the QCA Code. During the year the Committee comprised Christopher Hancock (Chair), Hugo Adams and Shaun Smith. See Director biographies on pages 72 and 73 for further details.

Meetings and attendance

The Committee met twice in the year formally in accordance with its mandate and many times informally in order to discuss management effectiveness and succession planning. Non-committee members were invited to attend these meetings so that the Committee could give direction on remuneration and present the views received from independent shareholders.

The Company Secretary serves as secretary of the Committee and ensures that the Committee receives information and papers in a timely manner.

Meetings during 2024

02

Committee member	Attendance
Christopher Hancock (Chair)	2
Shaun Smith	2
Hugo Adams	2

Remuneration

Remuneration policy

The Committee's aim is to set a remuneration policy to attract and motivate high-calibre Directors and senior management within the Group and to focus them on delivery of the Group's strategic and business objectives.

The remuneration of Directors and senior executives of the Group comprises the following elements:

- Contracted base salary
- Performance-based annual bonus
- Long-term share-based incentive plan (LTIP)
- Pension and other contracted benefits

In recent years a comprehensive review has been undertaken of executive remuneration.

Review of salaries

A market benchmarking exercise of executive salaries is performed annually. As a result of this exercise, salaries were adjusted in 2022. Given the performance of the Group no further adjustments to executive salaries have been deemed necessary or appropriate in 2023 or 2024.

Short-term incentive – 2024 annual bonus

Bonuses are paid to Executive Directors on the basis of performance against the Group's revenue and Underlying EBITDA targets. 30% of the bonus payable, on the basis of financial performance, is then subject to achievement of individual KPIs by the relevant Executive.

Due to the disappointing outcome of the Group's key performance indicators of revenue (which shrank by 2%) and Adjusted Underlying EBITDA which at £17.6m was significantly below target, no bonuses will be paid to the Executive Directors in relation to 2024.

Long-term incentive plan (LTIP)

The Prospectus issued on admission of the Group to AIM on 27 February 2020 included the details of a Long-Term Incentive Plan to issue options on an annual basis at the mid-market price to Executive Directors and key senior employees up to a maximum aggregate of 10% of the issued share capital of the Group in any 10-year period. Following admission, options were issued each year in accordance with this plan.

Following the review of executive remuneration conducted in 2022, it was determined that the structure of the LTIP should be aligned with market norms by making the issue of options dependent on performance. In February 2023, the Committee produced a proposal for the issue of nil paid options which would vest based on meeting a target EPS performance CAGR over three years. Subsequently, the Group retained a leading remuneration consultancy firm to review and benchmark the proposed structure as a result of which it was agreed to issue nil paid options to senior executives in the Group with vesting from 25 to 100% of the total opportunity being driven by performance of the Underlying EPS from 12.5% to 25% CAGR.

During the year, the Committee consulted with the Group's largest external shareholders regarding the LTIPs and they endorsed the proposed change in the structure. As a result, the Committee approved the issue of LTIPs to the executives as approved by the shareholders.

It is expected that the first options under the new scheme will be issued following the announcement of the 2024 results. The total options to be in issue at any time are subject to the same cap as previously. The total LTIP options outstanding as at 31 December 2024 were 5,122,283 and this represents 5.0% of the Group's issued share capital as at 31 December 2024 amounting to 101,671,525 shares of 0.01p each.

Details of the holders of options under the LTIP plan are shown in the table below:

Name	Options granted	Grant date	Exercise price £
Robin Totterman	150,000	22/12/2020	2.10
	50,000	23/12/2021	3.70
Richard Peck	50,000	22/12/2020	2.10
Christopher Kay	137,365	11/10/2019	1.01
	549,460	27/02/2020	1.95
	150,000	22/12/2020	2.10
	183,153	26/02/2021	3.25
	50,000	23/12/2021	3.70
	183,153	28/02/2022	3.75
Senior employees	274,737	11/10/2019	1.01
	1,373,650	27/02/2020	1.95
	540,000	22/12/2020	2.10
	457,883	26/02/2021	3.25
	60,000	21/06/2021	3.51
	275,000	31/08/2021	3.70
	179,999	23/12/2021	3.70
	457,883	28/02/2022	3.75

REMUNERATION AND NOMINATION COMMITTEE REPORT

Directors' interest in shares

The interests of the Directors as at 31 December 2024, including their spouses, dependants and close family members, in the Ordinary Shares of the Group were:

	2024	2023
Robin Totterman	**18,625,005**	18,625,005
Richard Peck	**9,523**	9,523
Christopher Kay	**2,178,730**	2,178,730
Christopher Hancock	**23,448**	23,448
Angela Farrugia	**31,904**	31,904
Shaun Smith	**—**	—
Hugo Adams	**16,500**	16,500

Directors' employment and pension contributions to 31 December 2024

£

	Salary/Fees	Taxable benefits	Total remuneration
Robin Totterman	**249,100**	**1,206**	**250,306**
Richard Peck	**289,900**	**—**	**289,900**
Christopher Kay	**249,100**	**1,081**	**250,181**
Christopher Hancock	**70,000**	**—**	**70,000**
Angela Farrugia	**60,000**	**—**	**60,000**
Shaun Smith	**65,000**	**—**	**65,000**
Hugo Adams	**70,000**	**—**	**70,000**

Directors' employment and pension contributions to 31 December 2023

£

	Salary/Fees	Taxable benefits	Total remuneration
Robin Totterman	249,100	1,266	250,366
Richard Peck	290,900	—	290,900
Christopher Kay	249,100	2,444	251,544
Christopher Hancock	64,333	—	64,333
Angela Farrugia	60,750	—	60,750
Shaun Smith	59,374	—	59,374
Hugo Adams	63,750	—	63,750

Transactions with Directors

The only transactions between the Directors and the Group were as follows:

Kelso Place LLP

Rent is payable by INSPECS Limited to Kelso Place LLP on Kelso Place, the headquarters of the Group. This rent is reviewed to ensure it is on a normal commercial basis and amounted to £133,000 in the year to 31 December 2024 (2023: £122,000). The building is owned by Kelso Place LLP, of which Robin Totterman is the controlling partner.

Thorne Lancaster Parker

Christopher Kay, a Director of the Company, is also a partner in Thorne Lancaster Parker. During the year the partnership charged INSPECS Limited £7,000 (2023: £8,000) in respect of professional services provided. On 31 December 2024, INSPECS Limited owed Thorne Lancaster Parker £nil (2023: £nil) in respect of the above. During the year the partnership charged Norville (20/20) Limited £nil (2023: £2,000) in respect of professional services provided, with £nil being owed at the end of the year (2023: £nil) in respect of the above.

R Totterman

Robin Totterman, a Director of the Company, had a Director's Loan Account balance with INSPECS Limited. As of the end of the year, the balance owed to R Totterman was £22,000 (2023: Owed to INSPECS Limited £8,000).

Share price movement

The price movement of the shares in the Group from the lowest to highest in the year is set out below:

Highest market price in the year	£0.92
Lowest market price in the year	£0.40

Other work of the Committee in the year

Succession planning

The Committee has reviewed the performance of the Executive Directors and listened to the views of the Company's largest independent shareholders. As a result of this review, it was decided that the Group should appoint a Non-executive Chair to join the Board to help in particular with succession planning and shareholder relations. This decision was announced to the market in December 2024 and a process led by an international recruitment firm is now underway. The new Chair is expected to be announced at the Company's 2025 Annual General Meeting.

Board effectiveness review

In January 2024, an internal Board evaluation was performed based on 2023 performance. The Executive Chairman reviewed the actions and discussed the output with some of the Board individually and then collectively at the Board Meeting held on 19 February 2024.

The key outcome of the review was that the Executive Team and the Board felt that the Board and its Committees continue to be well-functioning and effective in providing oversight of the Company and ensuring good governance. To increase the Board's understanding of the Group, it was agreed that an approach to provide greater exposure to the Group's operating companies would benefit the Board.

Other recommendations included:

- Increased use of market data and competitor analysis to help the Board evaluate potential growth areas. This will improve the Board's understanding of strategies and direction and will enable the Board to continue to provide valued input.
- Continued consideration for ESG and the risks and opportunities associated. The Board will continually review the Group's commitment and performance ensuring all relevant legislation is followed including TCFD and updates to the QCA Code.

Over the past 12 months, progress has been made in response to these recommendations, particularly in enhancing communication and transparency between the Board and the Executive team. Key improvements include:

- Presentations Across the Group: The Board has received presentations from the Group's various business areas, providing deeper insights into operations and strategic initiatives.
- Real-Time Market Insights: The CEO delivers up-to-date market data, entity performance metrics, and competitor analysis to the Board, ensuring informed decision-making. Greater detail of divisional performance is to be provided in the monthly management accounts.
- Operational Committee Updates: The Board has received updates on the two Operational Committee meetings which took place in the year.
- Timely Board Pack Distribution: Board materials including monthly management accounts are delivered in an increasingly timely manner.
- Governance and Compliance: The Board Committees acknowledge the latest updates to the QCA Code and continue to advance compliance with TCFD (Task Force on Climate-related Financial Disclosures). There is a commitment to improving governance, transparency, and strategic alignment across the Group.

It was decided not to hold a review in respect of performance in 2024. Following appointment, the new Non-Executive Chair will conduct a review of the Board talent and performance.

Diversity, equity and inclusion

The Committee specifically looks to promote diversity, equity and inclusion in the Board and senior management of the Group through its appointments and promotions. No senior appointments were made in 2024. An analysis of the diversity of the Group's workforce is set out within the ESG Report on page 49.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMMITTEE REPORT

RESPONSIBLE INITIATIVES

In 2024 we have continued to build on our Environmental, Social, and Governance ('ESG') commitments. Our Roadmap has been further refined into a focused framework of responsible business initiatives, meaningful measures, and achievable targets on a Group-wide level.

ANGELA FARRUGIA
ESG COMMITTEE – CHAIR

LETTER FROM THE CHAIR 2024

Progress for our Environmental, Social and Governance ('ESG') goals in each of the defined strategic pillars across the world has continued alongside the implementation of our Group ESG Roadmap.

This year we made improvements across the entire Group to build a responsible and respected business in the areas of People, Planet, Product, Packaging and Procurement. Our ESG Roadmap has been widely adopted throughout our entites.

Our continued desire to improve our sustainable and traceable footprint across all areas of our vertical operations are widely acknowledged amongst our customers, community, employees and stakeholders, and the inclusion of DE&I strategies has enhanced our commitment to people.

In line with our commitment to bring positive change, I am pleased to see so much more engagement in these topics across the world and throughout 2024 and look forward to taking the mandate further in 2025.

Angela Farrugia
ESG Committee – Chair

Meetings during 2024

04

Committee member	Attendance
Angela Farrugia (Chair)	4
Hugo Adams	4
Christopher Hancock	4

Membership

The members of the Committee are all independent Non-Executive Directors. The Committee is chaired by Angela Farrugia, Committee members include Hugo Adams and Christopher Hancock. Richard Peck, Chief Executive Officer of the Group, is in regular attendance.

Responsibilities

The Environmental, Social, and Governance Committee is responsible for the following areas:

- To support the Board in fulfilling its obligations to the Group and comply with all statutory, legal, and regulatory requirements and standards in relation to all ESG matters.
- Independently review actions to ensure the Group's consideration with environmental, social, and governance matters and report to the Board and shareholders, as appropriate.
- Define and further develop the Group ESG goals and objectives. Key metrics to be adopted by each entity, monitored, and fairly reported.
- Monitor the Group's ESG performance and execution, ensuring that it addresses matters of material impact.
- Provide oversight and approval of key policies and projects required to implement the ESG strategy and Roadmap.
- Review current and emerging ESG trends, relevant international standards, and legislative requirements.
- Review the effectiveness and performance of ESG projects and initiatives.
- Offer recommendations to the Board on any of the matters listed above that the Committee considers appropriate.

Meetings and attendance

The Committee is mandated to meet at least twice per year. In 2024, four Committee meetings were held. Non-committee members may be invited to attend meetings from time to time to provide additional expertise and assistance.

The Committee is particularly supported by the Group ESG Compliance and Risk Officer. The Committee ensures that all minutes are taken and that the Committee receives information and papers in a timely manner.

ESG is a standing agenda point for each Board meeting, and each Board meeting is attended by the Group ESG Compliance and Risk Officer to provide valuable feedback on progression and detail challenges within sustainability, social, health and safety, and governance issues.

The ESG Committee ensures that material ESG issues are integrated into the Company's long-term business vision and purpose and is fundamental to raising the profile of ESG initiatives across the Group. INSPECS established the ESG Committee to have a dedicated approach to the development and implementation of our sustainability interventions and initiatives. The Committee was formed and held its first formal meeting in November 2022.

The ESG Committee will recommend to the Board for approval, sustainability-related targets and review the Company's progress towards those targets, reporting regularly to the Board.

Key achievements in 2024

- Development of employee training and mentorship programmes.
- Supporting innovations, including new responsible packaging concepts and eyewear solutions.

Areas of focus for 2025

- Future regulatory reporting requirements
- Emission reduction projects
- Additional training on fraud, anti-bribery, and corruption
- Review of progress against ESG targets and metrics
- On going development with DE&I

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2024. The Corporate Governance Statement on page 71 also forms part of this Directors' Report.

Review of business

The Chairman's Statement on pages 8 and 9, and the Strategic Report on pages 10 to 68 provides a review of the business, the Group's trading for the year ended 31 December 2024, key performance indicators and an indication of future developments.

Principal activity

The principal activity of the Group in the year was that of design, production, sale, marketing and distribution of high fashion eyewear, lenses and original equipment manufacturer ('OEM') products worldwide.

Result and dividend

The Group has reported its Consolidated Financial Statements in accordance with UK adopted international accounting standards, and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards.

The Group results for the year are set out in the Consolidated Statement of Comprehensive Income on page 102. The Company financial statements have been prepared under FRS 101 for the year ended 31 December 2024.

The Group's revenue of £198.3m (FY23: £203.3m), Gross Profit margin of 52.2% (FY23: 50.9%) and loss after tax of £4.6m (FY23: loss £1.0m).

Period ended	31 December 2024	31 December 2023
Revenue (£m)	**198.3**	203.3
Gross margin %	**52.2%**	50.9%
Loss after tax (£m)	**(4.6)**	(1.0)

The Board is not recommending a dividend (FY23: No dividend).

Directors

The Directors of the Group during the year were:

Executive	Non-Executive
Robin Totterman (Chairman)	Christopher Hancock
Richard Peck (CEO)	Angela Farrugia
Christopher Kay (CFO)	Shaun Smith
	Hugo Adams

The names of the Directors, along with their brief biographical details, are given on pages 72 and 73.

Directors' interests

The Directors' interests in the share capital of the Group at 31 December 2024 and 2023 is shown below:

	2024	2023
Robin Totterman	**18,625,005**	18,625,005
Christopher Kay	**2,178,730**	2,178,730
Christopher Hancock	**23,448**	23,448
Angela Farrugia	**31,904**	31,904
Richard Peck	**9,523**	9,523
Shaun Smith	**—**	—
Hugo Adams	**16,500**	16,500

Charitable and political donations

As part of our responsible commitment, the Group and its subsidiaries have made a number of donations to local charities. The Group made no political donations in the financial period.

Disclosure of information to auditor

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware, and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Financial risks

The financial risk management objectives of the Group, including credit risk, interest rate risk and foreign exchange risk, are provided in note 32 to the Consolidated Financial Statements on pages 130 to 132.

Share capital structure

At 31 December 2024, the Group's issued share capital was £1,016,715 divided into 101,671,525 Ordinary Shares of 0.01p each. The holders of Ordinary Shares are entitled to one vote per share at the general meetings of the Group.

Substantial shareholdings

At 31 December 2024, the Group had been notified of the following substantial shareholdings comprising of 3% or more of the issued Ordinary Share capital:

	% of issued share capital
Robin Totterman	18.3%
Canaccord Genuity Group Inc	15.1%
Downing LLP	8.7%
Liontrust Asset Management	8.1%
First Seagull	4.5%
Royal London Asset Management GIS Ltd	4.4%
Stonehage Fleming	4.2%
River Global Investors	3.9%
Hargreaves Lansdown	3.5%
Interactive Investor (EO)	3.1%

Share option schemes

Details of the employee share scheme are set out in note 31 to the Consolidated Financial Statements.

Purchase of own shares

There was no purchase of our own shares in the period.

Going concern

The Group achieved revenue of £198.3m (£203.2m on a constant currency basis) for the year, aligning closely with 2023 results. Despite this lack of growth, the Board remains optimistic about 2025, driven by the launch of new products and planned operational efficiencies.

As part of its comprehensive review, the Directors have evaluated the Group's financial forecasts, borrowing levels, leverage, and capital expenditure to 30 June 2026.

The Board has reflected on the likely effects of the recent announced increases in tariffs: The majority of US eyewear is supplied from Chinese manufacturing. In the short to medium term, the Board's view is that it is unlikely that the shape of this supply chain will alter in the face of these changes. The tariffs are based on the landed value of the products, which will not materially affect the price to the end consumer and therefore this is not expected to impact current consumer demand.

