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Inspecs Group PLC
18 June 2021

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INSPECS Group plc
("INSPECS" or "the Group")

Final Results

INSPECS Group plc, a leading designer, manufacturer and distributor of eyewear frames, announces its Final Results for the year ended 31 December 2020.

Key Financials

- Group revenue $47.4m (2019: $61.2m)
- Underlying EBITDA $5.8m* (2019: $13.0m)
- Gross profit $20.5m (2019: $27.5m)
- (Loss)/profit after tax $(8.9)m (2019: $6.4m)
- Diluted EPS of $(0.13)c (2019: $0.11c)
- Net assets of $145.8m (2019: $31.3m

* *excluding the Eschenbach acquisition*

Operational Highlights

- Acquisition of Norville on 13 July 2020 giving further vertical integration and access to the lens market
- Acquisition of Eschenbach on 16 December 2020 giving a strong platform to the independent retail market in Europe and the USA
- Increased manufacturing capacity to over 8.5m frames, up 70% (2019: 5.0m)
- Seven new in-house brands added including BOTANIQ™, the Group's first fully sustainable eyewear range
- A significant number of new global branded licences added to the brand portfolio
- Awarded the international Green Product Award for fully recycled and recyclable O'Neill Wove frame
- Launched B2B website with 63% of independent UK customers registered
- Contributed to the national and global COVID effort providing special PPE eyewear for the NHS and other health providers around the globe
- Awarded the Queen's Award for International Trade

Robin Totterman, CEO of INSPECS said:

"*Despite what has been an extraordinary period for the business, we have maintained positive momentum in 2020 creating a strong platform for growth in 2021. Furthermore, I consider us very fortunate to have been in a situation where we could both help the various NHS trusts with PPE (eyewear) requirements and continue to develop the business in what were very difficult COVID-related conditions.*

"*Since our IPO in February 2020, the acquisitions of Norville and Eschenbach have created a well-balanced vertically integrated business serving both global retail chains and the independent optical market. The enlarged Group now has a worldwide distribution network serving over 70,000 retail outlets giving further growth opportunities.*

"*I am pleased to report that the Group has performed well in the first five months of 2021 despite continuing restrictions caused by COVID-19. Whilst I remain cautious on future months while uncertainty remains surrounding the pandemic and its effects, our trading has been encouraging and I look forward to updating shareholders on our first half performance in August, which should start to demonstrate the enlarged Group's capabilities.*

The Group has had a successful start to 2021, with sales of $67m in the first quarter. The Group continues to win new customers and in particular the Vietnam new facility is now completed and operational. Our order books at the time of this report are higher than at the same time in 2020 on a like for like basis."

The Annual Report for the year ended 31 December 2020 will shortly be available on the Group's website (www.inspecs.com/investors-results-and-reports/) and will be sent to shareholders. The INSPECS Annual General Meeting will be held on 19 July 2021.

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About INSPECS Group plc

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

In December 2020, INSPECS acquired Eschenbach Optik, a leading, global, eyewear supplier headquartered in Nuremberg, Germany, which includes the American company Tura. The acquisition extended the Group's presence internationally in key global markets. This followed the acquisition of lens maker Norville in July 2020, whereby INSPECS combined two heritage brands in British optical, Savile Row frame maker, and Norville lens maker, further enhancing its vertically integrated business model. As one of only a few companies that can offer this one-stop-shop solution to global retail chains, INSPECS is well positioned to continue to take market share in the globally expanding eyewear market.

INSPECS customers include global optical and non-optical retailers, global distributors and independent opticians, with its distribution network covering over 80 countries and reaching approximately 70,000 points of sale.

INSPECS has operations across the globe: with offices in the UK, Portugal, Scandinavia, the US and China (Hong Kong, Macau and Shenzhen), and manufacturing facilities in Vietnam, China, the UK and Italy. With the acquisition of Eschenbach Optik, the Group's international reach further extends across Europe and the American markets.

The Group's growth strategy going forward is to: (i) continue to grow organically; (ii) undertake further acquisitions (and drive value through leveraging the Group's internal capabilities); and (iii) extend the Group's manufacturing capacity.

More information is available at: https://INSPECS.com

CHAIRMAN'S STATEMENT

Overview
The Group is publishing its accounts for the year ended 31 December 2020 following a time when our people, customers and suppliers faced unprecedented challenges as a result of the COVID-19 pandemic and its effect on our business.

Since the outbreak of the pandemic, our first priority has been the safety and welfare of people both working and connected to the Group. In the first quarter of 2020, the pandemic affected our production site in China, steps were taken by management in China to keep production running on a reduced scale and ensure through working with the authorities that the site complied with fast-moving new legislation. Through regular inspection and liaison with the authorities, we were able to continue production in difficult circumstances.

As the virus spread, we were subsequently affected by the first global lockdown when our customers were forced to close their doors, although our online customers still remained open. This meant that our factories could not deliver pre ordered stock, as the distribution depots were shut around the world, severely impacting our business. Our executive and senior management team set in motion a cost reduction plan, as well as implementing a program for people to work from home where practicable.

The net effect was borne out in our interim results which showed a reduction in turnover to $16.7m and an underlying EBITDA of $0.7m. I am pleased to report that our second half was a significant improvement on our first half trading with turnover of $30.7m and an underlying EBITDA of $3.8m.

Transformation
As outlined in our IPO documentation it was a key part of our growth strategy to use the IPO funds to make strategic acquisitions in keeping with our vertically integrated model. In July 2020, the Group purchased the assets of Norville, a well-established lens manufacturer with sites in Gloucester, Livingstone, Bolton and Seaham. I would like to express my gratitude to those employees at Norville who continued to keep the business alive during administration in very uncertain times and then when INSPECS acquired the assets of the business continued to work and help grow the business. New senior management was quickly recruited by our executive team.

I am pleased to report that the restructuring of the business has already started with Norville achieving sales of $4.2m since acquisition on the 14 July 2020. I am also pleased to report that a new lease on a modern manufacturing facility has been completed and the factory will move in the autumn of 2021 to a new state-of-the-art facility allowing increased production efficiencies and also speed up turnaround time. It is exciting to see how many integration possibilities there are with lens manufacturing and the rest of the Group.

Having successfully completed the Norville acquisition, the executive team worked throughout the summer and autumn on the purchase of Eschenbach Holdings GmbH, which was completed in December 2020. Eschenbach again fits with the Group strategy for growth. It has a number of very successful house brands and also some major licensed global brands. The Eschenbach workforce is approximately 580 people and mainly distributes to independent opticians around the globe with its full-time sales workforce of over 250 people. This acquisition now gives the Group a strong European presence and with the addition of its subsidiary Tura Inc in the USA, the Group now has direct access to the important independent optical market in those regions. The acquisition also included Eschenbach Optik, a low vision manufacturing, research & development arm offers further optical expertise in this growing market.

Results
The Group achieved a significant increase in revenue and underlying EBITDA in the second half but overall turnover was down 22.5% to $47.4m from $61.2m and underlying EBITDA was down from $13.0m to $4.5m.

Dividend
Due to the acquisitions in 2020 and the economic landscape, the Group will not pay a dividend at present, but this will be reviewed on a regular basis by the Board.

Outlook
The economic landscape has improved since late spring of 2020. However, during 2020 and 2021 there have been continued restrictions around the globe as governments endeavour to safeguard communities and ensure that their hospital services are not overwhelmed. This has meant that we are still experiencing continued headwinds in our business around the globe. However, the Group remains profitable and cash generative in the first six months of 2021 with continuing debt reduction. I am sure that over the next 12 months the executive team will continue to deliver on its sustainable growth strategy for all our stakeholders.

The Group has had a successful start to 2021, with sales of $67m in the first quarter. The Group continues to win new customers and in particular the Vietnam new facility is now completed and operational. Our order books at the time of this report are higher than at the same time in 2020 on a like for like basis.

The Lord MacLaurin of Knebworth
Chairman

CHIEF EXECUTIVE'S REPORT

It is over a year since the pandemic began to wreak havoc across the globe, and only the countries and communities who have managed to vaccinate a meaningful part of their population are beginning to relax restraints.

I am greatly encouraged by the resilience and results our customers and the Group have shown during the past year. As
a Group, our interaction with COVID-19 started in January 2020 when widespread lockdowns took hold in China and Vietnam. As soon as our factories were able to open, the rest of the world, and crucially to us, the warehouse and distribution hubs closed. For a time, our factories were unable to deliver completed products on order.

The Group is performing well, most notably our US colleagues at Tura under the watchful eye of Scott Sennet. Norville under Nevil Trotter is coming on in leaps and bounds. I am confident that once the move to the new location happens and new more scalable manufacturing methods are implemented, we will see a significant increase in the business.

International Eyewear is being integrated into the UK operation of INSPECS and Norville with the aim of selling frame and lens packages. Germany and much of Europe seem to go from lockdown to lockdown, but despite this, the business is doing well.

Tura and Eschenbach Optik are solid businesses run by excellent management who are keen to integrate with the rest of the Group. Tura is far advanced on bringing INSPECS brands and our new BOTANIQ™ range to market. They are working with Killine to vertically integrate the business.

I'm delighted to report that INSPECS has won the coveted Queen's Award for International Trade for a second time - the UK's most prestigious business accolade. The Group has also won a number of green and design awards - the International Green Award for our recycled and recyclable O'Neill sunglasses 'Wove' and four highly-coveted Red Dot Awards for Eschenbach's designs.

I would like to thank all our employees across the Group companies who, regardless of location or seniority, all responded fantastically to the unprecedented events that started to roll out in the early part of 2020. Special thanks go to Michael Zhang in China and Ha Bui in Vietnam and their teams for their efforts in what was unchartered territory.

As the first lockdown hit, our management took immediate steps to protect our employees and ensure their health and safety while ensuring that INSPECS could continue to deliver its products to its customer base despite multiple disruptions. Many of our staff took voluntary pay reductions and reduced their hours. Our CFO, Chris Kay, and I took an immediate 60% pay reduction and the Board a 20% pay reduction in line with the rest of the Group. Most appreciated, as this was despite the Board meeting more frequently throughout the year to assist with acquisitions.

Acquisitions
The optical market is particularly dominated by a few major players, and the cost of entry into this market is substantial. The administration of Norville gave an opportunity for the Group to enter this market at a considerably reduced cost. Once the transaction was complete, the assets were purchased by Norville (20/20) Limited, and the remaining 28 employees were transferred to the new INSPECS subsidiary company. Since that date, we have increased employment to 92 employees at Norville and saw month by month growth from August onwards. The vertical integration allows us to

offer both high-quality lenses as well as a frame and lens package to the opticians.