Our non-US based businesses are not currently affected by the recent changes in tariffs, and the Group is confident that the continuing focus on supply chain efficiencies, reducing operational expenditure and selective pass through of cost increases to preserve margins across key markets will largely mitigate the effects of these new tariffs.

The Group's borrowings totalled £46.8m (including invoice financing) with a net debt position of £22.9m (excluding leases) on 31 December 2024. These borrowings are subject to three key covenants: leverage, cash flow cover, and interest cover ratios, assessed on a 12-month rolling basis for each relevant period. The financing facilities have a three-year term, with two one-year extension options.

A breach in the cash flow cover covenant as of 31 March 2025 was identified, which was caused by accelerated payments to suppliers. Controls over subsidiary bank accounts have been strengthened such that a breach of a similar nature cannot reoccur. The breach was formally waived by HSBC on 9 April 2025, and no further covenant breaches or liquidity challenges are expected through the going concern period.

To assess the impact of current economic uncertainties and the evolving political landscape, the Board considered the following scenarios:

Base Case

- The Base Case reflects the Board-approved budget, updated with actual trading data up to 31 March 2025.
- The budget assumes conservative growth and enhanced cost controls within the Group.
- Market conditions remain resilient, with trading aligning with expectations.
- The Group anticipates maintaining its budgeted margin throughout 2025.
- No further covenant breaches or liquidity challenges are anticipated.

Severe but Plausible Downside Scenario

- This scenario assumes a 10% monthly revenue reduction from 1 April 2025 onward.
- The Directors consider this 10% reduction appropriately conservative, given the current trading position, declining global inflation, and increasing consumer confidence.
- The model incorporates cost-saving measures wholly within managements control, including reductions in employee bonuses, commissions, and discretionary operational spending.
- No further covenant breaches or liquidity challenges are anticipated.

Reverse Stress Test

- This scenario models a 28% decline in forecast revenue from 1 April 2025, with gross margins maintained.
- Such a decline would significantly surpass historical reductions and result in a breach of cash flow cover in the June 2026 reporting period.
- This scenario includes some cost-saving measures wholly within management's control would include reductions in employee expenses, headcount, and discretionary operating costs.
- The analysis focused on covenant compliance risks rather than liquidity constraints, as the Group would breach covenants before encountering cash flow shortfalls.
- In the event of a severe revenue decline, the Group could implement additional cost-saving initiatives and, whilst not wholly within management's control, could explore covenant amendments or waivers with its banking partners.
- Given current business momentum, the Directors consider this scenario to be a remote possibility.

DIRECTORS' REPORT

Based on these assessments, the Board has a reasonable expectation that the Group has sufficient resources to continue operating as a going concern and to meet its commitments as they fall due over the going concern period to 30 June 2026. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Post balance sheet events

Since the balance sheet date, a breach in the Group's cashflow cover covenant requirement was identified in relation to 31 March 2025. This was caused by accelerated payments to suppliers. HSBC Bank has on 9 April 2025 provided a formal waiver in relation to this covenant requirement. The Group expects to meet all further covenant requirements for the going concern period as explained within the going concern section of the accounting policies note.

On 10 April 2025, Chris Kay (Chief Financial Officer) announced he will not stand for re-election at the next Annual General Meeting.

On 1 January 2025, J Kogan, the spouse of R Totterman, was appointed Managing Director of Kudos S.R.L. on market-based remuneration terms and rates.

Since the balance sheet date, but before these Financial Statements were approved, there were no further events that the Directors consider material to the users of these Financial Statements.

Future developments

The Board intends to continue to pursue the business strategy as outlined in the Strategic Report on pages 8 to 68.

Stakeholder involvement policies

The Directors believe that the involvement of employees, customers and suppliers is an important part of the business culture and contributes to the successes achieved to date (see our ESG Report on pages 45 to 55).

Equal opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that its people will be truly representative of all sections of society and that each person feels respected and is able to perform to the best of their ability. The Group aims for its people to reflect the business's diverse customer base.

The Group will not make assumptions about a person's ability to carry out their work, for example based on their ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. Likewise, it will not make general assumptions about capabilities, characteristics and interests of particular groups that may influence the treatment of individuals, the assessment of their abilities and their access to opportunities for training, development and promotion.

Ethical business practices

The Group has a zero tolerance to bribery and corruption and is committed to ensure that it has appropriate procedures in place to counter this risk. A formal policy is in place and continual training is undertaken. The anti-bribery and whistleblowing policy is reviewed annually by the Audit and Risk Committee.

SECR

Our Streamlined Energy and Carbon Reporting ('SECR') framework can be found on pages 52 and 53.

Auditor reappointment

The auditor, EY LLP, has indicated its willingness to be reappointed and, in accordance with section 489 of the Companies Act 2006, a resolution for reappointment will be proposed at the AGM.

Annual General Meeting

The Annual General Meeting will be held on 3 June 2025. The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2024, the re-election of Directors, the reappointment of EY as auditor and authorisation of the Directors to determine the auditor's remuneration.

Special resolutions are also proposed to authorise the Directors, to a limited extent consistent with pre-emption Group guidelines, to allot new shares, to disapply statutory pre-emptions rights and to make market purchases of the Group's shares. The Notice of Annual General Meeting sets out the ordinary and special resolutions to be put to the meeting.

Approval

This Directors' Report was approved on behalf of the Board on 14 April 2025.

Chris Kay
Chief Financial Officer

14 April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework'), and applicable law. Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of the profit or loss of the Group and the Parent Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Parent Company Financial Statements, subject to any material departures disclosed and explained in the financial statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are also responsible for safeguarding the assets of the Group and the Parent Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance of accounting records that are sufficient to show and explain the Group and the Parent Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and the Parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation

The Directors consider that the Annual Report and Accounts, taken as a whole are fair, balanced and understandable. They provide the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

On behalf of the Board

Richard Peck
Chief Executive Officer

14 April 2025

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INDEPENDENT AUDITOR'S REPORT

To the members of INSPECS Group plc

Opinion

In our opinion:

- INSPECS Group PLC's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's loss after tax for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of INSPECS Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise:

Group	Parent Company
Consolidated Statement of Financial Position as at 31 December 2024	Balance Sheet as at 31 December 2024
Consolidated Income Statement for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Related notes 1 to 15 to the financial statements including material accounting policy information
Consolidated Statement of Changes in Equity for the year then ended	
Consolidated Statement of Cash Flows for the year then ended	
Related notes 1 to 35 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical 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 opinion.

Conclusions relating to going concern

Going concern has been determined to be a key audit matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process undertaken by management to perform the going concern assessment covering the going concern period to 30 June 2026; including details of available facilities, forecast covenant calculations, the results of management's downside sensitivity and reverse stress testing analysis and their evaluation of the ongoing impact of macro-economic pressures including, but not limited to, inflationary increases related to the cost of living, the risk of reduced demands for products due to recession and the Group's access to available sources of liquidity;
- Confirming the availability of debt facilities and review of underlying terms, including covenants to 30 June 2026, and confirming the repayments due within this period are accurately included;
- Reading the covenant waiver confirmation letter received from the Bank on 9 April 2025 which confirmed that the cashflow cover covenant as at 31 March 2025 had been waived;
- Understanding the cause for the breach as at 31 March 2025 and considering any indicators of increased likelihood of additional breaches of covenants at later testing periods within the going concern period;
- Assessing the reliability of the cashflow forecast by analysing management's historical forecasting accuracy. We understood key inputs underpinning the Group's forecasts which includes sales receipts and cash payment schedule, and challenged these using supporting evidence including debt agreements, existing facilities, FY24 actual performance and FY25 period performance to date;
- Evaluating management's key assumptions underpinning the Group's forecasts (such as revenue growth, gross margins and cost reductions as well as the impact of climate change), by comparing to externally produced market analyses, including information from competitors;

INDEPENDENT AUDITOR'S REPORT

To the members of INSPECS Group plc

- Challenging, based on our own independent sensitivity testing, whether the downside case prepared by management could lead to a covenant breach. Our assessment considered the impact and likelihood of:
  - Current macro-economic conditions, including the recent US tariff announcements, on ability to meet revenue forecasts
  - Loss of major customers
  - Loss of significant brand licences
  - Increases in costs that are unable to be passed on to customers
- Challenging the controllable mitigating actions such as implementing reduced working weeks, pay reductions and reductions in discretionary spending relating to travel and advertising that management could take in the event of a decline in trading;
- Assessing management's conclusion that extinguishment of liquidity is less sensitive than a potential breach of covenants such that it is appropriate for management's assessment to focus on the scenarios which could lead to a covenant breach;
- Reviewing management's assessment of a "reverse stress test" scenario that would lead to a covenant breach and challenging the assessment as to whether the scenario is remote by considering current year trading performance, external market data and controllable mitigating actions;
- Considering events occurring immediately outside of the going concern period, and whether these could lead to the identification of a material uncertainty related to going concern;
- Testing the clerical accuracy of the model used to prepare the Group's going concern assessment to 30 June 2026, including the forecast covenant compliance; and
- Assessing the appropriateness of the going concern disclosure on page 105.

Our key observations

- At 31 December 2024 the Group has committed facilities of €12.0m (£10.0m) term loan and a Revolving Credit Facility of €36.0m (£29.9m) both of which expire in December 2027. The Group has fully drawn down the term loan and utilised €34.0m (£28.2m) of the Revolving Credit Facility at 31 December 2024. The Group had a cash balance of £24.0m at 31 December 2024.
- Our audit procedures support the conclusion that the circumstances set out in management's reverse stress test scenario to cause a liquidity issue or further covenant breach are remote.
- The cashflow cover covenant was breached as at 31 March 2025. A waiver letter was obtained from the bank on 9 April 2025 waiving the cashflow cover covenant at the covenant reporting date of 31 March 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 30 June 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of five components and audit procedures on specific balances for a further six components. – We performed centralised procedures on the following accounts: Group going concern, goodwill, acquired intangible assets, elimination of intercompany balances and transactions over the course of the year, dividends and distributable reserve testing, investments in subsidiary undertakings (Parent Company) and consolidation journals. – For certain accounts the audit procedures were completed by a combination of ourselves, as the primary team, and by component auditors. These included cash and cash equivalents, loans and borrowings, income tax liabilities, deferred tax assets and deferred tax liabilities.
Key audit matters	– Revenue recognition including management override; – Valuation of goodwill within the Eschenbach cash generating unit ("CGU"); – Going concern; and – Carrying value of Parent Company investment in the underlying subsidiaries
Materiality	– Overall Group materiality of £1,487 thousand which represents 0.75% of revenue.

An overview of the scope of the parent company and Group audits

Tailoring the scope

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered the risk profile, the organisation of the Group, our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and recent internal control results.

We determined that centralised audit procedures can be performed on all components in the following audit areas: going concern, goodwill, acquired intangibles, elimination of intercompany balances and transactions over the course of the year, dividends and distributable reserve testing, investments in subsidiary undertakings (Parent Company), and consolidation journals.

We then identified 6 components as individually relevant to the Group due to either (i) relevant events and conditions underlying the identified risks of material misstatement of the Group financial statements being associated with the reporting components or (ii) a pervasive risks of material misstatement of the Group financial statements or (iii) a significant risk or an area of higher assessed risk of material misstatement of the Group financial statements being associated with the components. After identifying these 6 individually relevant components based on risk factors, we did not identify any components of the Group as individually relevant due to materiality or financial size of the component relative to the Group.

For the 6 individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We selected 5 components of the Group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 11 components selected, we designed and performed audit procedures on the entire financial information of 5 components ("full scope components"). For the remaining 6 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key Audit Matters section of our report.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors operating under our instruction.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits key locations on a rotational basis. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in China, Germany and the USA. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending planning and closing meetings, and reviewing relevant audit working papers on risk areas. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact INSPECS Group PLC. The Group has determined that the most significant future impacts from climate change on their operations will be from increased severity of extreme weather events and changes in consumer preferences. These are explained on pages 56-64 in the required Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and on pages 65 to 68 in the principal risks and uncertainties. They have also explained their climate commitments on pages 63 to 64. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 3 how they have reflected the impact of climate change in their financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 60 and 61 and the significant judgements and estimates disclosed in note 3 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows and associated sensitivity disclosures (see note 13) following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: valuation of goodwill within Eschenbach cash generating unit and Parent company carrying value of investments. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern has also been considered a Key Audit Matter.

INDEPENDENT AUDITOR'S REPORT

To the members of INSPECS Group plc

Risk	Our response to the risk
Revenue recognition including management override. The risk of management override through inappropriate manual journals to revenue or inappropriate assumptions used to estimate the right of return provision (2024 £198.3m, 2023 £203.3m) *Refer to Audit and Risk Committee Report (page 80), Accounting policies (page 105); and Note 5 of the Consolidated Financial Statements (page 113)* Revenue performance is a focus for stakeholders who expect year on year growth. Most of the Group's sales arrangements typically require little judgement to be exercised, with revenue being recognised on the delivery of goods. However, there is a presumed risk that management may override controls to intentionally misstate revenue transactions by recording inappropriate manual topside journals to revenue. There are key judgements and estimates undertaken by management in calculating the right of return provision. As such there is a heightened risk that management could manipulate this judgemental area to understate the year end provision and in doing so overstate revenue. The level of risk associated to this key audit matter is unchanged from the prior year.	We performed full scope audit procedures for this risk area across 5 components, representing 72% of revenue and conducted specified procedures for 6 components, which covered 18% of revenue covering 90% of revenue in total. In order to address this risk we: – Conducted targeted transaction testing to respond to the risk of fraud. In particular, we focused on manual journal entries including top side adjustments posted to revenue using lower testing thresholds. – Used a data driven approach to obtain appropriate assurance over the full revenue data set through correlation analysis over sales and cash receipts to test the existence and occurrence of revenue being recognised in the correct period. – Used a detailed analytical review to compare year on year revenue balances to our expectations, management's forecasts and, where possible, publicly available information. – Enquired of management as to the existence of return arrangements with customers. – Where contractual obligations are in place, we identified new agreements that have been entered within the current financial period as well as new agreements entered into post year end to challenge accounting treatment applied. – To ensure completeness of the right of return provision, we compared current year agreements with those existing in the prior year as well as reviewing any return transactions post year end. – For those components, where the obligation is constructive rather than contractual, we assessed whether the key assumptions regarding expected returns were in line with commercial practice. – A sample of returns provisions was selected with inputs to these calculations validated through challenge of the assumptions and estimations made which included preparing our own point estimate. – Agreed calculations to customer contracts or agreements where available or payments subsequent to year end. – Checked the arithmetical accuracy of return calculations by performing our own recalculation. Procedures to respond to this risk were performed by both the primary audit team and component teams.

Key observations communicated to the Audit Committee

Our procedures performed did not identify any unsupported manual adjustments to revenue or any unexplained anomalies from our revenue analytics.

In respect of the right of return provision, our year end audit procedures did not identify evidence of inappropriate management bias. The basis for the year end right of return provision and the assumptions used in assessing the adequacy of the amount provided are considered materially appropriate.

Risk	Our response to the risk
Valuation of goodwill within the Eschenbach Cash Generating Unit ("CGU") (Total value of goodwill: 2024 £55.7m, 2023 £55.6m) *Refer to the Audit and Risk Committee Report (page 80); Accounting policies (page 105); and Note 13 of the Consolidated Financial Statements (pages 119-120)* There is a risk that, the Eschenbach CGU may not achieve the cash flows needed to support the carrying value of goodwill leading to an impairment charge. Management is required to carry out an impairment review of goodwill under IFRS which involves judgement and estimates regarding the future results of the business, likely growth rates and discount rates used. Therefore, the estimated recoverable amount for CGUs is subjective due to the inherent uncertainty involved in forecasting future growth and profitability of the CGUs and the rate at which the cash flows generated by the CGUs should be discounted. A relatively small change in key assumptions could give rise to a material change in the estimated recoverable amount of goodwill. The effect of these matters is that as part of our risk assessment we determined that the value in use of goodwill has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole. The level of risk associated to this key audit matter has changed from the prior year. Previously we considered the Twenty20 CGU had a higher level of estimation uncertainty. However, given recent trading results and forecasts, this level of uncertainty has reduced. Given the separation of the Tura CGU from the Eschenbach CGU (see note 13), the degree of uncertainty related to the Eschenbach CGU has increased.	In order to address this risk, we: – Understood the methodology applied by management in identifying CGUs and assessed this against the requirements of IAS 36 Impairment of Assets. – Assessed the separation of the Tura CGU from the legacy Eschenbach CGU and considered if the method and key assumptions applied by management to undertake this was appropriate. – Validated that the cash flow forecasts used in the valuation were consistent with information approved by the Board and reviewed the historical accuracy of management's forecasts. – Evaluated the implied growth rates beyond FY24 by considering independent evidence available to support these assumptions, their consistency with findings from other areas of our audit and by performing sensitivity analyses. – Assessed the impact of climate change on future forecasts and how this has been included in the Eschenbach impairment assessment. This included challenging the completeness of costs included in management's forecasts. – With assistance from EY business valuation specialists, we independently constructed our own expectation of an appropriate discount rate and compared this against the rate used by management. – Assessed the reasonableness of the long-term growth rates applied within the model including comparison to economic and industry forecasts and consideration of possible contradictory evidence. – For the Eschenbach CGU we performed sensitivity analysis by stress testing key assumptions in the model to consider the degree to which these assumptions would need to change before an impairment charge is triggered. – We assessed the disclosures in the financial statements against the requirements of IAS 36, in particular in respect of the requirement to disclose further sensitivities for CGUs where a reasonably possible change in key assumptions would cause impairment. – The primary audit team performed all audit procedures over this risk area which, if considering both Eschenbach and Tura CGUs covered 76% of the total value of goodwill held by the Group. Our main focus was on the carrying value of the Eschenbach goodwill which is 47% of the total goodwill balance.

Risk	Our response to the risk

Key observations communicated to the Audit Committee

Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of the Eschenbach goodwill.

Management has disclosed the sensitivities related to reasonable possible change in key assumptions for the Eschenbach CGU in note 13 in accordance with the requirements of IAS 36.

Risk	Our response to the risk
Carrying value of Parent Company investment in the underlying subsidiaries (2024 £58.6m, 2023: £58.3m) *Refer to Accounting policies (page 134); and Note 3 of the Parent Company Financial Statements (pages 137-138)* The carrying amount of the Parent Company investment in the underlying subsidiaries represents 43% (2023: 42%) of the Parent Company's total assets. The market capitalisation falls below the value of the investment. Therefore, recoverable value is considered with reference to discounted forecast future cash flows. These forecast cash flows are subjective due to the inherent uncertainty involved in forecasting future growth and the rate at which cash flows generated should be discounted. This results in a high degree of estimation uncertainty with a potential range of reasonable outcomes which are greater than our materiality for the financial statements as a whole.	In order to address this risk we: – Examined management's methodology together with their model for assessing the value in use for the investments. – Assessed the assumptions underlying management's forecast for the investments. – Analysed the historical accuracy of budgets to actual results to assess the reliability of forecast cash flows based on past experience. – With assistance from EY business valuation specialists, we independently constructed our own expectation of an appropriate discount rate and compared this against the rate used by management. – Challenged whether the forecast growth rates have been appropriately adjusted to reflect the Group's strategy and the market changes, while also comparing them to observable market data. – Analysed available information to identify any contrary evidence, including consideration of available external market data. – Performed sensitivities on the forecasts for the investments by incorporating reasonably possible changes in key assumptions including revenue growth rate, terminal growth rate and the discount rate and assessed the impact on headroom and potential impairment changes. – Assessed the impact of climate change on future forecasts and how this has been included in the parent company investment impairment assessment. This included challenging the completeness of costs included in management's forecasts. These procedures were completed by the primary audit team.

Key observations communicated to the Audit Committee

We examined management's methodology together with their models for assessing value in use for the investments and concluded that the carrying value was not materially misstated.

Management has appropriately included sensitivity analysis disclosures in note 2 to the Parent Company Financial Statements to reflect the level of estimation uncertainty.

In the current year, we have amended our auditor's report to included a key audit matter in relation to the carrying value of investments held by the Parent company due to the value of investments exceeding the market capitalisation of the Group, combined with an increased level of subjectivity and inherent uncertainty associated with forecasting future growth rates.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1,487 thousand (2023: £1,503 thousand), which is 0.75% (2023: 0.75%) of revenue. We believe that revenue is the metric which is used and presented most prevalently by Group management in their internal and external reporting. We consider revenue to be more appropriate as it provides more appropriate means to assess the Group's performance and activity year on year.

We determined materiality for the Parent Company to be £682 thousand (2023: £695 thousand), which is 0.5% (2023: 0.5%) of total assets.

During the course of our audit, we reassessed initial materiality and considered there was no need to change the materiality basis. Through the course of our audit, we updated our planning materiality to reduce it in line with actual results which were lower than initial forecasts used to calculate planning materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely £744 thousand (2023: £752 thousand). We have set performance materiality at this percentage due to the high level of corrected and uncorrected misstatements identified in the prior financial period.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £223 thousand to £422 thousand (2023: £253 thousand to £405 thousand).

INDEPENDENT AUDITOR'S REPORT

To the members of INSPECS Group plc

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £74 thousand (2023: £75 thousand), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1-93, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 93, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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 directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice, Companies Act 2006, and the AIM rules) and the relevant tax laws and regulations in the jurisdictions in which the Group operates. We understood how INSPECS Group PLC is complying with those frameworks by making enquiries of management, the Directors, and those responsible for legal and compliance procedures. We assessed the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process), the culture of honesty and ethical behaviour and whether appropriate emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our inquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and attendance at meetings of the Audit and Risk Committee as well as consideration of the results of our audit procedures across the Group.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of investors. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of Group management, those charged with governance and legal counsel, as well as journal entry testing, with a focus on manual consolidation journals and journals indicating significant or unusual transactions based on our understanding of the business. Through our testing we challenged the assumptions and judgements made by management in respect of significant one-off transactions in the financial year and significant accounting estimates as referred to in the key audit matters section above. At a component level, our full and specific scope component audit team's procedures included enquiries of component management; journal entry testing; and focused testing, including in respect of the key audit matter of revenue recognition. We also leveraged our data analytics platform in performing our work on the order to cash and purchase to pay processes to assist in identifying higher risk transactions for testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen McLeod-Jones (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

14 April 2025

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
REVENUE	5	**198,258**	203,292
Cost of sales		**(94,807)**	(99,745)
GROSS PROFIT		**103,451**	103,547
Distribution costs		**(5,743)**	(6,020)
Administrative expenses		**(94,295)**	(94,639)
OPERATING PROFIT		**3,413**	2,888
Non-underlying costs (net)	8	**(468)**	(58)
Exchange adjustment on borrowings	32	**97**	1,312
Finance costs	9	**(4,237)**	(4,155)
Finance income	9	**201**	240
Share of loss of associate and joint venture	16	**(29)**	(12)
(LOSS)/PROFIT BEFORE INCOME TAX		**(1,023)**	215
Income tax charge	11	**(3,585)**	(1,212)
LOSS FOR THE YEAR		**(4,608)**	(997)
Attributable to:			
Equity holders of the Parent		**(4,608)**	(997)
LOSS PER SHARE			
Basic loss per share attributable to the equity holders of the Parent	12	**(4.53)p**	(0.98)p
Diluted loss per share attributable to the equity holders of the Parent	12	**(4.53)p**	(0.98)p

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	2024 £'000	2023 £'000
LOSS FOR THE YEAR	**(4,608)**	(997)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(594)**	(3,999)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	**(594)**	(3,999)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(5,202)**	(4,996)
Attributable to: Equity holders of the Parent	**(5,202)**	(4,996)

The notes on pages 105 to 132 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	13	**55,741**	55,578
Intangible assets	14	**23,406**	29,813
Property, plant and equipment	15	**18,276**	19,001
Right-of-use assets	25	**14,372**	16,599
Investments in associate and joint venture	16	**70**	98
Deferred tax assets	28	**1,738**	2,826
		113,603	123,915
CURRENT ASSETS			
Inventories	17	**42,753**	40,848
Trade and other receivables	18	**39,825**	35,855
Tax receivables	29	**107**	386
Cash and cash equivalents	19	**23,960**	20,070
		106,645	97,159
Assets held for sale	20	**-**	832
TOTAL ASSETS		**220,248**	221,906
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	21	**1,017**	1,017
Share premium	22	**89,508**	89,508
Foreign currency translation reserve	22	**4,841**	5,435
Share option reserve	22	**3,570**	3,222
Merger reserve	22	**5,340**	5,340
Accumulated losses	22	**(5,590)**	(1,005)
TOTAL EQUITY		**98,686**	103,517

	Notes	2024 £'000	2023 £'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities – borrowings			
Interest-bearing loans and borrowings	24	**44,505**	48,234
Deferred consideration	27	**-**	652
Deferred tax liabilities	28	**1,968**	3,647
		46,473	52,533
CURRENT LIABILITIES			
Trade and other payables	23	**41,269**	36,375
Right of return liabilities	5	**10,608**	11,297
Financial liabilities – borrowings			
Interest-bearing loans and borrowings	24	**16,185**	13,000
Invoice discounting	24	**1,777**	887
Deferred and contingent consideration	27	**1,873**	2,111
Tax payable	29	**3,377**	2,186
		75,089	65,856
TOTAL LIABILITIES		**121,562**	118,389
TOTAL EQUITY AND LIABILITIES		**220,248**	221,906

The notes on pages 105 to 132 form part of these Financial Statements.
Registered Company number: 11963910.

The Financial Statements were approved by the Board of Directors on 14 April 2025 and were signed on its behalf by:

R Peck
Director

C Kay
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Notes	Called up share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Share option reserve £'000	Accumulated losses £'000	Merger reserve £'000	Total equity £'000
BALANCE AT 1 JANUARY 2023		1,017	89,508	9,434	2,703	(461)	5,340	107,541
CHANGES IN EQUITY								
Loss for the year		–	–	–	–	(997)	–	(997)
Other comprehensive loss	22	–	–	(3,999)	–	–	–	(3,999)
TOTAL COMPREHENSIVE LOSS		–	–	(3,999)	–	(997)	–	(4,996)
Share-based payments	22	–	–	–	972	–	–	972
Share options forfeited	22	–	–	–	(453)	453	–	–
BALANCE AT 31 DECEMBER 2023		1,017	89,508	5,435	3,222	(1,005)	5,340	103,517
CHANGES IN EQUITY								
Loss for the year		**–**	**–**	**–**	**–**	**(4,608)**	**–**	**(4,608)**
Other comprehensive loss	22	**–**	**–**	**(594)**	**–**	**–**	**–**	**(594)**
TOTAL COMPREHENSIVE LOSS		**–**	**–**	**(594)**	**–**	**(4,608)**	**–**	**(5,202)**
Share-based payments	22	**–**	**–**	**–**	**371**	**–**	**–**	**371**
Share options forfeited	22	**–**	**–**	**–**	**(23)**	**23**	**–**	**—**
BALANCE AT 31 DECEMBER 2024		**1,017**	**89,508**	**4,841**	**3,570**	**(5,590)**	**5,340**	**98,686**

The notes on pages 105 to 132 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
CASH FLOWS FROM OPERATING ACTIVITIES	26	**14,186**	16,914
Interest paid		**(4,106)**	(3,647)
Tax paid		**(2,881)**	(602)
NET CASH FROM OPERATING ACTIVITIES		**7,199**	12,665
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets	14	**(964)**	(1,248)
Purchase of property, plant and equipment	15	**(1,956)**	(4,502)
Proceeds from disposals of property, plant and equipment	20	**1,025**	–
Acquisition of subsidiaries, including overdraft acquired	33	**(124)**	–
Cash paid in relation to deferred consideration	27	**(700)**	(673)
Interest received	9	**201**	240
NET CASH USED IN INVESTING ACTIVITIES		**(2,518)**	(6,183)
CASH FLOW FROM FINANCING ACTIVITIES			
New bank loans in the year	24	**39,451**	–
Bank loan principal repayments in year	24	**(36,890)**	(4,014)
Transaction costs on debt refinancing		**(275)**	(70)
Movement in invoice discounting facility	24	**890**	(603)
Principal payments on leases	24	**(3,602)**	(4,148)
NET CASH USED IN FINANCING ACTIVITIES		**(426)**	(8,835)
Increase/(decrease) in cash and cash equivalents		**4,255**	(2,353)
Cash and cash equivalents at beginning of the year		**20,070**	22,153
Foreign exchange rate (loss)/gain		**(365)**	270
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	**23,960**	20,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. General information

INSPECS Group plc is a public company limited by shares and is incorporated in England and Wales (company number 11963910). The address of the Company's principal place of business is 7-10 Kelso Place, Upper Bristol Road, Bath BA1 3AU.

The principal activity of the Group in the year was that of design, production, sale, marketing and distribution of high fashion eyewear, lenses and OEM products worldwide.

2. Accounting policies

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with UK adopted international accounting standards, and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards.

The Consolidated Financial Statements have been prepared on a historical cost basis, except where fair value measurement is required under IFRS as described below in the accounting policies.

Going concern

The financial statements have been prepared on a going concern basis, as the Directors reasonably expect the Group to continue operating and meeting its obligations to 30 June 2026.

The Group's borrowings totalled £46.8m (including invoice financing) with a net debt position of £22.9m (excluding leases) on 31 December 2024. These borrowings are subject to three key covenants: leverage, cash flow cover, and interest cover ratios, assessed on a 12-month rolling basis for each relevant period. The financing facilities have a three-year term, with two one-year extension options.

A breach in the cash flow cover covenant as of 31 March 2025 was identified, which was caused by accelerated payments to suppliers. Controls over subsidiary bank accounts have been strengthened such that a breach of a similar nature cannot reoccur. The breach was formally waived by HSBC on 9 April 2025, and no further covenant breaches or liquidity challenges are expected through the going concern period.

To evaluate financial resilience, the Board considered three scenarios:

Base Case

- The Base Case reflects the Board-approved budget, updated with actual trading data up to 31 March 2025.
- The budget assumes conservative growth and enhanced cost controls within the Group.
- Market conditions remain resilient, with trading aligning with expectations.
- The Group anticipates maintaining its budgeted margin throughout 2025.
- No further covenant breaches or liquidity challenges are anticipated.

Severe but Plausible Downside Scenario

- This scenario assumes a 10% monthly revenue reduction from 1 April 2025 onward.
- The Directors consider this 10% reduction appropriately conservative, given the current trading position, declining global inflation, and increasing consumer confidence.
- The model incorporates cost-saving measures wholly within managements control, including reductions in employee bonuses, commissions, and discretionary operational spending.
- No further covenant breaches or liquidity challenges are anticipated.

Reverse Stress Test

- This scenario models a 28% decline in forecast revenue from 1 April 2025, with gross margins maintained.
- Such a decline would significantly surpass historical reductions and result in a breach of cash flow cover in the June 2026 reporting period.
- This scenario includes some cost-saving measures wholly within management's control would include reductions in employee expenses, headcount, and discretionary operating costs.
- The analysis focused on covenant compliance risks rather than liquidity constraints, as the Group would breach covenants before encountering cash flow shortfalls.
- In the event of a severe revenue decline, the Group could implement additional cost-saving initiatives and, whilst not wholly within management's control, could explore covenant amendments or waivers with its banking partners.
- Given current business momentum, the Directors consider this scenario to be a remote possibility.

Based on these assessments, the Board has a reasonable expectation that the Group has sufficient resources to continue operating as a going concern and to meet its commitments as they fall due over the going concern period to 30 June 2026. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

2. Accounting policies continued

Basis of consolidation

The consolidated financial information incorporates the Financial Statements of the Group and all of its subsidiary undertakings. A subsidiary is defined as an entity over which the Group has control. Control exists when the Company has power over the investee, the Company is exposed, or has rights to variable returns from its involvement with the subsidiary and the Company has the ability to use its power over the investee to affect the amount of the investor's returns. The Financial Statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method from the date control passes to the Group. On acquisition, the assets and liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recorded as goodwill.

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. Acquisition-related costs are expensed as incurred and classified as non-underlying costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed). 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 recognised 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 recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. 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 ('CGUs') that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investments in associate and joint venture

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 in control or joint control over those policies. A joint venture is a joint arrangement whereby the Group has joint control of the arrangement and has rights to the net assets of the arrangement.

The considerations made in determining significant influence or joint controls are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investments in associate and joint venture are initially recognised at cost. The carrying amount of the investments are adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The income statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ('OCI') of those investees is presented as part of the Group's OCI.

Current and non-current classifications

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is considered current when it is:

- expected to be realised or intended to be sold or consumed within the usual parameters of trading activity or as a minimum within 12 months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in the normal parameters of trading activity or
- as a minimum is due to be settled within 12 months after the reporting period, or
- the entity does not have a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue recognition

Revenue from the sales of goods is recognised at the point in time when control of the asset is transferred to the customer, in line with agreed incoterms. Revenue is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of the consideration takes into account trade discounts, settlement discounts, volume rebates and the right of return. Revenue in relation to royalty income is recognised over the period to which the royalty term relates. Revenue in relation to design income is recognised as the work is performed.

Rights of return

Under IFRS 15 a sale with right of return is recognised if the customer receives any combination of the following:

- a full or partial refund of any consideration paid;
- a credit that can be applied against amounts owed, or that will be owed, to the entity; and
- another product in exchange (except for in cases of a defective product being returned, or the exchanged item is of the same type, quality, condition and price).

The Group recognised a liability where it has historically accepted a right of return. The Group estimates the impact of potential returns from customers based on historical data on returns. A refund liability is recognised for the goods that are expected to be returned. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer, to the extent that these goods are not considered impaired.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Patents and licences	Over the period of the patent or licence
Computer software	3 years
Trademarks	5–10 years
Customer relationships	8–20 years
Customer order book	6 months

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. In situations when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably then the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold property	33 years
Leasehold improvements	Over the lease term
Fixtures and fittings	5 years
Computer equipment	3–5 years
Plant and machinery	3–7 years

Construction in progress is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

2. Accounting policies continued

Right-of-use asset

The Group recognises 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. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or 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, as follows:

Leasehold property	Over the lease term
Plant and machinery	3–7 years
Motor vehicles	3 years

Lease liabilities

At the commencement date of the lease, the Group recognises 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. They also include any amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell after making due allowance for obsolete and slow-moving items. Inventories are recognised as an expense in the period in which the related revenue is generated.