Eschenbach
Eschenbach was founded in 1913 and has an enviable reputation for supplying high-quality eyewear in Germany and across the world, with a significant subsidiary in the United States called Tura Inc, which supplies US independent opticians. Eschenbach principally operates in the independent market, whereas traditionally INSPECS has operated in the chain market. Combining the two business will allow for multiple integration opportunities across the business platform and reduces the Group's risk, as we now supply both the high-volume chain and independent optical markets around the globe. Eschenbach's house brands, TitanFlex and Humphrey, were rated number one in the German Market in 2019-20 and continue to show significant growth.

Management
As a direct result of the acquisitions the Group has made since 2017, I think it is important to stress that our business now has a wealth of talent across the globe with many capable individuals having both the experience and the capabilities to step into roles across the Group and help drive future growth.

Manufacturing investment
I wrote last year that we were expanding our Vietnam operation from 4,300m^2 to 8,800m^2, and I am pleased to report that this new manufacturing facility was completed in 2020. We suffered delays as a direct result of COVID-19 and the inability of our Chinese technical experts to cross into Vietnam due to border control restrictions. While it is disappointing that COVID-19 has directly delayed the implementation of this plant, I am pleased to report that manufacturing has now started with a large order to the USA. Our new sustainable eco-friendly BOTANIQ™ range is being produced in the new Vietnam facility.

COVID-19
COVID-19 undoubtedly disrupted our business during the last part of Q1 2020 and through Q2 and partly into Q3 of 2020.

The optical industry has proven its resiliency by continuing to trade, albeit at a reduced level, by adopting strict PPE requirements early. Although footfall is significantly reduced, conversion rates continue to be exceptional. In addition, shrinkage (theft) is practically non-existent due to the need to pre-book optical appointments. Whilst difficulties persist, the Group has made significant adjustments to the new environment, and our budgets and forecast for 2021 are based on continued disruption within the market. As a true global distributor, the pandemic will continue to have some effect on our normal business activity for the foreseeable future. The Group will continue to ensure the safety of its 1,800 employees across the globe and has new working practices in place that permit the business to continue to operate.

Outlook
2020 was the year of acquisitions. 2021 is the year of integrating the new companies and developing synergies and strategies across the Group to generate future growth. I am pleased to report that steady progress has been made, and as a result, I am confident in the Group's ability to create and maximise opportunities and to deliver to all stakeholders. Current trading to date remains positive.

Robin Totterman
Chief Executive Officer

FINANCIAL REVIEW

Revenue
Revenue for the year ended 31 December 2020 was $47.4m, a decrease of 22.5%. H2 Group revenue was $30.7m including $7.1m contribution from acquisitions. Growth in H2 over H1 excluding acquisitions was 41.3%.

Operating Expenses
Operating expenses increased by $1.5m. Excluding acquisitions, operating expenses decreased $2.4m as the Group reduced costs to offset restrictions in trade caused by COVID-19.

Gross Margin
The overall Group gross margin decreased from 45.0% to 43.3%. Excluding acquisitions, the gross margin decreased from 45.0% to 43.5%.

Cash Position
The Group ended the year with cash balances of $30.0m compared to an opening position of $6.5m as a result of share placing and the acquisitions in the period.

Finance Income and Expense
The Group's net finance costs increased from $1.37m to $1.84m. Excluding loan arrangement fees written off on refinancing ahead of IPO, net finance costs reduced by $0.5m.

Depreciation and Amortisation
Group depreciation and amortisation costs increased from $3.1m to $3.9m, including $0.7m from acquisitions in the year.

NET DEBT
The Group's opening net debt was $13.7m ($12.5m excluding leases) and the closing net debt following IPO and two acquisitions in the year was $47.2m ($26.9m excluding leases).

Earnings Per Share
Earnings per share for the year to 31 December 2020 is $(0.13)c (2019: $0.12c) with EPS on a fully diluted basis of $(0.13)c

(2019: $0.11c).

Leverage
The Group's year-end leverage as a multiple of EBITDA, increased from 0.8 in 2019 to 1.6 in 2020 as a result of funding the acquisitions in the year. The leverage ratio has continued to drop since the year-end against a required covenant level of 2.5 for the 12 months to 31 December 2021.

Equity Placing
On 11 December 2020 the Group issued 30.5 million shares at £2.10 in order to fund the Eschenbach acquisition of $115.5m.

Underlying EBITDA
On 16 December 2020, the Group acquired Eschenbach which had limited sales from 17 to 31 December 2020. As a result, Eschenbach had a technical accounting underlying EBITDA loss of $(1.3)m for the year to 31 December 2020. The Group targets underlying EBITDA as a primary KPI and during the year, excluding the Eschenbach acquisition, our underlying EBITDA decreased from $13.0m to $5.8m, a decrease of 55%. I am pleased to report that excluding Eschenbach, our H2 underlying EBITDA was $5.1m against H1 of $0.7m.