Cost is determined on an average cost basis. Cost includes the purchase price and other directly attributable costs to bring the inventory to its present location and condition.

At the end of each period, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement.

Royalties

Royalties payable reflect balances owed to brand owners for the right to use the brand name. The royalty is payable based on a pre-agreed percentage of sales volumes, with some arrangements also having minimum royalty payments for specific periods. Royalties payable are recognised on delivery of the products covered by such arrangements, with an additional accrual made where it is considered that the sales level required to meet the minimum payment will not be met.

Financial instruments – initial recognition and subsequent measurement

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

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, the financial assets of the Group are classified as financial assets at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, other receivables and loans to Group undertakings.

The Group does not have any financial assets at fair value through OCI or financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Statement of Financial Position) when the rights to receive cash flows from the asset have expired.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised 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 and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (loans and borrowings).

As at 31 December 2024 and 31 December 2023 the Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the income statement. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Refinancing

Where a loan arrangement is replaced with a subsequent facility which is materially different in relation to repayment structure or interest rate, or a loan arrangement is repaid and a new loan entered, any capitalised loan arrangement fees in respect of the previous loan are expensed, with transaction costs relating to the new loan capitalised and held against the value of the related liability.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, that are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Consolidated Statement of Financial Position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Classification of shares as debt or equity instruments

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. An equity instrument is a contract that evidences a residual interest in assets or an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Costs associated with the issue or sale of equity instruments are allocated against equity to the extent that the issue is a new issue, or expensed to the profit and loss for existing equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

2. Accounting policies continued

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in the detailed notes to the accounts. That cost is recognised in employee benefits expense together with a corresponding increase in share option reserve, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised 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 the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. Where awards include a non-vesting condition, the transactions are treated as vested irrespective of whether the non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. If the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, to the extent that they are dilutive.

Deferred and contingent consideration in relation to acquisitions

Deferred consideration to the previous owners arising on acquisitions are treated as part of the consideration for the acquisition, with the liability recognised on the statement of financial position at the date of the acquisition. Where the consideration is contingent on continuing employment within the Group, the charge is recognised through the income statement over the period to which it relates.

Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates. Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. Uncertainties regarding availability of tax losses, in respect of enquiries raised and additional tax measurements issued, may be measured using the expected value method or single best estimate approach, depending on the nature of the uncertainty. Tax provisions are based on management's interpretation of country-specific tax law and the likelihood of settlement. Management uses professional firms and previous experience when assessing tax risks.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised 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, nor give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryover of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of 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, nor give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity and the same taxation authority or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

These Financial Statements are presented in GBP, which is the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised 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 was measured.

The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of INSPECS Group plc is GBP. The functional currencies of certain overseas subsidiaries are currencies other than the GBP. At the end of the reporting period, the assets and liabilities of these entities are translated into GBP at the exchange rates prevailing at the end of the reporting period and their income statements are translated into GBP at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the Consolidated Statement of Cash Flows, the cash flows of overseas subsidiaries are translated at the average exchange rates for the year.

Pensions and other post-employment benefits

The Group operates defined contribution pension schemes, where the amounts charged to the statement of comprehensive income are the contributions payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments.

Provisions

A provision is required when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period.

Non-underlying costs

Non-underlying costs are those that in the Directors' view should be separately disclosed due to their nature to enable a full understanding of the Group's financial performance. These include income and expenditure that is considered outside of the usual course of business and therefore is separately identified to allow the users of the Financial Statements comparability versus prior periods. The main categories of costs disclosed as non-underlying are acquisition costs, restructuring costs and other professional service costs relating to the accounting integration of acquisitions.

New and amended standards and interpretations

The following standards have been published and are mandatory for accounting periods beginning after 1 January 2024:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: Leases
- Amendments to IAS 7: Statement of Cashflows
- Amendments to IFRS 7: Financial Instruments: Disclosures

None of the above standards have given rise to a significant change in the reported results or financial position of the Group or Company.

The following standards have been published but are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group:

- IFRS 18: Presentation and Disclosure in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates

The Group is currently reviewing the impact of the new standards not yet in issue which are expected to change the structure and presentation of the Group's Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimates involve the determination of the quantum of accounting balances to be recognised. Judgements typically involve decisions such as whether to recognise an asset or liability.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group has considered the impact of climate risk on these cash flow assessments as detailed in note 13, with mitigations such as price structuring detailed on pages 56 to 64. The carrying amount of goodwill at 31 December 2024 was £55,741,000 (2023: £55,578,000). No provision for impairment of goodwill was made as at the end of the reporting period. See note 13 for further details.

Right of return

Management applies assumptions in determining the right of return liability and the associated right of return asset. These assumptions are based on analysis of historical data trends but require estimation of appropriate time periods and expected return rates. During the period, a change in commercial arrangement has been made in relation to the period over which returns are accepted, with this under the control of the Group, and this applied to the current period end position. This has been recognised through the current year profit and loss in line with IAS 8.

The right of return liability at the period end is £10,608,000 (2023: £11,297,000) with an associated right of return asset (held within inventory) of £1,247,000 (2023: £1,415,000). If the change in commercial arrangement was not applied as at 31 December 2024, a right of return liability of £11,175,000 and an associated inventory asset of £1,347,000 would have been recognised.

Judgements made by management which are considered to have a material impact on the Financial Statements are as follows:

Uncertain tax positions

Tax authorities could challenge and investigate the Group's transfer pricing or tax domicile arrangements. As a growing, international business, there is an inherent risk that local tax authorities around the world could challenge either historical transfer pricing arrangements between other entities within the Group and subsidiaries or branches in those local jurisdictions, or the tax domicile of subsidiaries or branches that operate in those local jurisdictions. Judgement is therefore required in determining the completeness of all uncertain tax positions identified. Further details are given in note 29.

Intangible Assets

On an annual basis, the Group assess its intangible assets for indicators of impairment using both external and internal sources of information. If an indicator of impairment is identified, the Group estimates the recoverable amount of the asset. The judgements made by management in determining whether there are any indicators of impairment can have a material impact on the Financial Statements. During 2024, no indicators of impairment in relation to material intangible assets were identified. The carrying amount of intangible assets as at 31 December 2024 was £23,406,000 (2023: £29,813,000). See note 14 for further details.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. See note 28 for further details.

4. Non-statutory measures

When reviewing performance, the Directors use alternative performance measures in order to give meaningful year on year comparison. These alternative performance measures are:

- EBITDA
- Underlying EBITDA
- Underlying Profit Before Tax (formally Adjusted Profit Before Tax)
- Underlying Profit After Tax
- Underlying operating expenses
- Revenue on a constant exchange rate basis

Whilst we recognise that the measures used are alternative (non-Generally Accepted Accounting Principles) performance measures which are not defined within IFRS, these measures are important and should be considered alongside the IFRS measures.

During the year the Group has introduced a new alternative performance measure, being Underlying Profit After Tax. Underlying Profit After Tax presents a performance measure of the company's profitability by excluding one-time charges and non-operational items, with this measure building on Underlying EBITDA to include depreciation, interest and current tax charges. This performance measure is used by the Board and is considered to give the users of these financial statements increased understanding of the financial performance of the Group.

A reconciliation to these non-GAAP performance measures is shown below:

	2024 £'000	2023 £'000
Operating profit	**3,413**	2,888
Add back: Amortisation	**6,806**	6,910
Add back: Depreciation	**6,011**	6,129
EBITDA	**16,230**	15,927
Add back: Share-based payment expense	**371**	972
Add back: Earnout on acquisition	**981**	1,140
Underlying EBITDA	**17,582**	18,039
Less: Depreciation	**(6,011)**	(6,129)
Less: Interest (excluding amortisation of loan arrangement fees)	**(3,802)**	(3,774)
Underlying Profit Before Tax	**7,769**	8,136
Less: Current tax expense	**(4,176)**	(2,932)
Underlying Profit After Tax	**3,593**	5,204
Less: Amortisation of loan arrangement fees	**(234)**	(141)
Less: Amortisation	**(6,806)**	(6,910)
Less: Share-based payment expense	**(371)**	(972)
Less: Earnout on acquisition	**(981)**	(1,140)
Less: Non-underlying costs (net)	**(468)**	(58)
Less: Share of loss of associate and joint venture	**(29)**	(12)
Add: Exchange adjustment on borrowings	**97**	1,312
Add: Deferred tax income	**591**	1,720
Loss for the period	**(4,608)**	**(997)**

Underlying Profit After Tax is used to calculate basic and diluted Underlying earnings per share as per note 12. Underlying operating expenses, as referenced on page 25, is calculated as the difference between gross profit and Underlying EBITDA.

In addition, the Directors consider the revenue of the Group on a constant exchange rate basis. This is calculated using the average exchange rates in effect for the corresponding comparative period for the translation of its overseas operations. The table below shows exchange rate movements for our key operations.

	Annual average rate in 2024	Annual average rate in 2023
Euro (£1 = EUR)	**1.181**	1.150
US Dollar (£1 = USD)	**1.278**	1.243

5. Revenue

The revenue of the Group is attributable to the one principal activity of the Group.

a) Geographical analysis

The Group's revenue by destination is split in the following geographic areas:

	2024 £'000	2023 £'000
United Kingdom	**24,165**	24,132
Europe (excluding UK)	**87,601**	94,572
North America	**72,100**	69,305
South America	**1,711**	1,825
Asia	**3,771**	4,678
Africa	**358**	515
Australia	**8,552**	8,265
	198,258	203,292

For the year ended 31 December 2024 the Group had no customers which accounted for more than 10% of the Group's revenue. For the year ended 31 December 2023 the Group had one customer which accounted for more than 10% of the Group's revenues, with the revenue generated from this customer amounting to £21,769,000. The revenue from this customer was generated across both the Frames & Optics and Manufacturing reportable segments identified in note 6.

For the year ended 31 December 2024 the Group had revenues attributed to two foreign countries which accounted for more than 10% of the Group's revenue. These countries were the United States of America with revenues of £67,316,000 (2023: £63,707,000) and Germany with revenues of £64,246,000 (2023: £68,579,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

5. Revenue continued

b) Right of return assets and liabilities

	2024 £'000	2023 £'000
Right of return asset	**1,247**	1,415
Right of return liability	**(10,608)**	(11,297)

The right of return asset is presented as a component of inventory (note 17) and the right of return liability is presented separately on the face of the statement of financial position. The right of return liability is presented as a current liability as the timing of its utilisation is dependent on customer returns which varies period to period and is outside of the Group's control.

6. Segment information

The Group operates in three operating segments, which upon application of the aggregation criteria set out in IFRS 8 Operating Segments results in three reporting segments:

- Frames and Optics product distribution
- Manufacturing – being OEM and manufacturing distribution
- Lenses – being manufacturing and distribution of lenses

The criteria applied to identify the operating segments are consistent with the way the Group is managed. In particular, the disclosures are consistent with the information regularly reviewed by the CEO and the CFO in their role as Chief Operating Decision Makers, to make decisions about resources to be allocated to the segments and to assess their performance.

The reportable segments subject to disclosure are consistent with the organisational model adopted by the Group during the financial year ended 31 December 2024 and are as follows:

	Frames and Optics £'000	Manufacturing (previously Wholesale) £'000	Lenses £'000	Total before adjustments and eliminations £'000	Adjustments and eliminations £'000	Total £'000
Revenue						
External	172,221	20,735	4,913	197,869	389	**198,258**
Internal	3,773	1,478	296	5,547	(5,547)	**—**
	175,994	22,213	5,209	203,416	(5,158)	**198,258**
Cost of sales	(85,851)	(11,097)	(3,141)	(100,089)	5,282	**(94,807)**
Gross profit	90,143	11,116	2,068	103,327	124	**103,451**
Expenses	(74,577)	(5,386)	(3,991)	(83,954)	(3,267)	**(87,221)**
Depreciation	(4,661)	(701)	(546)	(5,908)	(103)	**(6,011)**
Amortisation	(5,938)	(847)	(21)	(6,806)	—	**(6,806)**
Operating profit/(loss)	4,967	4,182	(2,490)	6,659	(3,246)	**3,413**
Exchange adjustment on borrowings						**97**
Non-underlying costs (net)						**(468)**
Finance costs						**(4,237)**
Finance income						**201**
Share of loss of associate and joint venture						**(29)**
Taxation						**(3,585)**
Loss for the year						**(4,608)**
Total assets	332,447	64,343	9,722	406,512	(188,002)	**218,510**
Total liabilities	(194,493)	(5,569)	(17,038)	(217,100)	163,350	**(53,750)**
Deferred tax asset						**1,738**
Current tax liability						**(3,377)**
Deferred tax liability						**(1,968)**
Borrowings						**(62,467)**
Group net assets						**98,686**
Other disclosures						
Capital additions	1,645	939	336	2,920	–	**2,920**

The reportable segments subject to disclosure are consistent with the organisational model adopted by the Group during the financial year ended 31 December 2023 and are as follows:

	Frames and Optics £'000	Manufacturing (previously Wholesale) £'000	Lenses £'000	Total before adjustments and eliminations £'000	Adjustments and eliminations £'000	Total £'000
Revenue						
External	178,968	20,169	4,155	203,292	–	203,292
Internal	4,681	1,848	316	6,845	(6,845)	–
	183,649	22,017	4,471	210,137	(6,845)	203,292
Cost of sales	(92,871)	(11,712)	(2,509)	(107,092)	7,347	(99,745)
Gross profit	90,778	10,305	1,962	103,045	502	103,547
Expenses	(74,606)	(5,013)	(3,407)	(83,026)	(4,594)	(87,620)
Depreciation	(4,826)	(698)	(556)	(6,080)	(49)	(6,129)
Amortisation	(6,248)	(643)	(19)	(6,910)		(6,910)
Operating profit/(loss)	5,098	3,951	(2,020)	7,029	(4,141)	2,888
Exchange adjustment on borrowings						1,312
Non-underlying costs (net)						(58)
Finance costs						(4,155)
Finance income						240
Share of loss of associate and joint venture						(12)
Taxation						(1,212)
Loss for the year						(997)
Total assets	320,836	64,585	9,672	395,093	(176,013)	219,080
Total liabilities	(182,225)	(5,543)	(14,408)	(202,176)	151,741	(50,435)
Deferred tax asset						2,826
Current tax liability						(2,186)
Deferred tax liability						(3,647)
Borrowings						(62,121)
Group net assets						103,517
Other disclosures						
Capital additions	1,980	3,592	178	5,750	–	5,750

Total assets are the Group's gross assets excluding deferred tax asset. Total liabilities are the Group's gross liabilities excluding loans and borrowings, current and deferred tax liabilities.

Non-underlying costs (net), as well as net finance costs and taxation, are not allocated to individual segments as they relate to Group-wide activities as opposed to individual reporting segments.

Deferred tax and borrowings are not allocated to individual segments as they are managed on a Group basis.

Adjusted items relate to elimination of all intra-group items including any profit adjustments on intra-group sales that are eliminated on consolidation, along with the profit and loss items of the Parent Company.

Adjusted items in relation to segmental assets and liabilities relate to the elimination of all intra-group balances and investments in subsidiaries, and assets and liabilities of the Parent Company.

Underlying EBITDA by segment

	2024 £'000	2023 £'000
Frames and Optics	**16,628**	17,620
Manufacturing	**5,890**	5,581
Lenses	**(1,923)**	(1,445)
Adjustments and eliminations	**(3,013)**	(3,717)
	17,582	18,039

Non-current operating assets

	2024 £'000	2023 £'000
United Kingdom	**7,206**	7,376
Europe	**52,501**	79,302
North America	**25,024**	6,938
Asia	**27,064**	27,375
	111,795	120,991

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.

During the year we have identified Tura and Eschenbach as separate CGUs (see note 13), and as a result, the goodwill, along with the customer relationship intangible assets arising on acquisition have been reallocated from Europe to North America in the above table.

With respect to non-current assets located in material individual foreign countries, the Group has determined that the necessary information is not available and the cost to develop this is excessive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

7. Employees and Directors

	2024 £'000	2023 £'000
Wages and salaries	**50,325**	48,482
Social security costs	**7,623**	8,809
Pension costs	**682**	532
Share-based payment expense	**371**	972
	59,001	58,795

The average number of employees during the year by operating segment was as follows:

	2024	2023
Frames and Optics	**681**	669
Manufacturing	**894**	928
Lenses	**79**	76
	1,654	1,673

Directors' remuneration during the year was as follows:

	2024 £'000	2023 £'000
Directors' salaries	**1,043**	1,028
Directors' pension contributions	**12**	13
Share options	**–**	–
	1,055	1,041

Information regarding the highest paid Director is as follows:

	2024 £'000	2023 £'000
Salary	**286**	286
Pension contributions	**4**	5
Share options	**–**	–
Total remuneration	**290**	291

The number of Directors to whom employer pension contributions were made by the Group during the year is three (2023: three). This was in the form of a defined contribution pension scheme.

Remuneration of key management personnel has been disclosed in note 30. For more information on Director pay, please refer to the Remuneration and Nomination Committee Report on pages 84 to 87.

8. Non-underlying costs (net)

Non-underlying costs (net) are those that in the Directors' view should be separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Group's financial performance in the year and business trends over time. Non-underlying costs (net) incurred during the year are as follows:

	2024 £'000	2023 £'000
Restructuring costs	**335**	58
Acquisition costs	**24**	–
Withholding tax provision charge	**302**	–
Gain on disposal of property, plant and equipment	**(193)**	–
	468	58

Restructuring costs of £335,000 (2023: £58,000) were incurred in the period in relation to strategic reorganisation and simplification, including the integration of INSPECS USA with Tura and a sales team restructure for one of our European subsidiaries. A provision of £302,000 (2023: £nil) has been recognised through non-underlying costs in relation to pre-acquisition withholding tax on one of the Group's subsidiaries. Acquisition costs of £24,000 (2023: £nil) were incurred relating to the acquisition of A-Optikk AS. Gain on disposal of property, plant and equipment of £193,000 (2023: £nil) relates to the sale of the Magdala Road property previously used as the manufacturing facility by Norville.

9. Finance costs and finance income

	2024 £'000	2023 £'000
Finance costs		
Bank loan interest	**3,102**	3,377
Invoice discounting interest and charges	**264**	136
Loan transaction costs	**234**	138
Lease interest	**589**	504
Other finance costs	**48**	–
Total finance costs	**4,237**	4,155
Finance income		
Interest receivable	**201**	240

10. (Loss)/profit before income tax

The (loss)/profit before income tax is stated after charging:

	2024 £'000	2023 £'000
Cost of inventories recognised as expense	**68,947**	73,508
Short-term leases	**377**	434
Depreciation – owned assets (note 15)	**2,348**	2,335
Depreciation – right-of-use assets (note 25)	**3,663**	3,794
Amortisation – intangibles (note 14)	**6,806**	6,910

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for audit services:		
Audit of the Company and Group accounts	**843**	830
Audit of the subsidiaries	**701**	698
Total audit fees	**1,544**	1,528
Other assurance services	**–**	5
Total non-audit fees	**–**	5
Total auditor's remuneration	**1,544**	1,533

11. Income tax

Analysis of tax expense:

	2024 £'000	2023 £'000
Current tax:		
Current tax on profits for the year	**407**	88
Overseas current tax expense	**3,710**	2,979
Adjustment in respect of prior years	**59**	(135)
Total current tax	**4,176**	2,932
Deferred tax: (see note 28)		
Deferred tax income relating to the origination and reversal of timing differences	**(578)**	(1,555)
Effect of changes in tax rates	**—**	(62)
Adjustment in respect of prior years	**(13)**	(103)
Total deferred tax	**(591)**	(1,720)
Total tax charge reported in the consolidated income statement	**3,585**	1,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

11. Income tax continued

Factors affecting the tax charge

The tax charge assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2024 £'000	2023 £'000
(Loss)/profit before income tax	**(1,023)**	215
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 23.5%)	**(256)**	51
Effects of:		
Non-deductible expenses	**154**	202
Increase in provision for uncertain tax liabilities	**552**	12
Share-based payment	**20**	113
Different tax rate for overseas subsidiaries	**3**	(208)
Tax rate changes	**-**	(58)
Overseas tax charges	**3**	325
Amounts not recognised for deferred tax	**2,675**	603
Effects of Group relief/other reliefs	**392**	–
Adjustments in respect of prior year	**42**	172
Tax charge	**3,585**	1,212

Movements in other comprehensive income relating to foreign exchange on consolidation are not taxable.

As a result of the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023, the standard rate of corporation tax in the UK for the year ended 31 December 2023 was 23.5%.

Pillar Two legislation has been enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is lower than €750m.

12. Loss per share ('LPS')

Basic LPS is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of Ordinary Shares outstanding during the year.

Diluted LPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Parent by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on conversion of all the dilutive potential Ordinary Shares into Ordinary Shares, to the extent that the inclusion of such shares is not anti-dilutive. A loss has been made in the year to 31 December 2024 and the comparative period. In accordance with IAS 33, potential Ordinary Shares shall be treated as dilutive when, and only when, their conversion to Ordinary Shares would decrease earnings per share or increase loss per share from continuing operations. As a loss is made, including the dilution of potential Ordinary Shares reduces the loss per share and therefore the outstanding options should not be treated as dilutive when calculating LPS.

Basic underlying earnings per share figures are calculated by dividing Underlying Profit After Tax for the year by the weighted average number of Ordinary Shares outstanding during the year. Diluted underlying earnings per share figures are calculated by dividing Underlying Profit After Tax for the year by the weighted average number of Ordinary Shares plus the weighted average number of Ordinary Shares that would be issued on the conversion of all dilutive potential Ordinary Shares into Ordinary Shares. A reconciliation to Underlying Profit After Tax can be found in note 4.

The following table reflects the income and share data used in the basic and diluted LPS calculations:

Year ended 31 December 2024	Basic weighted average number of Ordinary Shares ('000)	Total (loss)/ earnings (£'000)	(Loss)/earnings per share (pence)
Basic loss per share	**101,672**	**(4,608)**	**(4.53)**
Diluted loss per share	**101,672**	**(4,608)**	**(4.53)**
Basic underlying earnings per share	**101,672**	**3,593**	**3.53**
Diluted underlying earnings per share	**106,824**	**3,593**	**3.36**

Year ended 31 December 2023	Basic weighted average number of Ordinary Shares ('000)	Total (loss)/ earnings (£'000)	(Loss)/earnings per share (pence)
Basic loss per share	101,672	(997)	(0.98)
Diluted loss per share	101,672	(997)	(0.98)
Basic underlying earnings per share	101,672	5,204	5.12
Diluted underlying earnings per share	107,246	5,204	4.85

Refer to note 22 for details in relation to the shares in issue and their rights.

13. Goodwill

	£'000
Cost	
At 1 January 2024	**55,578**
Additions	**163**
At 31 December 2024	**55,741**
Net Book Value	
At 31 December 2024	**55,741**

	£'000
Cost	
At 1 January 2023 and 31 December 2023	55,578
Net Book Value	
At 31 December 2023	55,578

The following table reflects how the goodwill acquired through business combinations has been allocated to cash-generating units ('CGU's'):

	2024 £'000	2023 £'000
Eschenbach Group GmbH	**26,405**	42,884
Tura Inc	**16,479**	–
Twenty20 Limited	**9,516**	9,516
Ego Eyewear Limited	**2,181**	2,181
BoDe Design GmbH	**807**	807
INSPECS Limited	**173**	173
A-Optikk AS	**163**	–
INSPECS USA	**17**	17
	55,741	55,578

During the year goodwill has been reallocated from the Eschenbach Group GmbH cash-generating unit to a new Tura Inc cash-generating unit. This was required following a change in the reporting and management structure of the Group, and in turn, the lowest level at which the largely independent cash inflows are generated. The allocation was performed using the relative value method, based on the recoverable amount of each CGU on 1 January 2024.

Impairment testing of goodwill

The recoverable amount of each CGU has been determined based on individual value in use calculations using cash flow projections covering a five-year period approved by senior management. The forecasts for 2025 have been prepared based on Board approved budgets for 2025. Financial years 2026 to 2029 were forecasted based on specific growth rates for each CGU. From 2030 onwards we have assumed a 2.0% (2023: 2.0%) terminal growth rate.

As part of our goodwill impairment assessments, we consider the financial impact of climate-related risks and opportunities and our committed transition targets on the Group's cash flow projections. In the short to medium term (defined as until 2030) we do not expect climate-related risks or opportunities to have a significant impact on the Group's financial projections. Costs to meet our climate-related targets are built into local entity budgets with efficiency savings largely expected to off-set any costs. The long-term impacts of climate change are a lot more uncertain; INSPECS' financial modelling of these risks and opportunities remains ongoing. We have used market CAGR rates for our long-term growth projections which include the market's assessments of all future risks. We deem this to be appropriate as from our assessment INSPECS is not more susceptible to climate risks than the market average.

The discount rates used are before tax and reflect specific risks where required relating to the cash-generating unit. For material goodwill balances, discount rates used for each value in use calculation along with relevant sensitivity analyses are detailed as follows:

Eschenbach Holdings GmbH

The discount rate applied to the cash flow projections was 13.3% (2023: 12.4%). For the period 2026 to 2029, the following assumptions have been used: 2.1% (2023: 5.0%) per annum revenue growth, flat gross profit margin and 2.0% (2023: 2.0%) per annum increase in administrative expenses. Based on management's assessment there is no impairment adjustment required on goodwill.

To recognise an impairment on the discount rate alone, the discount rate would need to exceed 13.8% (2023: 19.8%). To recognise an impairment on the revenue growth rate 2026-2029 alone, the revenue growth rate would need to drop below 1.9% (2023: 2.0%) per year. To recognise an impairment on the administrative expenses growth rate 2026-2029 alone, the administrative costs growth would need to exceed 2.2% per year (2023: 5.8%). To recognise an impairment on the terminal growth rate alone, the terminal growth rate would need to drop below 1.3% (2023: (14.1)%).

Tura Inc

The discount rate applied to the cash flow projections was 14.4%. For the period 2026 to 2029, the following assumptions have been used: 3.9% per annum revenue growth, being above the market rate, based on Group synergies expected to be delivered, flat gross profit margin and 2.5% per annum increase in administrative expenses. Based on management's assessment there is no impairment adjustment required on goodwill.

To recognise an impairment on the discount rate alone, the discount rate would need to exceed 19.2%. To recognise an impairment on the revenue growth rate 2026-2029 alone, the revenue growth rate would need to drop below 0.8% per year.

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for the year ended 31 December 2024

13. Goodwill continued

Twenty20 Limited

The discount rate applied to the cash flow projections was 11.9% (2023: 11.7%). For the period 2026 to 2029, the following assumptions have been used: 4.2% (2023: 3.0%) per annum revenue growth, with the above market growth expectation as a result of additional expected revenue generated by the new factory, flat gross profit margin and 2.5% (2023: 3%) per annum increase in administrative expenses. Based on management's assessment there is no impairment adjustment required on goodwill.

To recognise an impairment on the discount rate alone, the discount rate would need to exceed 16.2% (2023: 17.8%). If the terminal growth rate was decreased to 1.0%, the discount rate applied to the cash flow projections would need to exceed 15.6% (2023: 17.2%) before an impairment would be recognised. To recognise an impairment on the revenue movement 2026-2029 alone, revenue would need to drop by more than 4.2% (2023: 12.7%) per year.

EGO Eyewear Limited

The discount rate applied to the cash flow projections was 13.0% (2023: 10.6%). For the period 2026 to 2029, the following assumptions have been used: 2.5% (2023: 5%) per annum revenue growth and a 2.0% (2023: 5%) per annum increase in administrative expenses. Based on management's assessment there is no impairment adjustment required on goodwill.

To recognise an impairment on the discount rate alone, the discount rate would need to exceed 20.3% (2023: 15.4%). To recognise an impairment on the administrative expenses growth rate 2026-2029 alone, the rate of increase in costs would need to exceed 9.2% (2023: 8.7%) per year. To recognise an impairment on the revenue movement 2026-2029 alone, revenue would need to drop by more than 2.2% (2023: 1.8%) per year.

BoDe Design GmbH

The discount rate applied to the cash flow projections was 13.9% (2023: 14.1%). For the period 2026 to 2029, the following assumptions have been used: 1.7% (2023: 5%) per annum revenue growth, flat gross profit margin and 2.0% (2023: 3%) per annum increase in administrative expenses. The terminal growth rate of 2.0% (2023: 2.0%), applied from 2030 onwards, is higher than the revenue growth rate for 2026 to 2029. This assumption is based on the expected recovery of the German economy from 2030. Based on management's assessment there is no impairment adjustment required on goodwill.

To recognise an impairment on the discount rate alone, the discount rate would need to exceed 23.8% (2023: 33.7%). To recognise an impairment on the revenue movement 2026-2029 alone, revenue would need to drop by more than 0.3% (2023: 1.5%) per year.

14. Intangible assets

	Patents and licences £'000	Customer relationships £'000	Trademarks £'000	Computer software £'000	Construction in progress £'000	Total £'000
Cost						
At 1 January 2024	**320**	**36,934**	**14,094**	**4,154**	**212**	**55,714**
Additions	**53**	**–**	**–**	**742**	**169**	**964**
Disposals	**(17)**	**–**	**–**	**(38)**	**–**	**(55)**
Transfers	**327**	**–**	**–**	**28**	**(355)**	**–**
Exchange differences	**3**	**(539)**	**(605)**	**107**	**(6)**	**(1,040)**
At 31 December 2024	**686**	**36,395**	**13,489**	**4,993**	**20**	**55,583**
Amortisation						
At 1 January 2024	**244**	**14,672**	**8,768**	**2,217**	**–**	**25,901**
Amortisation for the year	**43**	**2,970**	**2,632**	**1,161**	**–**	**6,806**
Disposals	**(17)**	**–**	**–**	**(38)**	**–**	**(55)**
Exchange differences	**20**	**(187)**	**(422)**	**114**	**–**	**(475)**
At 31 December 2024	**290**	**17,455**	**10,978**	**3,454**	**–**	**32,177**
Net Book Value						
At 31 December 2024	**396**	**18,940**	**2,511**	**1,539**	**20**	**23,406**

	Patents and licences £'000	Customer relationships £'000	Trademarks £'000	Computer software £'000	Construction in progress £'000	Total £'000
Cost						
At 1 January 2023	384	37,561	14,375	3,461	–	55,781
Additions	49	–	–	938	261	1,248
Disposals	(91)	–	–	(201)	–	(292)
Transfers	–	–	–	48	(48)	–
Exchange differences	(22)	(627)	(281)	(92)	(1)	(1,023)
At 31 December 2023	320	36,934	14,094	4,154	212	55,714
Amortisation						
At 1 January 2023	297	11,989	5,938	1,387	–	19,611
Amortisation for the year	56	2,808	2,954	1,092	–	6,910
Disposals	(91)	–	–	(201)	–	(292)
Exchange differences	(18)	(125)	(124)	(61)	–	(328)
At 31 December 2023	244	14,672	8,768	2,217	–	25,901
Net Book Value						
At 31 December 2023	76	22,262	5,326	1,937	212	29,813

The individual intangible assets, excluding goodwill, which exceed 10% of the net book value of intangible assets, excluding goodwill, are:

	2024		2023	
Intangible asset	£'000	Remaining amortisation period (years)	£'000	Remaining amortisation period (years)
Eschenbach customer relationship with independents	**4,738**	**6**	9,276	7
Tura customer relationship with independents	**2,843**	**6**	–	–
EGO customer relationship with a single customer	**3,359**	**5**	4,046	6

During the year we have identified Tura and Eschenbach as separate CGUs (see note 13), and as a result, the above customer relationship arising on acquisition has also been reallocated, based on proportionate sales achieved under the customer relationship by each CGU.

15. Property, plant and equipment

Some of the Group's property, plant and equipment are subject to a charge to secure against the Group's bank loans.

	Freehold property £'000	Leasehold improvement £'000	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Construction in progress £'000	Total £'000
Cost							
At 1 January 2024	**10,479**	**630**	**10,182**	**3,817**	**1,137**	**3,491**	**29,736**
Additions	**170**	**35**	**559**	**326**	**171**	**695**	**1,956**
Disposals	**—**	**(33)**	**(99)**	**(166)**	**(83)**	**–**	**(381)**
Transfers	**2,871**	**–**	**1,122**	**–**	**–**	**(3,993)**	**—**
Exchange differences	**(84)**	**(16)**	**(52)**	**(91)**	**(20)**	**(121)**	**(384)**
At 31 December 2024	**13,436**	**616**	**11,712**	**3,886**	**1,205**	**72**	**30,927**
Depreciation							
At 1 January 2024	**1,731**	**275**	**5,842**	**2,181**	**706**	**–**	**10,735**
Charge for the year	**642**	**65**	**955**	**460**	**226**	**–**	**2,348**
Disposals	**—**	**(33)**	**(85)**	**(156)**	**(82)**	**–**	**(356)**
Exchange differences	**(12)**	**(3)**	**(11)**	**(31)**	**(19)**	**–**	**(76)**
At 31 December 2024	**2,361**	**304**	**6,701**	**2,454**	**831**	**–**	**12,651**
Net Book Value							
At 31 December 2024	**11,075**	**312**	**5,011**	**1,432**	**374**	**72**	**18,276**

	Freehold property £'000	Leasehold improvement £'000	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Construction in progress £'000	Total £'000
Cost							
At 1 January 2023	10,156	643	10,569	4,112	1,061	521	27,062
Additions	210	29	536	28	172	3,527	4,502
Disposals	–	–	(249)	(112)	(63)	–	(424)
Transfers	378	–	63	30	–	(471)	–
Exchange differences	(265)	(42)	(737)	(241)	(33)	(86)	(1,404)
At 31 December 2023	10,479	630	10,182	3,817	1,137	3,491	29,736
Depreciation							
At 1 January 2023	1,294	277	5,564	1,950	553	–	9,638
Charge for the year	510	30	1,081	485	229	–	2,335
Disposals	–	–	(235)	(94)	(59)	–	(388)
Exchange differences	(73)	(32)	(568)	(160)	(17)	–	(850)
At 31 December 2023	1,731	275	5,842	2,181	706	–	10,735
Net Book Value							
At 31 December 2023	8,748	355	4,340	1,636	431	3,491	19,001

As at 31 December 2024 the Group had capital commitments of £nil in respect of property, plant and equipment (2023: £584,000).