The below table shows how Underlying EBITDA is calculated:

	2020 $'000	2019 $'000
Revenue	47,415	61,247
GROSS PROFIT	20,522	27,536
Operating and distribution expenses, net of other operating income	(23,462)	(19,591)
OPERATING (LOSS)/PROFIT	(2,940)	7,945
Movement in fair value on derivative	(740)	2,865
Operating (loss)/profit after movement in fair value on derivative	(3,680)	10,810
Add back: Amortisation	1,607	1,088
Add back: Depreciation	2,299	2,037
EBITDA	226	13,935
Add back: Share-based payment expense	1,706	1,917
Add back: Restructuring costs	185	-
Add back: Foreign exchange on funds for acquisitions	1,085	-
Add back: Post acquisition insurance costs	563	-
(Less)/add back: Movement in fair value on derivative	740	(2,865)
Underlying EBITDA	4,505	12,987
OPERATING (LOSS)/PROFIT	(2,940)	7,945
Non-underlying costs	(5,763)	(2,827)
Negative goodwill on bargain purchase	506	-
Movement in fair value on derivative	(740)	2,865
Exchange adjustment on borrowings	(382)	715
Less: Net finance costs	(1,844)	(1,365)
Add: Share of profit of associate	-	14
(LOSS)/PROFIT BEFORE INCOME TAX	(11,163)	7,347
Tax	2,250	(907)
(LOSS)/PROFIT FOR THE YEAR		

(LOSS)/PROFIT FOR THE YEAR	(8,913)	6,440

	2020 $'000	2019 $'000
Underlying EBITDA	4,505	12,987
Add back Eschenbach underlying EBTIDA loss	1,295	-
Underlying EBITDA excluding Eschenbach	5,800	12,987

Chris Kay
Group Chief Financial Officer

18 June 2021

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Revenue	4	47,415	61,247
Cost of sales	8,11	(26,893)	(33,711)
GROSS PROFIT		20,522	27,536
Other operating income	5	-	133
Distribution costs		(787)	(635)
Administrative expenses	8,11	(22,675)	(19,089)
OPERATING (LOSS)/PROFIT		(2,940)	7,945
Non-underlying costs	9	(5,763)	(2,827)
Negative goodwill on bargain purchase	7	506	-
Movement in derivatives		(740)	2,865
Exchange adjustment on borrowings		(382)	715
Finance costs	10	(1,880)	(1,380)
Finance income	10	36	15
Share of profit of associate		-	14
(LOSS)/PROFIT BEFORE INCOME TAX		(11,163)	7,347
Income tax credit/(charge)	12	2,250	(907)
(LOSS)/PROFIT FOR THE YEAR		(8,913)	6,440
Attributable to: Equity holders of the Parent		(8,913)	6,440
Earnings per share			
Basic profit for the year attributable to the equity	13		

holders of the Parent	13	$(0.13)	$0.12
Diluted profit for the year attributable to the equity holders of the Parent	13	$(0.13)	$0.11

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 $'000	2019 $'000
(Loss)/profit for the year	(8,913)	6,440
Other comprehensive income		
Exchange differences on translation of foreign operations	(204)	1
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX	(204)	1
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(9,117)	6,441
Attributable to: Equity holders of the parent	(9,117)	6,441

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Non-current assets			
Goodwill		69,087	12,798
Intangible assets		56,305	17,482
Property, plant and equipment		22,460	10,320
Right-of-use asset		20,379	1,317
Investment in associate		57	53
Deferred tax		12,995	1,221
		181,283	43,191
Current assets			
Inventories		59,294	8,715
Trade and other receivables		35,648	12,875
Tax receivables		1,556	-
Cash and cash equivalents		32,672	6,595
		129,170	28,185
Total assets		310,453	71,376
EQUITY			
Shareholders' equity			
Called up share capital		1,384	62
Share premium			

Share premium		121,940	21,628
Foreign currency translation reserve		(99)	1,031
Share option reserve		867	2,840
Merger reserve		7,296	-
Retained earnings		14,429	5,787
Total equity		145,817	31,348

	Notes	2020 $'000	2019 $'000
LIABILITIES			
Non-current liabilities			
Financial liabilities - borrowings			
Interest bearing loans and borrowings		70,391	12,651
Deferred tax		24,694	2,917
		95,085	15,568
Current liabilities			
Trade and other payables		42,895	10,192
Right of return liabilities	4	12,824	476
Financial liabilities - borrowings			
Interest bearing loans and borrowings		6,830	4,974
Bank overdrafts		2,642	93
Invoice discounting		-	2,577
Derivatives		-	3,536
Tax payable		4,360	2,612
		69,551	24,460
Total liabilities		164,636	40,028
Total equity and liabilities		310,453	71,376

The financial statements were approved by the Board of Directors on 18 June 2021.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Called up share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Share option reserve $'000	Retained earnings $'000	Merger reserve $'000	Total equity $'000
Balance at 1 January 2019	62	21,628	1,030	647	(653)	-	22,714
Changes in equity						-	
Profit for the year	-	-	-	-	6,440	-	6,440
Other							

comprehensive income	-	-	1	-	-	-	1
Total comprehensive income	**-**	**-**	**1**	**-**	**6,440**	**-**	**6,441**
Share-based payment	-	-	-	2,193	-	-	2,193
Balance at 31 December 2019	**62**	**21,628**	**1,031**	**2,840**	**5,787**	**-**	**31,348**
Changes in equity							
Loss for the year	-	-	-	-	(8,913)	-	**(8,913)**
Other comprehensive loss	-	-	(204)	-	-	-	**(204)**
Total comprehensive loss	**-**	**-**	**(204)**	**-**	**(8,913)**	**-**	**(9,117)**
Issue of share capital	603	119,215	-	-	-	(22)	119,796
Exercise of share options	99	2,725	-	(3,140)	2,973	-	2,657
Share-based payment	-	-	-	1,133	-	-	1,133
Share for share exchange and creation of merger reserve	620	(21,628)	(926)	34	(46,902)	68,802	-
Capital reduction	-	-	-	-	61,484	(61,484)	-
Balance at 31 December 2020	**1,384**	**121,940**	**(99)**	**867**	**14,429**	**7,296**	**145,817**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities	15	403	12,224
Interest paid		(1,144)	(1,609)
Tax paid		(7)	(22)
Net cash (used in)/from operating activities		**(748)**	**10,593**
Cash flows from investing activities			
Purchase of intangible fixed assets		(167)	(161)
Purchase of property plant and equipment		(2,452)	(2,763)
Acquisition of subsidiaries, net of cash acquired	7	(101,821)	-
Interest received	10	36	15
Net cash used in investing activities		**(104,404)**	**(2,909)**
Cash flow from financing activities			
Proceeds from the issue of shares		115,761	-

New bank loans in the year		17,187	628
Bank loan principal repayments in year		(39)	(4,733)
Repayment of other loans		-	(72)
Transaction costs on debt refinancing		(810)	-
Movement in invoice discounting facility		(2,577)	975
Principal payments on leases		(810)	(836)
Net cash (used in)/from financing activities		**128,712**	**(4,038)**
Increase in cash and cash equivalents		23,560	3,646
Cash and cash equivalents at beginning of the year		6,502	2,834
Effect of foreign exchange rate changes		(32)	22
Cash and cash equivalents at end of year		30,030	6,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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. On 10 January 2020, the reporting company incorporated in 2019 acquired the pre-existing INSPECS Holdings Limited in a 'share for share exchange' with no change in ultimate ownership. This has been accounted for under the basis of merger accounting given that the ultimate ownership before and after the transaction remained the same. Merged subsidiaries undertakings are treated as if they had always been a member of the Group. Subsequently, on 27 February 2020 INSPECS Group Limited was re-registered from a private to a public company with its shares admitted to the AIM of the London Stock Exchange.

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. The principal activity of the company was that of a holding company.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for share-based payments that have been measured at fair value in accordance with IFRS 2 Share-based payments.

The presentational currency for the consolidated and parent company financial statements is the United States Dollar (US$) rounded to the nearest thousand. The consolidated financial statements provide comparative information in respect of the year ended 31 December 2019.

Going Concern

The financial statements have been prepared on the going concern basis as the directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period.

The Group continues to respond well to the challenges associated with the COVID-19 pandemic which did cause disruption to the business during 2020. This was predominantly experienced in the first half of the year when major distribution hubs and the optical retail markets were closed except for emergencies as lockdowns were introduced around the globe in response to the pandemic. During subsequent lockdowns later in the year, the optical retail market was deemed essential which resulted in the Group gradually returning to normal trading levels. For the rest of the year the Group was therefore able to trade profitably and generate cash with the supply chain unaffected.

Looking to the future, the Group has performed a going concern review, going out until December 2022, considering both a base case and a downside case (described below). Having reviewed this forecast and having applied a reverse stress test (also described below), the possibility that financial headroom could be exhausted, and a covenant could be breached is considered to be remote.

The base case assumes COVID-19 related restrictions consistent with those in place in January 2021 remain for the duration of 2021 with normal trading resuming in 2022, results in a 10% year on year increase to sales. The restrictions in place at this time restricted a return to office working, reduced footfall on the high streets and reductions in non-prescription sales as a result of the continuing closure of airports and non-essential retail. The base case also assumes no cash flow mitigations are actioned during the period covered by the going concern review.

The downside case assumes the same restriction remain as in the base case but with a 10% reduction in sales from April 2021 compared to the base case, and these same restrictions also being in place during 2022. In this scenario we also assumed some cost saving measures being implemented at a conservative level. These measures are consistent with those which were implemented in 2020 and which we therefore know the Group can achieve and relate to reductions in factory overheads.

The directors consider the main risks to going concern to be liquidity and compliance with covenants, and so have performed a reverse stress test which incorporates the breach of the covenant. The Group would breach a covenant before it runs out of cash in any scenario.

The Group's borrowings with HSBC, amounting to $35.0m, contains two covenants being one leverage ratio and one interest cover ratio. Compliance with these covenants is based on 12 month rolling EBITDA results and 12 month rolling interest payments respectively. In addition, the newly acquired Eschenbach Group has covenants relating to equity ration, leverage ratio and EBITDA. These covenants are less sensitive than the HSBC covenants and the Group would be able to repay these loans before a covenant breach using available cash. The Group has the ability to transfer cash across different Group entities as needed.

In order for the business to breach one of the HSBC covenants, the reverse stress test requires that, after implementing all available mitigating scenarios, there is a 22% reduction to the sales forecasted in the base case from April 2021 through to December 2022 along with a 4% drop in gross margin. This scenario also factors in full repayment of all borrowings aside from the HSBC facility and settlement of an uncertain tax position at the highest possible range.