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16. Investments in associate and Joint venture

Share of net assets of associate and joint venture	Interest in associate and joint venture £'000
Cost	
At 1 January 2024	**98**
Share of loss	**(29)**
Exchange difference	**1**
At 31 December 2024	**70**
Net Book Value	
At 31 December 2024	**70**

Share of net assets of associate and joint venture	Interest in associate and joint venture £'000
Cost	
At 1 January 2023	112
Share of loss	(12)
Exchange difference	(2)
At 31 December 2023	98
Net Book Value	
At 31 December 2023	98

	2024 £'000	2023 £'000
Revenue	**21**	15
Expenses	**(50)**	(27)
Profit before tax	**(29)**	(12)
Income tax	**–**	–
Share of profit of associate and joint venture for the year	**(29)**	(12)

The Group's associated undertaking is:

- Ruain Zuoyou Glasses Co Ltd, a company registered in China. 25% of the share capital of Ruain Zuoyou is owned by the Group, with Zhongshan Torkai Optical Co Limited being the direct owner of these shares.

The Group's joint venture undertaking is:

- BeeQuick Logistics Lda, a company registered in Portugal. 40% of the share capital of BeeQuick is owned by the Group, with On Sight Services Lda being the direct owner of these shares.

17. Inventories

	2024 £'000	2023 £'000
Raw materials	**3,046**	2,710
Work in progress	**1,548**	1,797
Finished goods	**38,159**	36,341
	42,753	40,848

The above includes amounts in respect of right of return assets and the amount for each year is as below:

	2024 £'000	2023 £'000
Finished goods – Right of return asset	**1,247**	1,415

Inventories are stated after provisions for impairment of £8,852,000 (2023: £7,620,000).

18. Trade and other receivables

	2024 £'000	2023 £'000
Current:		
Trade receivables	**28,297**	24,168
Prepayments	**3,154**	2,193
Other receivables	**8,374**	9,494
	39,825	35,855

Part of the Group uses an invoice factoring facility to prefinance certain trade receivables and assist with trade receivables collection. Other receivables include £4,194,000 (2023: £4,710,000) relating to retentions held by the factorer at the period end until rebate arrangements relating to the preceding period are finalised, at which point they are paid to the Group. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 £'000	2023 £'000
Invoiced in last month	**14,466**	9,901
1–2 months	**7,384**	6,793
2–3 months	**3,563**	3,523
Over 3 months	**2,884**	3,951
	28,297	24,168

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	2024 £'000	2023 £'000
At 1 January	**618**	640
Movement in the year	**(202)**	(12)
Exchange adjustment	**(14)**	(10)
At 31 December	**402**	618

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's large retail chain customers order on purchase orders which are paid within 30 to 60 days and the remaining customer base is well diversified, and hence there is considered to be no significant credit risk. Acquisitions during recent periods have further diversified the reliance on major customers and therefore have further mitigated credit risk. Trade receivables are non-interest-bearing and are stated net of loss allowance.

Impairment under IFRS 9

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e. by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

19. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**23,960**	20,070
	23,960	20,070

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ('RMB') amounted to £1,891,000 (2023: £2,085,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through a bank authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

20. Assets held for sale

The carrying amount of assets classified as held for sale at 31 December 2024 is £nil (2023: £832,000). During the year a sale occurred relating to the Magdala Road property previously used as the manufacturing facility by Norville which, as at the end of 2023, was classified as held for sale. This sale generated net sale proceeds after costs to sell of £1,025,000 which generated a gain on disposal of £193,000. This gain is classified as a non-underlying cost (net) in the Consolidated Income Statement. This asset was part of the Lenses reporting segment (note 6).

21. Called up share capital

Authorised and issued share capital:

Number	Class	Nominal value	2024 £'000	2023 £'000
101,671,525 (2023: 101,671,525)	Ordinary	£0.01	**1,017**	1,017
			1,017	1,017

Each Ordinary Share carries the right to participate in distributions, as respects dividends and as respects capital on winding up.

22. Reserves

Share premium

This reserve records the amount above the nominal value of the sums received for shares issued, less transaction costs.

	2024 £'000	2023 £'000
At 1 January and 31 December	**89,508**	89,508

Foreign currency translation reserve

This reserve records the foreign currency translation adjustments on consolidation.

	2024 £'000	2023 £'000
At 1 January	**5,435**	9,434
Other comprehensive income	**(594)**	(3,999)
At 31 December	**4,841**	5,435

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22. Reserves continued

Share option reserve

The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

	2024 £'000	2023 £'000
At 1 January	**3,222**	2,703
Share-based payment charge	**371**	972
Share options forfeited	**(23)**	(453)
At 31 December	**3,570**	3,222

The share-based payment charge for the year is recognised against the reserve as per IFRS 2 Share-Based Payments. 30,000 share options have been forfeited during the period as a result of employees leaving before the option vesting date. Upon forfeiture of share options, the related share option reserve is recycled into accumulated losses, resulting in the movement of £23,000 from the share option reserve to accumulated losses.

Accumulated losses

	2024 £'000	2023 £'000
At 1 January	**(1,005)**	(461)
Loss for the year	**(4,608)**	(997)
Share options forfeited	**23**	453
At 31 December	**(5,590)**	(1,005)

Merger reserve

This reserve arose on the share for share exchange between INSPECS Holdings Limited and INSPECS Group plc on 10 January 2020.

	2024 £'000	2023 £'000
At 1 January and 31 December	**5,340**	5,340

23. Trade and other payables

	2024 £'000	2023 £'000
Current:		
Trade payables	**25,994**	21,368
Social security and other taxes	**2,862**	3,379
Royalties	**2,974**	4,255
Accruals	**9,439**	7,373
	41,269	36,375

The trade payables are non-interest-bearing with usual credit terms being 30–90 days.

24. Financial liabilities – borrowings

	2024 £'000	2023 £'000
Current:		
Invoice discounting	**1,777**	887
Bank loans	**9,796**	9,650
Lease liabilities	**6,389**	3,350
	16,185	13,000

	2024 £'000	2023 £'000
Non-current:		
Bank loans	**35,263**	33,733
Lease liabilities	**9,242**	14,501
	44,505	48,234

On 13 December 2024, the Group repaid its previous multi-currency term loan and revolving credit facility with HSBC, amounting to £33,568,000. At the same time, the Group entered a new term loan with HSBC for €12,000,000 (£9,964,000 equivalent) and a new multi-currency revolving credit facility loan amounting to €36,000,000 (£28,232,000 equivalent).

Repayments under the Term loan are €750,000 (£620,000 equivalent) per quarter plus interest, with the liability standing at €12,000,000 (£9,944,000 equivalent) at 31 December 2024. Interest is payable at the applicable Margin Rate plus EURIBOR calculated daily on a 360-day year basis. The Margin Rate is 2.00%, 2.25%, 2.50% or 3.00% dependent upon the Group's leverage ratio. The loan matures in December 2027 with two one-year extension options subject to bank consent.

As at 31 December 2024, €34,000,000 (£28,174,000 equivalent) of the Revolving Credit Facility was drawn. Interest is payable at EURIBOR plus the Margin Rate calculated daily on a 360-day year basis. The Margin Rate is 2.10%, 2.35%, 2.60% or 3.10% dependent upon the Group's leverage ratio. The credit facility matures in December 2027, with two one-year extension options subject to bank consent.

A further line of credit is held amounting to $10,000,000 (£7,977,000 equivalent). As at 31 December 2024, $9,472,000 (£7,556,000 equivalent) was drawn, this is a twelve month rolling facility, due for renewal in December 2025. This line of credit holds an interest rate of SOFR plus 2.25%. This is repayable on demand and is disclosed as a current liability.

At the balance sheet date, the invoice discounting facility was fully drawn at £1,777,000 (2023: £887,000). The invoice discounting facility bears interest at 2.25% over base rate (2023: 2.25%). The invoice discounting facility is secured by way of fixed and floating charges over the trade receivables of INSPECS Limited. The facility has no fixed end date, with a notice period of three months.

The Group's non-current bank loans have the right to defer settlement beyond twelve months, contingent upon compliance with the covenants detailed in note 32.

The Group's bank loans are secured against the business assets of the Group. The Group's lease liabilities are secured against the assets concerned.

Set out below are the carrying amounts of interest-bearing loans and borrowings and the movements during the period:

	Lease Liabilities £'000	Bank Loans £'000	Invoice Discounting Facility £'000	Total £'000
At 1 January 2024	**17,851**	**43,383**	**887**	**62,121**
Acquisition of subsidiary	**52**	**–**	**–**	**52**
New leases	**2,173**	**–**	**–**	**2,173**
New loans	**–**	**39,451**	**890**	**40,341**
Payments	**(4,191)**	**(39,986)**	**(264)**	**(44,441)**
Interest charge	**589**	**3,102**	**264**	**3,955**
Transaction costs on debt refinancing	**–**	**(544)**	**–**	**(544)**
Amortisation of loan arrangement fee	**–**	**234**	**–**	**234**
Lease termination	**(408)**	**–**	**–**	**(408)**
Exchange adjustment	**(435)**	**(581)**	**–**	**(1,016)**
At 31 December 2024	**15,631**	**45,059**	**1,777**	**62,467**

	Lease Liabilities £'000	Bank Loans £'000	Invoice Discounting Facility £'000	Total £'000
At 1 January 2023	19,996	48,298	1,490	69,784
New leases	1,889	–	–	1,889
Payments	(4,148)	(7,391)	(739)	(12,278)
Interest charge	495	3,377	136	4,008
Transaction costs on debt refinancing	–	(281)	–	(281)
Amortisation of loan arrangement fee	–	138	–	138
Exchange adjustment	(381)	(758)	–	(1,139)
At 31 December 2023	17,851	43,383	887	62,121

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25. Right-of-use assets

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery, motor vehicles and leasehold properties generally have lease terms between two and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group's right-of-use assets are as follows:

	Leasehold properties £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2024	**20,833**	**886**	**3,042**	**24,761**
Acquisition of subsidiary	**33**	**–**	**11**	**44**
Additions	**550**	**31**	**1,592**	**2,173**
End of lease	**(940)**	**(161)**	**(1,024)**	**(2,125)**
Exchange differences	**(517)**	**(21)**	**(146)**	**(684)**
At 31 December 2024	**19,959**	**735**	**3,475**	**24,169**
Depreciation				
At 1 January 2024	**5,735**	**267**	**2,160**	**8,162**
Charge for the year	**2,389**	**191**	**1,083**	**3,663**
Eliminated on end of lease	**(575)**	**(161)**	**(1,002)**	**(1,738)**
Exchange differences	**(188)**	**(8)**	**(94)**	**(290)**
At 31 December 2024	**7,361**	**289**	**2,147**	**9,797**
Net Book Value				
At 31 December 2024	**12,598**	**446**	**1,328**	**14,372**

	Leasehold properties £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2023	21,624	542	2,987	25,153
Additions	1,111	455	323	1,889
End of lease	–	(96)	(234)	(330)
Sub-lease entered	(1,423)	–	–	(1,423)
Exchange differences	(479)	(15)	(34)	(528)
At 31 December 2023	20,833	886	3,042	24,761
Depreciation				
At 1 January 2023	4,048	183	1,239	5,470
Charge for the year	2,443	186	1,165	3,794
Eliminated on end of lease	–	(96)	(234)	(330)
Sub-lease entered	(646)	–	–	(646)
Exchange differences	(110)	(6)	(10)	(126)
At 31 December 2023	5,735	267	2,160	8,162
Net Book Value				
At 31 December 2023	15,098	619	882	16,599

During 2023, the Group entered into a sub-lease with regards to one of its German properties. The impact of this was a reduction in the right of use net book value of £777,000, classified as sub-lease entered in the above table. A corresponding financial asset was recognised and is included as part of trade and other receivables.

The carrying amounts of lease liabilities and the movements during the period are shown in note 24.

26. Analysis of cash flows given in the Statement of Cash Flows

A reconciliation of profit for the year to cash generated from operations is shown below:

	Notes	2024 £'000	2023 £'000
(Loss)/profit before income tax		**(1,023)**	215
Adjustments for:			
Depreciation	15, 25	**6,011**	6,129
Amortisation	14	**6,806**	6,910
Share of loss of associate and joint venture	16	**29**	12
Share-based payment	31	**371**	972
Exchange adjustment on borrowings	32	**(97)**	(1,312)
Gain on disposal of property, plant and equipment	8	**(193)**	–
Withholding tax provision	8, 29	**302**	–
Finance costs	9	**4,237**	4,155
Finance income	9	**(201)**	(240)
Changes in working capital			
(Increase)/decrease in inventories		**(1,873)**	7,310
Increase in trade and other receivables		**(3,931)**	(4,711)
Increase/(decrease) in trade and other payables		**3,748**	(2,526)
Cash flows from operating activities		**14,186**	16,914

27. Deferred and contingent consideration

Deferred and contingent considerations payable relate to the acquisitions of BoDe Design GmbH and EGO Eyewear Limited. The split of the deferred and contingent consideration between each entity is as follows:

	2024 £'000	2023 £'000
EGO Eyewear Limited	**–**	652
Total non-current deferred consideration	**–**	652

	2024 £'000	2023 £'000
EGO Eyewear Limited	**700**	700
Total current deferred consideration	**700**	700
BoDe Design GmbH	**343**	467
EGO Eyewear Limited	**830**	944
Total current contingent consideration	**1,173**	1,411
Total current deferred and contingent consideration	**1,873**	2,111

The previous owners of BoDe Design and EGO Eyewear are entitled to earnout payments based on the performance of each entity to 31 December 2025. A charge has been recognised in the income statement of £981,000 (2023: £1,140,000) in relation to the earnout payable as a result of performance for the year to 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

28. Deferred tax

Deferred tax assets and liabilities, before offset of balances within countries, are as follows:

	Consolidated SOFP 2024 £'000	Consolidated Income Statement 2024 £'000	Consolidated SOFP 2023 £'000
Unused trade losses	**2,431**	**668**	3,099
Other short-term timing differences	**1,446**	**776**	2,222
Right of return	**1,144**	**(203)**	941
Leases	**273**	**73**	346
Intangible assets	**(4,631)**	**(1,769)**	(6,400)
Property, plant and equipment	**(893)**	**(136)**	(1,029)
Deferred tax (expense)/benefit		**(591)**	
Net deferred tax liability	**(230)**		(821)

Analysed in the Statement of Financial Position, after offset of balances within jurisdictions, as:

	2024 £'000	2023 £'000
Deferred tax asset	**1,738**	2,826
Deferred tax liability	**(1,968)**	(3,647)
	(230)	(821)

The deferred tax asset of the Group includes £1,471,000 (2023: £3,099,000) in respect of subsidiary entities who have suffered a loss in the current period and for which the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. This has been recognised to the extent that it is expected to be utilised against future profits arising as further synergies are recognised across the Group. The expected recovery of deferred tax assets has been determined based on forecast projections covering a five-year period approved by senior management. The forecasts for 2025 have been prepared based on Board approved budgets for 2025. Financial years 2026 to 2029 were forecasted based on specific growth rates for each entity against which the losses carried forward can be used against future profits. If the revenue assumption used for the 2026-2029 forecast period was reduced to show no growth, this would result in a reduction in the deferred tax asset recognised in relation to unused trade losses of £689,000.

In addition to the deferred tax assets and liabilities recognised, the Group has tax losses that arose in subsidiary entities of £30,735,000 that are available indefinitely for offsetting against future taxable profits of the entities in which the losses arose. A deferred tax asset has not been recognised in respect of these losses as these losses may not be used to offset against taxable profits elsewhere in the Group and there is no evidence of these losses being utilised by the subsidiary in the future, due to insufficient forecasted profits within the next 5 years.

29. Tax receivable and payable

	2024 £'000	2023 £'000
Corporation tax receivable	**107**	386
Total tax receivable	**107**	386

	2024 £'000	2023 £'000
Corporation tax payable	**1,944**	1,590
Uncertain tax liabilities	**1,131**	596
Withholding tax provision	**302**	–
Total tax payable	**3,377**	2,186

As is routine, our subsidiaries are subject to tax audits and inquiries from tax authorities. As a result of ongoing inquiries made by authorities, the Group has made estimates of the potential liability for withholding tax and positions taken on transfer pricing. The liability associated with the withholding tax provision has been recognised through non-underlying costs as it relates to pre-acquisition withholding tax (see note 8). A provision has been recognised in relation to a possible liability relating to transfer pricing of £535,000.