This scenario would see the Group breach the leverage ratio covenant test resulting in the total borrowed amount becoming payable on demand. In this case, cash flow mitigations would be implemented, mostly reductions in discretionary spending and changes to supplier payment timings which are based on the Group's previous ability to implement such steps. The directors believe that this scenario is remote as a result of the historic evidence gained from our performance during 2020, which was a year impacted significantly by COVID-19. Throughout 2020 the Group's cash collections have remained strong, with bad debt write offs similar to a usual year. In the current year to date the Group is trading ahead of budget and cash collections remain strong.

Therefore, the directors are confident in the ongoing resilience of the Group, and its ability to continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the directors adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial information incorporates the financial statements of the Group and all of its subsidiary undertakings. 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 recognised as goodwill.

Business combination 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.

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 and the amount recognised for non-controlling interests and any previous interest held 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 re-assesses 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. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investment in associate undertaking

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.

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is 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 OCI of those investees is presented as part of the Group's OCI.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statement of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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 and 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 and as a minimum is due to be settled within 12 months after the reporting period;

Or

- There is no unconditional right to defer the 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, generally on delivery of the goods. 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.

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.

The Group includes within the liability arrangements where the Group has historically accepted a right to return with the combination of a credit being applied against amounts owed or where another product is offered in exchange. This includes returns that are as a result of quality issues, whereby a replacement is provided to the customer free of charge. 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 (i.e. the amount not included in the transaction price). 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 the useful economic life and 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	1-4 years
Computer software	3 years
Trademarks	5 years
Customer relationships	10-20 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	over 33 years
Leasehold Improvements	over the lease term
Fixtures and Fittings	over 5 years
Computer Equipment	over 3-5 years
Plant and Machinery	over 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.

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 2-5 years
Plant and Machinery	over 3 years
Motor vehicles	over 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 is considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense 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 includes 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.
- Financial liabilities at amortised cost (loans and borrowings).

As at 31 December 2020, the Group has not designated any financial liability as at fair value through profit or loss. As at 31 December 2019, options to subscribe for C equity shares were held as derivatives with the movement in fair value passing through profit or loss, with this liability being settled during the current year.

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("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, 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, 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 delivery 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.

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.

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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, 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 US$, 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. As 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. On translation to US$ for presentation, the assets and liabilities of the consolidated entity are translated into US$ at the exchange rates prevailing at the end of the reporting period and the income statement is translated into US$ at the average exchange rates for the year.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate at the period end.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period 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 are 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.

Non-underlying items
Non-underlying items 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.

New and amended standards and interpretations
Amendments to IFRS 16 COVID-19 Related Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

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 cash-generating units 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 cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2020 was $68,088,000 (2019: $12,798,000). No provision for impairment of goodwill was made as at the end

of the reporting period.

Impairment of intangible assets
The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policies as disclosed in the financial statements. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, the calculations of which involve the use of estimates about the future cash flows generated by each asset or the relevant cash-generating units to which the asset belongs. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

As a result, the Group has identified it is exposed to uncertain tax positions, which it has measured using an expected value methodology. Such methodologies require estimates to be made by management including the relative likelihood of each of the possible outcomes occurring, the periods over which the tax authorities may raise a challenge to the Group's transfer pricing or tax domicile arrangements; and the quantum of interest and penalties payable in additions to the underlying tax liability.

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

Recognition of intangible assets
In recognising the intangible assets arising on acquisition of subsidiary entities, the intangible assets must first be identified. This requires management judgement as to the value drivers of the acquired business and its interaction with the marketplace and stakeholders. In calculating the fair value of the identified assets, management must use judgement to identify an appropriate calculation technique and use estimates in deriving appropriate forecasts and discount rates as required. Management have used external experts to mitigate the risk of these judgements and estimates on the intangible assets identified and valued.

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.

4. 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:

	2020 $'000	2019 $'000
United Kingdom	14,014	15,242
Europe (excluding UK)	14,097	18,657
North America	12,040	16,038
South America	450	975
Asia	4,032	6,187
Australia	2,782	4,148
	47,415	61,247

In the year ended 31 December 2020, the Group had one customer which account for more than 10% of the Group's revenues. The revenue generated from this customer was $9,483,000 (2019: $11,289,000). The revenue from this customer is generated across all segments as identified in note 6.

b) Right of return assets and liabilities

	2020 $'000	2019 $'000
Right of return asset	1,967	96

Right of return liability	(12,824)	(476)

The right of return asset is presented as a component of inventory and the right of return liability is presented separately on the face of the balance sheet.

5. OTHER INCOME

	2020 $'000	2019 $'000
Royalty income	-	62
Sundry income	-	71
	-	133

Royalty income relates to remuneration received from customers for the design of concept frames. Sundry income in 2019 relates to income from an insurance claim.

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 (previously Branded) product distribution
- Wholesale - being OEM and manufacturing distribution
- Lenses - being manufacturing and distribution of lenses

The acquisition of Norville (20/20) Limited during 2020 (see note 7) has led to an additional operating and reporting segment of 'Lenses' in 2020. In addition, the acquisition of Eschenbach Holdings GmbH (see note 7) has resulted in a change to the 'Branded' reporting segment, to form the 'Frames and Optics' reporting segment of which Eschenbach is a part during the year to 31 December 2020.

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 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 2020 and are as follows:

	Frames and Optics $'000	Wholesale $'000	Lenses $'000	Total before adjustments & eliminations $'000	Adjustments & eliminations $'000	Total $'000
Revenue						
External	21,259	21,979	4,177	47,415	-	47,415
Internal	2,204	2,381	59	4,644	(4,644)	-
	23,463	24,360	4,236	52,059	(4,644)	47,415
Cost of sales	(14,987)	(13,678)	(2,203)	(30,868)	3,975	(26,893)
Gross profit	8,476	10,682	2,033	21,191	(669)	20,522
Expenses	(12,898)	(5,594)	(1,634)	(20,126)	570	(19,556)
Depreciation	(636)	(1,422)	(241)	(2,299)	-	(2,299)
Amortisation	(514)	(1,093)	-	(1,607)	-	(1,607)

Operating (loss)/profit	(5,572)	2,573	158	Total before (2,841)	(99)	(2,940)
Exchange adjustment on borrowings				adjustments &	Adjustments &	(382)
Movement in derivatives	Frames and Optics	Wholesale	Lenses	eliminations	eliminations	Total (740)
Non-underlying costs	$'000	$'000	$'000	$'000	$'000	$'000 (5,763)
Negative goodwill on bargain purchase						506
Finance costs						(1,880)
Finance income						36
Share of profit of associate						-
Taxation						2,250
Loss for the year						(8,913)
Total assets	401,874	72,021	7,409	481,304	(183,846)	297,458
Total liabilities	(304,479)	(6,809)	(6,185)	(317,473)	259,112	(58,361)
Deferred tax asset						12,995
Current tax liability						(4,360)
Deferred tax liability						(24,694)
Borrowings						(77,221)
Group net assets						145,817
Other disclosures						
Capital additions	203	1,864	736	2,803	-	2,803

The reportable segments subject to disclosure are consistent with the organisational model adopted by the Group during the financial year ended 31 December 2019 and are as follows:

	Branded $'000	Wholesale $'000	Total before adjustments & eliminations $'000	Adjustments & eliminations $'000	Total $'000
Revenue					
External	27,729	33,518	61,247	-	61,247
Internal	2,175	3,256	5,431	(5,431)	-
	29,905	36,773	66,678	(5,431)	61,247
Cost of sales	(18,723)	(20,194)	(38,917)	5,206	(33,711)
Gross profit	11,182	16,579	27,761	(225)	27,536
Expenses	(9,772)	(6,743)	(16,515)	(84)	(16,599)
Other income	35	98	133	-	133
Depreciation	(417)	(1,620)	(2,037)	-	(2,037)
Amortisation	(18)	(1,070)	(1,088)	-	(1,088)
Operating profit					

	1,010	7,244	8,254	(309)	7,945
Exchange adjustment on borrowings					715
Movement in derivatives					2,865
Non-underlying costs - Initial public offering					(2,827)
Finance costs					(1,380)
Finance income					15
Share of profit of associate					14
Taxation					(907)
Profit for the year					6,440
Total assets	56,815	66,018	122,833	(52,678)	70,155
Total liabilities	(42,618)	(4,676)	(47,294)	33,956	(13,338)
	14,197	61,342	75,539	(18,722)	56,817
Deferred tax asset					1,221
Current tax liability					(2,612)
Deferred tax liability					(2,917)
Derivative liability					(3,536)
Borrowings					(17,625)
Group net assets					31,348
Other disclosures					
Capital additions	143	2,782	2,924	-	2,924

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 and derivative liabilities.

Non-underlying costs, 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.

Non-current operating assets

	2020 $'000	2019 $'000
United Kingdom	3,256	5,410
Europe	112,848	183
North America	10,686	150
Asia	41,441	36,175
	168,231	41,918

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.

7. BUSINESS COMBINATIONS

Acquisition of Norville (20/20) Limited
Norville (20/20) Limited was incorporated on 10 July 2020 with INSPECS Limited as its immediate parent. On 13 July 2020 this entity acquired assets of The Norville Group Ltd (in administration) for a cash consideration of $3,027,000 from the Administrators. As the total fair value of the net assets acquired $3,523,000 exceeds the initial consideration of $3,027,000 the gain on the bargain purchase of $506,000 has been recognised in profit and loss at the acquisition date.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Norville (20/20) Limited as at the date of acquisitions were:

	Fair value recognised on acquisition $'000
Assets	
Property, plant and equipment	1,931
Inventories	2,070
Total identifiable assets at fair value	**4,001**
Liabilities	
Deferred tax liability	(478)
Total identifiable liabilities at fair value	**(478)**
Total identifiable net assets at fair value	**3,523**
Negative goodwill arising on acquisition	(506)
Foreign exchange on consolidation	10
Purchase consideration transferred	**3,027**

Under UK tax legislation, a gain on bargain purchase is taxable to the extent that it relates to the bargain purchase of intangible fixed assets. After review there was no fair value assigned to the intangible assets acquired, therefore none of the goodwill arising from the bargain purchase is expected to be taxable for income tax purposes.

From the date of acquisition, Norville (20/20) Limited contributed $4,236,000 of revenue and a profit of $664,000 to the Group loss before tax from continuing operations. Norville (20/20) Limited was not trading prior to its acquisition by the Group.

Transaction costs of $123,000 were expensed and are included within 'Non-underlying costs - Acquisitions'.