The Group has previously identified it is potentially exposed to uncertain tax positions in relation to tax authorities challenging that the Group has created a taxable presence and asset taxing rights over profits they consider to be allocable in the given territory. The Group considers that it is possible that these uncertain tax positions may result in a future outflow of funds to one or more local tax authorities and has recognised current tax liabilities for these uncertainties.

Due to the range of potential outcomes that the Directors have identified, these liabilities have been measured using an expected value methodology. Key assumptions underpinning the expected value calculations are: (i) relative probabilities of such tax liabilities crystallising in one or more of the jurisdictions in which the Group operates; (ii) the tax periods over which tax authorities would seek to challenge the Group's tax domicile arrangements; and (iii) the quantum of interest and penalties that would be applicable in the event that the Group was found to be liable for tax amounts by one or more tax authorities.

30. Related party disclosures

The Group has taken advantage of the exemption not to disclose related party transactions with wholly owned subsidiaries within the Group. Below are transactions and balances with related parties that are not owned.

a) Kelso Place LLP

Mr R Totterman is a designated member and controlling owner of Kelso Place LLP. During the year Kelso Place LLP leased the Bath head office building to INSPECS Limited. This lease expired on 31 December 2024 and was subsequently renewed on 1 January 2025. As at 31 December 2024, a right-of-use asset with net book value of £nil (2023: £120,000) and lease liability of £nil (2023: £120,000) related to this lease, with depreciation of £130,000 (2023: £120,000) and interest of £2,000 (2023: £2,000) charged to the income statement. At the year end, the Group owed Kelso Place LLP £212,000 (2023: £184,000) in respect of the above. This balance is included within trade payables.

b) Thorne Lancaster Parker

Mr C Kay, a Director of the Company is also a Partner in Thorne Lancaster Parker. During the year the partnership charged INSPECS Limited £7,000 (2023: £8,000) in respect of professional services provided. At 31 December 2024, INSPECS Limited owed Thorne Lancaster Parker £nil (2023: £nil) in respect of the above. During the year the partnership charged Norville (20/20) Limited £nil (2023: £2,000) in respect of professional services provided, with £nil being owed at the end of the year (2023: £nil).

c) Key management personnel

The key management personnel of INSPECS Group plc at 31 December 2024 are R Totterman, R Peck, C Kay, M Lefebvre, P Braunhofer and S Sennett (from 1 January 2024). In respect of these individuals, the total short-term employee benefits payable in the period were £2,229,000 (2023: £2,317,000) and post-employment benefits were £14,000 (2023: £13,000). In addition, share-based payments totalled £225,000 (2023: £582,000) in relation to these individuals.

d) Minima SAS

M Lefebvre, who is identified as a part of the key management personnel of INSPECS Group plc, holds a controlling shareholding of Minima SAS. During 2024, INSPECS Group plc charged £340,000 in respect of goods provided (2023: £259,000), with a balance of £309,000 being owed to the Group at 31 December 2024 (2023: £104,000). The balance is included within trade receivables.

e) Sennett Consulting

The spouse of S Sennett, who is identified as a part of the key management personnel of INSPECS Group plc from 1 January 2024, was paid £41,000 in relation to independent sales contracting, with £nil being owed at the end of the year.

f) R Totterman

R Totterman, identified as part of the key management personnel of INSPECS Group plc, had a Director's Loan Account balance with INSPECS Limited. As of the end of the year, the balance owed to R Totterman was £22,000 (2023: Owed to INSPECS Limited £8,000).

31. Share-based payments

Certain employees of the Group have been granted options over shares in INSPECS Group plc under the LTIP. The options are granted with a fixed exercise price and are exercisable between three and ten years after the date of grant.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity to the share option reserve. On exercise of the options by employees, the share option reserve relating to the exercised options is recycled to retained earnings. Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price per option £	Number of share options
11 October 2019	10 October 2026	1.01	412,102
27 February 2020	27 February 2025	1.95	1,923,110
22 December 2020	22 December 2025	2.10	890,000
26 February 2021	26 February 2026	3.25	641,036
21 June 2021	21 June 2026	3.51	60,000
31 August 2021	31 August 2026	3.70	275,000
23 December 2021	23 December 2026	3.70	279,999
28 February 2022	28 February 2027	3.75	641,036

The option weighted average exercise price is £2.50 per share. Options were valued at the date of grant.

The expense recognised in relation to share options during the period is £371,000 (2023: £972,000).

Movements during the year

The following tables illustrate the number and weighted average exercise price ('WAEP') of and movements in share options during the year:

	Number 2024	Number 2023
At 1 January	**5,152,283**	5,847,283
Forfeited during the year	**(30,000)**	(695,000)
As at 31 December	**5,122,283**	5,152,283

WAEP	2024 £	2023 £
At 1 January	**2.50**	2.50
Forfeited during the year	**(0.00)**	(0.00)
As at 31 December	**2.50**	2.50

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for the year ended 31 December 2024

32. Financial risk management

The financial assets of the Group comprise trade receivables, deposits and other receivables, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the Financial Statements.

The financial liabilities of the Group comprise trade payables, bank loans, deferred and contingent consideration, other loans, financial liabilities included in other payables and accruals, and lease liabilities which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the Financial Statements.

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. At the end of the reporting period, the carrying amounts of the financial assets and financial liabilities of the Group approximated to their fair values.

The Group's principal financial instruments comprise cash and cash equivalents, bank loans and other loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk which arise in the normal course of its business. The Board of Directors reviews and agrees policies to analyse and formulate measures to manage each of these risks which are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group is currently reviewing the potential implementation of interest rate hedging policies to mitigate financial risk going forward. This consideration aims to enhance the Group's ability to manage interest rate fluctuations effectively.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that proportion of loans and borrowings affected. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings as follows, based on the outstanding loans from the bank as at 31 December 2024:

	Loan balance £'000	Increase/ decrease in basis points	Effect on loss before tax £'000
2024	**45,059**	**50 BP**	**225**
2023	43,383	50 BP	217

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to both the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's borrowing (both internal and external) when held in a different currency to the functional currency of the Company in which they are held.

The Group manages its foreign currency risk by selling and buying in the same currencies where possible but does not enter into any material hedging transactions or derivatives. The ability of the Group to organise its sales and purchases in similar currencies allows a natural hedge in some circumstances against currency fluctuations.

Exchange adjustments on borrowings has resulted in a credit to the profit and loss account of £97,000 (2023: charge of £1,312,000). This arises from loans with banks denominated in foreign currencies (credit of £514,000) offset by foreign exchange losses on intercompany loans (charge of £417,000).

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable possible change in the United States Dollar (USD), Euro (EUR) and Macau Pataca (MOP) exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). These currencies have been selected for sensitivity analysis as they represent the local currencies covering the majority of the trading locations of the Group, and are compared against the Pound Sterling (GBP) as this is the functional currency of the Group. There is no impact on the Group's equity except on the retained profits.

2024	Increase/(decrease) in exchange rate %	Increase/(decrease) in loss before tax £
If the GBP weakens against the USD	**5**	**539,069**
If the GBP strengthens against the USD	**(5)**	**(539,069)**
If the GBP weakens against the EUR	**5**	**(24,018)**
If the GBP strengthens against the EUR	**(5)**	**24,018**
If the GBP weakens against the MOP	**5**	**(58,048)**
If the GBP strengthens against the MOP	**(5)**	**58,048**

2023	Increase/(decrease) in exchange rate %	Increase/(decrease) in loss before tax £
If the GBP weakens against the USD	**5**	(69,079)
If the GBP strengthens against the USD	**(5)**	69,079
If the GBP weakens against the EUR	**5**	(134,491)
If the GBP strengthens against the EUR	**(5)**	134,491
If the GBP weakens against the MOP	**5**	(243,595)
If the GBP strengthens against the MOP	**(5)**	243,595

Credit risk

The Group trades only with parties who have been assessed via a credit check. Receivables balances are monitored on an ongoing basis and the Group's history of credit losses of trade receivables is not significant. The credit risk of the Group's other financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

The Group maintains regular control over its trade receivables and normal terms are between 30 and 60 days across the Group. The percentage of debtors outside of these terms is shown in the analysis below.

	2024 £'000	2023 £'000	Increase/ (decrease) £'000
Trade receivables			
Current	**18,989**	15,157	3,832
Past due 1-30 days	**4,279**	3,248	1,031
Past due 31-60 days	**3,228**	2,752	476
Past due 61+ days	**1,801**	3,011	(1,210)
Total	**28,297**	24,168	4,129
Percentage over terms	**33%**	37%	

Raw material costs and inflation

The Group subcontracts with third-party suppliers on fixed terms and thus any immediate commodity risk is mitigated in the short term on these transactions. On the Group's own manufactured products, raw materials in 2024 accounted for 7% of cost of sales (2023: 7%). This risk is mitigated by the use of different suppliers and the diversification of production locations across the Group. The risk of inflation has led to cost increases for goods and services, including shipping costs. The eyewear market continues to grow and over the long term, the Group can mitigate the loss of margin through an increase in its selling price.

Liquidity risk

For the management of the liquidity risk, the Group monitors and maintains a sufficient level of cash and bank balances deemed adequate by management, along with utilising an invoice discounting facility, to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly. The Group reviews on a monthly basis the cash generation and the requirement for capital repayments on the bank loan in its detailed working capital model to ensure sufficient liquidity for operating purposes across the Group. The table below summarises the gross undiscounted cash flows of the Group's financial liabilities:

2024	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total £'000
Bank overdrafts (including invoice discounting facility)	**1,777**	**–**	**–**	**–**	**1,777**
Interest-bearing loans and borrowings (excluding items below)	**12,113**	**3,982**	**34,570**	**–**	**50,665**
Lease liabilities	**6,851**	**2,738**	**5,638**	**1,344**	**16,571**
Deferred and contingent consideration	**1,873**	**–**	**–**	**–**	**1,873**
Other financial liabilities – right of return	**10,608**	**–**	**–**	**–**	**10,608**
Trade and other payables	**41,269**	**–**	**–**	**–**	**41,269**

2023	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total £'000
Bank overdrafts (including invoice discounting facility)	887	–	–	–	887
Interest-bearing loans and borrowings (excluding items below)	9,861	33,733	–	–	43,594
Lease liabilities	3,329	6,150	6,108	2,748	18,335
Deferred and contingent consideration	2,111	700	–	–	2,811
Other financial liabilities – right of return	11,297	–	–	–	11,297
Trade and other payables	36,375	–	–	–	36,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

32. Financial risk management continued

Capital risk management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Group.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowing. The loan covenant ratios achieved by the Group, and required to be complied with on a quarterly basis, as at the end of each year were as follows:

	2024		2023	
	Actual	Required	Actual	Required
Leverage	**1.64**	**Below 2.25**	1.70	Below 2.25
Interest cover	**4.14**	**Above 3.00**	4.21	Above 3.00
Cash flow cover	**1.17**	**Above 1.05**	1.54	Above 1.05

33. Business combinations

On 22 January 2024, INSPECS Limited acquired the entire share capital of A-Optikk AS for a cash consideration of £1,000. INSPECS Limited also contributed a shareholder loan of £151,000 which was partly used to repay A-Optikk AS's existing overdraft facility of £123,000. The acquisition of A-Optikk AS is expected to generate synergies with the Group and increase distribution in the Nordic region. The fair value of the identifiable assets at the date of acquisition was £120,000. The fair value of identifiable liabilities at the date of acquisitions was £282,000. The goodwill arising on acquisition was £163,000. From the date of acquisition, A-Optikk AS contributed £470,000 of revenue and a loss of £116,000 to loss before tax.

34. Guarantees

The Company's UK subsidiaries INSPECS Limited (registered number 02245818), Algha Group Limited (registered number 03240950), INSPECS Holdings Limited (registered number 06383565), Eschenbach UK Holdings Limited (registered number 06689781) and International Eyewear Limited (registered number 02221216) have taken advantage of the audit exemption under section 479A of the Companies Act 2006 for the year ended 31 December 2024. Consequently, the Company has provided the statutory guarantee in relation to the subsidiary's liabilities. The third-party liabilities of these subsidiaries as of 31 December 2024 amounted to £47,909,000 (2023: £4,200). INSPECS Limited has elected to take the audit exemption for the year ended 31 December 2024, whereas this election was not taken for the year ended 31 December 2023.

35. Post balance sheet events

Since the balance sheet date, a breach in the Group's cashflow cover covenant requirement was identified in relation to 31 March 2025. This was caused by accelerated payments to suppliers. HSBC Bank has on 9 April 2025 provided a formal waiver in relation to this covenant requirement. The Group expects to meet all further covenant requirements for the going concern period as explained within the going concern section of the accounting policies note.

On 10 April 2025, Chris Kay (Chief Financial Officer) announced he will not stand for re-election at the next Annual General Meeting.

On 1 January 2025, J Kogan, the spouse of R Totterman, was appointed Managing Director of Kudos S.R.L. on market-based remuneration terms and rates.

Since the balance sheet date, but before these Financial Statements were approved, there were no further events that the Directors consider material to the users of these Financial Statements.

COMPANY BALANCE SHEET

as at 31 December 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
FIXED ASSETS			
Investments	3	**58,580**	58,318
Property, plant and equipment	4	**51**	–
Right-of-use assets	5	**140**	150
CURRENT ASSETS			
Trade and other debtors – falling due after more than one year	6	**75,859**	79,180
Trade and other debtors – falling due within one year	7	**1,714**	1,241
Cash and cash equivalents	8	**64**	28
		136,408	138,917
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	**1,017**	1,017
Share premium	10	**89,508**	89,508
Share option reserve	10	**3,570**	3,222
Merger reserve	10	**5,340**	5,340
Retained earnings	10	**35,969**	39,344
TOTAL EQUITY		**135,404**	138,431
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	**71**	103
CURRENT LIABILITIES			
Trade and other creditors	12	**865**	328
Interest-bearing loans and borrowings	11	**68**	55
TOTAL LIABILITIES		**1,004**	486
TOTAL EQUITY AND LIABILITIES		**136,408**	138,917

The notes on pages 134 to 141 form part of these separate Financial Statements.
Registered Company number: 11963910.

As permitted by section 408(3) of the Companies Act 2006, a separate income statement dealing with the results of the Parent Company has not been presented. The Parent Company loss for the period ended 31 December 2024 was £3,398,000 (2023: £3,758,000 loss).

The Financial Statements were approved by the Board of Directors on 14 April 2025 and were signed on its behalf by:

R Peck
Director

C Kay
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Notes	Called up share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Merger reserve £'000	Total equity £'000
BALANCE AT 1 JANUARY 2023		1,017	89,508	2,703	42,649	5,340	141,217
CHANGES IN EQUITY							
Loss for the year		–	–	–	(3,758)	–	(3,758)
TOTAL COMPREHENSIVE LOSS		–	–	–	(3,758)	–	(3,758)
Share-based payments	10	–	–	972	–	–	972
Share options forfeited	10	–	–	(453)	453	–	–
BALANCE AT 31 DECEMBER 2023		1,017	89,508	3,222	39,344	5,340	138,431
CHANGES IN EQUITY							
Loss for the year		**–**	**–**	**–**	**(3,398)**	**–**	**(3,398)**
TOTAL COMPREHENSIVE LOSS		**–**	**–**	**–**	**(3,398)**	**–**	**(3,398)**
Share-based payments	10	**–**	**–**	**371**	**–**	**–**	**371**
Share options forfeited	10	**–**	**–**	**(23)**	**23**	**–**	**–**
BALANCE AT 31 DECEMBER 2024		**1,017**	**89,508**	**3,570**	**35,969**	**5,340**	**135,404**

The notes on pages 134 to 141 form part of these Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. General information

INSPECS Group plc is a public company limited by shares and is incorporated in England and Wales. The address of the Company's principal place of business is 7–10 Kelso Place, Upper Bristol Road, Bath BA1 3AU.

The principal activity of the Company was that of a parent company providing services that support the Group. The Company has incurred costs to support the Group which have been re-charged to subsidiary entities where appropriate.

2. Accounting policies

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'), the Companies Act 2006 as applicable to companies using FRS 101, and applicable accounting standards. The Financial Statements have been prepared on the historical cost basis, and as a going concern. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

As permitted by section 408(3) of the Companies Act 2006, no separate profit and loss account has been presented for the Company. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in the preparation of the Financial Statements in relation to the presentation of a statement of cash flows.

Investments

Investments held as non-current assets comprise the Company's investment in subsidiaries and are shown at cost on the date of acquisition, less any provision for impairment.

An annual review of investments is performed for indicators of impairment. If indicators of impairment are identified investments are tested for impairment to ensure that the carrying value of the investments is supported by their recoverable amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. In situations when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably then the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 – 5 years
Plant and machinery	3 – 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognises right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

Right-of-use asset

The Company recognises 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. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or 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, as follows:

Leasehold properties	Over the lease term
Plant and machinery	3 – 7 years
Motor vehicles	3 years

Lease liabilities

At the commencement date of the lease, the Company recognises 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. They also include any amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Financial instruments – initial recognition and subsequent measurement

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

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include loans to Group undertakings.

The Company does not have any financial assets at fair value through OCI or financial assets at fair value through profit or loss.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2024

2. Accounting policies continued

Impairment of financial assets

The Company recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in the detailed notes to the consolidated accounts. That cost is recognised in employee benefits expense in the company within which the relevant employee is employed, together with a corresponding increase in share option reserve, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Details of the Group's share option scheme are provided in note 22 of the Consolidated Financial Statements.

Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority.

Foreign currencies

These Financial Statements are presented in GBP, which is also the Company's functional currency.

Pensions and other post-employment benefits

The Company operates defined contribution pension schemes, where the amounts charged to the statement of comprehensive income are the contributions payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimates involve the determination of the quantum of accounting balances to be recognised. Judgements typically involve decisions such as whether to recognise an asset or liability.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Carrying value of investments

An annual review of investments is performed to identify any indicators of impairment which, if found, would result in an impairment review being performed. Judgement is required by management in performing this review, including in the identification and interpretation of any indicators.

As of 31 December 2024, the carrying amount of the net assets of the company exceeded its market capitalisation. This is an indicator of impairment, and therefore a value in use calculation was performed to determine whether an impairment was required. The value in use calculation used cash flow projections covering a five-year period. The forecast for 2025 is based on the Board approved budget for the year. Financial years 2026 to 2029 were forecasted based on revenue growth of 2.0% per annum with gross profit margins maintained and admin cost growth of 2.0% per annum. In addition, the contribution of the new Vietnam facility and a significant new brand signed during 2024 have also been included within the forecasts. From 2030 onwards, a terminal growth rate of 2.0% has been assumed. The forecast cashflows generated were discounted at a pre-tax discount rate of 11.7%. The value in use calculation determined that no impairment was required. With other assumptions remaining unchanged, the discount rate would need to increase to 14.3% before an impairment would be triggered. To recognise an impairment on the revenue growth rate 2026-2029 alone, the revenue growth rate would need to drop below 0.4% per year. To recognise an impairment on the administrative expenses growth rate 2026-2029 alone, the administrative costs growth would need to exceed 3.9% per year. To recognise an impairment on the terminal growth rate alone, the terminal growth rate would need to drop below (2.0)%. If both the forecast contribution for 2026 onwards of both the new Vietnam facility and the significant new brand are removed, to recognise an impairment on the revenue growth rate 2026-2029 alone, the revenue growth would need to drop below 1.7% per year before an impairment would be recognised.

3. Investments

	Shares in subsidiaries £'000
Cost and Net Book Value	
At 1 January 2024	**58,318**
Additions for share-based payments in subsidiaries	**241**
Additions for acquisition of subsidiaries	**21**
At 31 December 2024	**58,580**

Investments held at the balance sheet date are shown below. Investments held directly by the Company are marked *. The remaining investments are held indirectly by the Company.

Subsidiaries	Registered office	Nature of business	Class of shares	% holding
INSPECS Holdings Limited*	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Holding company	Ordinary	100.00
INSPECS Limited[8]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Eyewear trading	Ordinary	100.00
INSPECS USA LC[8]	18401 US Highway 19N, Clearwater, Florida 33764, USA	Eyewear trading	Ordinary	100.00
Algha Group Limited[8]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Eyewear manufacturing	Ordinary	100.00
INSPECS Scandinavia AB[8]	184 40 Akersberga, Stockholm, Sweden	Eyewear trading	Ordinary	100.00
Maronglow Limited[1]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Dormant	Ordinary	100.00
UK Optical Limited[8]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Dormant	Ordinary	100.00
American Optical UK Limited[8]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Dormant	Ordinary	100.00
Twenty20 Limited[2]	Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands	Holding company	Ordinary	100.00
Bandoma Limited[3]	Suite 6, Watergardens 4, Gibraltar	Holding company	Ordinary	100.00
Ice Foster Limited[3]	Nemours Chambers, Road Town, Tortola, British Virgin Islands	Holding company	Ordinary	100.00
Killine Group Limited[4]	Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands	Holding company	Ordinary	100.00
Killine Optical Limited[3]	Alameda Dr. Carlos D'Assumpcao, nos 335–341, Edificio Centro Hotline, 21 andar A, em Macau	Eyewear trading	Ordinary	100.00
Neo Optical Company Limited[5]	Neo Town Industrial Zone, Yen Dung District, Bac Giang Province, Vietnam	Eyewear manufacturing	Ordinary	100.00
On Sight Services-Sociedade Unipessoa, Lda[3]	Rua Soares de Passos, 10A/10B, Portugal	Eyewear design	Ordinary	100.00
O.W. Ventures Limited[3]	Unit 305–7, 3/F, Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong	Corporate management	Ordinary	100.00
Zhongshan Torkai Optical Co Limited[6]	Shagou Industrial Park, Banfu County, Zhongshan, Guangdong, China	Eyewear manufacturing	Ordinary	100.00
Neway (Macao Commercial Offshore) Limited[9]	Alameda Dr. Carlos D'Assumpcao, nos 335–341 Edificio Hot line, 21 andar D, em Macau	Eyewear trading	Ordinary	100.00
Kudos S.R.L.[1]	Via Noai 5, Domeggi Di Cadore, CAP 32040, Italy	Eyewear manufacturing	Ordinary	100.00
Primoptic Limited[7]	Alameda Dr. Carlos D'Assumpcao, nos 335–341, Edificio Centro, 21 andar A, em Macau	Eyewear trading	Ordinary	100.00
Yardine Limited[3]	Nemours Chambers Limited, Road Town, Tortola, British Virgin Islands	Holding company	Ordinary	100.00
INSPECS Asia Limited[8]	10F Sing Ho Finance Building, 166–168 Gloucester Road, Hong Kong	Quality control services	Ordinary	100.00
Duval Company Group Limited[3]	Nemours Chambers, Road Town, Tortola, British Virgin Islands	Holding company	Ordinary	100.00
Norville (20/20) Limited[2]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Lens manufacturing	Ordinary	100.00
Hardy Amies Limited[2]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Dormant	Ordinary	100.00
BoDe Design GmbH[2]	Hofweg 20, 97737 Gemunder am Main, Germany	Eyeware trading	Ordinary	100.00
EGO Eyewear Limited[2]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Eyeware trading	Ordinary	100.00
EGOptiska AB[15]	Johannesgränd 1, Stockholm, Sweden	Eyeware trading	Ordinary	100.00
EGOptiska International AB[15]	Johannesgränd 1, Stockholm, Sweden	Eyeware trading	Ordinary	100.00

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2024

3. Investments continued

Subsidiaries	Registered office	Nature of business	Class of shares	% holding
EGO Eyewear (HK) Limited[15]	Yau Tsim Mong, Hong Kong	Eyeware trading	Ordinary	100.00
EGO Eyewear AB[15]	Johannesgränd 1, Stockholm, Sweden	Eyeware trading	Ordinary	100.00
Greights AB[17]	Johannesgränd 1, Stockholm, Sweden	Eyeware trading	Ordinary	50.00
Eschenbach Holding GmbH[2]	Fürther Straße 252, 90429, Nuremberg, Germany	Holding company	Ordinary	100.00
Eschenbach Beteiligungs GmbH[10]	Fürther Straße 252, 90429, Nuremberg, Germany	Holding company	Ordinary	100.00
Eschenbach Optik GmbH[14]	Althardstraße 70, Regensdorf, Switzerland	Eyeware trading	Ordinary	100.00
Eschenbach Optik B.V.[14]	Osloweg 134, Groningen, Netherlands	Eyeware trading	Ordinary	100.00
Eschenbach Optik spol s. r.o.[14]	K Fialce 35, Prague, Czech Republic	Eyeware trading	Ordinary	100.00
Eschenbach Optik Polen sp. z o.o.[14]	ul. Biedronki 60, Warsaw, Poland	Eyeware trading	Ordinary	100.00
Eschenbach Optik GmbH[14]	Brunnenfeldstraße 14, Linz, Austria	Eyeware trading	Ordinary	100.00
Eschenbach Optik s.a.r.l[14]	64 rue Claude Chappe, Plaisir, France	Eyeware trading	Ordinary	100.00
Eschenbach Optik s.r.l.[14]	Via C.Colombo 10, Torino, Italy	Eyeware trading	Ordinary	100.00
Eschenbach Optik of America, Inc.[14]	22 Shelter Rock Lange, Danbury, USA	Eyeware trading	Ordinary	100.00
Eschenbach Optik of Japan Co.Ltd.[14]	2-15-4 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan	Eyeware trading	Ordinary	100.00
Eschenbach Optik S.L.[14]	Consell de Cent 106-108, Barcelona, Spain	Eyeware trading	Ordinary	100.00
Eschenbach Optik GmbH[11]	Fürther Straße 252, 90429, Nuremberg, Germany	Eyeware trading	Ordinary	100.00
Eschenbach Optik (Shenzhen)[14]	Block A, Tian An Cyber Times Che Gong Miao, Futian District, Shenzhen, China	Eyeware trading	Ordinary	100.00

Subsidiaries	Registered office	Nature of business	Class of shares	% holding
Eschenbach International GmbH[11]	Fürther Straße 252, 90429, Nuremberg, Germany	Holding company	Ordinary	100.00
Eschenbach UK Holdings Ltd[12]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Holding company	Ordinary	100.00
International Eyewear Ltd[13]	7–10 Kelso Place, Bath, Somerset, BA1 3AU, UK	Eyeware trading	Ordinary	100.00
TURA, Inc.[12]	123 Girton Drive, Muncy, USA	Eyeware trading	Ordinary	100.00
Eschenbach Optik A/S[11]	Boskærvej 18, Vejle, Denmark	Eyeware trading	Ordinary	100.00
Ruain Zuoyou Glasses Co Ltd[16]	Building 35, Shidai industrial zone, Mayu, Ruian, Zhejiang, P. R. China	Eyeware trading	Ordinary	25.00
BeeQuick Logistics Lda[18]	24 Praca Sa Da Bandeira, Santarem, Portugal	Logistics company	Ordinary	40.00
A-Optikk AS[19]	Finnholtvegen 91, 2114 Disenå, Norway	Eyeware trading	Ordinary	100.00
INSPECS GmbH	Hofweg 20, 97737 Gemünden, Germany	Eyeware trading	Ordinary	100.00

1 The shares are held by Algha Group Limited.
2 The shares are held by INSPECS Limited.
3 The shares are held by Killine Group Limited.
4 The shares are held by Twenty20 Limited.
5 The shares are held by Killine Optical Limited.
6 The shares are held by Bandoma Limited.
7 The shares are held by Duval Company Group Limited.
8 The shares are held by INSPECS Holdings Limited.
9 The shares are held by Yardine Limited.
10 The shares are held by Eschenbach Holding GmbH.
11 The shares are held by Eschenbach Beteiligungs GmbH.
12 The shares are held by Eschenbach International GmbH.
13 The shares are held by Eschenbach UK Holdings Ltd.
14 The shares are held by Eschenbach Optik GmbH.
15 The shares are held by EGO Eyewear Limited.
16 The shares are held by Zhongshan Torkai Optical Co Limited.
17 The shares are held by EGO Eyewear AB.
18 The shares are held by On Sight Services-Sociedade Unipessoa Lda.
19 The shares are held by INSPECS Limited.

4. Property, plant and equipment

	Plant & machinery £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2024	–	–	–
Additions	60	5	65
At 31 December 2024	60	5	65
Depreciation			
At 1 January 2024	–	–	–
Charge for the year	12	2	14
At 31 December 2024	12	2	14
Net Book Value			
At 31 December 2024	48	3	51

5. Right-of-use assets

The Company has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant, machinery and motor vehicles generally have lease terms between three and five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company's right-of-use assets are as follows:

	Leasehold properties £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2024	15	109	84	208
Additions	10	1	73	84
Disposals	(15)	–	–	(15)
At 31 December 2024	10	110	157	277
Depreciation				
At 1 January 2024	6	24	28	58
Charge for the year	15	20	59	94
Disposals	(15)	–	–	(15)
At 31 December 2024	6	44	87	137
Net Book Value				
At 31 December 2024	4	66	70	140

	Leasehold properties £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2023	–	71	41	112
Additions	15	38	43	96
At 31 December 2023	15	109	84	208
Depreciation				
At 1 January 2023	–	7	2	9
Charge for the year	6	17	26	49
At 31 December 2023	6	24	28	58
Net Book Value				
At 31 December 2023	9	85	56	150

The carrying amounts of lease liabilities and the movements during the period are shown in note 11.

6. Trade and other debtors - falling due after more than one year

	2024 £'000	2023 £'000
Current:		
Amounts owed by Group undertakings	75,859	79,180
	75,859	79,180

Amounts owed by Group undertakings are unsecured, with no interest charged, and have no set repayment date. These amounts are not expected to be received within 12 months of the reporting period and have therefore been classified as falling due after more than one year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2024

7. Trade and other debtors - falling due within one year

	2024 £'000	2023 £'000
Current:		
Prepayments	**98**	108
Amounts owed by Group undertakings	**1,576**	1,133
Other receivables	**40**	–
	1,714	1,241

Amounts owed by Group undertakings are unsecured, with no interest charged, and have no set repayment date. These amounts are expected to be received within 12 months of the reporting period and have therefore been classified as falling due within one year.

8. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**64**	28

9. Called up share capital

Authorised and issued share capital:

Number	Class £'000	Nominal value £'000	2024 £'000	2023 £'000
101,671,525 (2023: 101,671,525)	Ordinary	£0.01	**1,017**	1,017

Each Ordinary Share carries the right to participate in distributions, as respects dividends and as respects capital on winding up.

10. Reserves

Share premium

This reserve records the amount above the nominal value of the sums received for shares issued, less transaction costs.

	2024 £'000	2023 £'000
At 1 January and 31 December	**89,508**	89,508

Share option reserve

The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel.

	2024 £'000	2023 £'000
At 1 January	**3,222**	2,703
Share-based payment charge	**371**	972
Share options forfeited	**(23)**	(453)
At 31 December	**3,570**	3,222

The share-based payment charge for the year is recognised against the reserve as per IFRS 2 Share-Based Payments. 30,000 share options have been forfeited during the period. Upon forfeiture of share options, the related share option reserve is recycled into retained earnings, resulting in the movement of £23,000 from the share option reserve to retained earnings.

Retained earnings

	2024 £'000	2023 £'000
At 1 January	**39,344**	42,649
Loss for the year	**(3,398)**	(3,758)
Share options forfeited	**23**	453
At 31 December	**35,969**	39,344

Merger reserve

This reserve arose on the share for share exchange between INSPECS Holdings Limited and INSPECS Group plc on 10 January 2020.

	2024 £'000	2023 £'000
At 1 January and 31 December	**5,340**	5,340

11. Interest-bearing loans and borrowings

	2024 £'000	2023 £'000
Current:		
Lease liabilities	**68**	55
	68	55

	2024 £'000	2023 £'000
Non-current:		
Lease liabilities	**71**	103
	71	103

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024 £'000	2023 £'000
At 1 January	**158**	104
Additions	**84**	96
Interest charge	**10**	6
Payments	**(113)**	(48)
As at 31 December	**139**	158

12. Trade and other creditors

	2024 £'000	2023 £'000
Current:		
Trade creditors	**133**	127
Social security and other taxes	**100**	35
Accruals	**148**	138
Amounts owed by Group undertakings	**484**	28
	865	328

The trade payables are non-interest-bearing with usual credit terms being 30–90 days.

13. Employees

	2024 £'000	2023 £'000
Wages and salaries	**2,134**	1,624
Social security costs	**274**	218
Pension costs	**119**	91
Share-based payment expense	**131**	377
	2,658	2,310

The total average number of employees during the year was as follows:

	2024	2023
	18	11

14. Guarantees

The Company's UK subsidiaries INSPECS Limited (registered number 02245818), Algha Group Limited (registered number 03240950), INSPECS Holdings Limited (registered number 06383565), Eschenbach UK Holdings Limited (registered number 06689781) and International Eyewear Limited (registered number 02221216) have taken advantage of the audit exemption under section 479A of the Companies Act 2006 for the year ended 31 December 2024. Consequently, the Company has provided the statutory guarantee in relation to the subsidiary's liabilities. The third-party liabilities of these subsidiaries as of 31 December 2024 amounted to £47,909,000 (2023: £4,200). INSPECS Limited has elected to take the audit exemption for the year ended 31 December 2024, whereas this election was not taken for the year ended 31 December 2023.

15. Post balance sheet events

Since the balance sheet date, a breach in the Group's cashflow cover covenant requirement was identified in relation to 31 March 2025. This was caused by accelerated payments to suppliers. HSBC Bank has on 9 April 2025 provided a formal waiver in relation to this covenant requirement. The Group expects to meet all further covenant requirements for the going concern period as explained within the going concern section of the accounting policies note.

Since the balance sheet date, but before these Financial Statements were approved, there were no further events that the Directors consider material to the users of these Financial Statements.

COMPANY INFORMATION AND ADVISERS

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Annual Report 2024
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