Acquisition of Eschenbach Holdings GmbH
On 16 December 2020 Inspecs Limited acquired the entire share capital of Eschenbach Holdings GmbH and its subsidiaries, for a cash consideration of $115,496,000. Eschenbach held shareholder loans which were purchased at fair value, with the residual consideration for the remaining net assets of Eschenbach.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Eschenbach Holdings GmbH as at the date of acquisitions were:

	Fair value recognised on acquisition $'000
Assets	
Property, plant and equipment	8,466
Intangible assets	39,407
Right-of-use asset	19,552
Cash and cash equivalents	

Trade and other receivables	19,322 24,777
Tax receivable	2,452
Inventories	48,343
Deferred tax assets	9,174
Total identifiable assets at fair value	**171,193**
Liabilities	
Trade and other payables	44,623
Interest bearing loans and borrowings	21,462
Overdraft	2,620
Lease liability	19,552
Income tax payable	1,341
Deferred tax liability	21,199
Total identifiable liabilities at fair value	**110,797**
Total identifiable net assets at fair value	**60,396**
Goodwill arising on acquisition	55,100
Purchase consideration transferred	**115,496**

From the date of acquisition, Eschenbach Holdings GmbH contributed $2,881,000 of revenue and $(1,999,000) to loss before tax from continuing operations. If the combination had taken place at the beginning of the year, revenue from continuing operations for the Group would have been $186,817,000 and loss before tax from continuing operations for the Group would have been $(7,424,000).

Transaction costs of $2,931,000 were expensed and are included within 'Non-underlying costs - Acquisitions'.

Analysis of cash flows on acquisitions

The combined impact on cashflow of the two acquisitions made during the year was as follows:

	$'000
Consideration for Norville (20/20) Limited	(3,027)
Consideration for Eschenbach Holdings GmbH	(115,496)
Acquired with Eschenbach Holdings GmbH:	
Cash and cash equivalents	19,322
Overdraft	(2,620)
Net cash flow on acquisition	**(101,821)**

8. EMPLOYEES AND DIRECTORS

	2020 $'000	2019 $'000
Included in cost of sales		
Wages and salaries	4,899	4,329
Social security costs	102	96
Pension costs	39	8
	5,040	4,434
Included in administration costs		

Wages and salaries	8,238	9,268
Social security costs	955	580
Pension costs	360	162
Share-based payment expense	1,706	1,917
	11,259	11,926
	16,299	16,360

The average number of employees during the year was as follows:

	2020	2019
Administration	153	176
Selling and operations	72	54
Production	873	992
	1,098	1,222

Directors' remuneration during the year was as follows:

	2020 $'000	2019 $'000
Directors' salaries	455	1,148
Directors' pension contributions	33	3
Share options	159	539
	647	1,690

Information regarding the highest paid director is as follows:

	2020 $'000	2019 $'000
Total remuneration	311	792

The number of directors to whom employer pension contributions were made by the Group during year is 2 (2019: 2). This was in the form of a defined contribution pension scheme.

9. NON-UNDERLYING COSTS

Non-underlying items 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 incurred during the year are as follows:

	2020 $'000	2019 $'000
Initial public offering	2,709	2,827
Acquisitions	3,054	-
	5,763	2,827

On 27 February 2020, INSPECS Group plc was admitted to the AIM of the London Stock Exchange. In relation to this, costs of $2,709,000 (2019: $2,827,000) were incurred through the Income Statement in relation to the listing of existing shares.

Acquisition costs of $123,000 and $2,931,000 were incurred during the period relating to the purchase of Norville (20/20) Limited and Eschenbach Holdings GmbH respectively (see note 7).

10. FINANCE COSTS AND FINANCE INCOME

	2020 $'000	2019 $'000
Finance costs		
Bank loan interest	516	930
Other loan interest	39	92
Invoice discounting interest & charges	50	41
Loan transaction costs	1,249	286
Lease interest	26	31
Total finance costs	1,880	1,380
Finance income		
Interest receivable	36	15

11. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2020 $'000	2019 $'000
Cost of inventories recognised as expense	21,045	21,579
Short term leases	83	200
Depreciation own assets	1,539	1,301
Depreciation - Right-of-use assets	760	736
Amortisation - Intangibles	1,607	1,088
Restructuring costs	185	-
Post acquisition insurance costs	563	-
Foreign exchange on funding for acquisitions	1,085	-
Other foreign exchange differences	305	(623)
	2020 $'000	2019 $'000
Fees payable to the company's auditor for audit services:		
Audit of the company and Group accounts	26	20
Audit of the subsidiaries	1,213	644
Fees payable to the company's auditor for non-audit services:		
Costs associated with IPO	285	1,229
IFRS conversion costs	-	232
Tax services	-	33

12. INCOME TAX
Analysis of tax expense

	2020 $'000	2019 $'000
Current Tax:		
Current tax on profits for the year	24	485
Overseas current tax expense	208	453
Adjustment re prior years	-	12
Total current tax		

Total current tax	232	950
Deferred Tax:		
Deferred tax income relating to the origination and reversal of timing differences	(2,478)	(43)
Effect of changes in tax rates	(4)	-
Total deferred tax	(2,482)	(43)
Total tax expense reported in the consolidated income statement	(2,250)	907

Factors affecting the tax expense

The tax assessed for the year is (higher)/lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 $'000	2019 $'000
(Loss)/profit before income tax	(11,163)	7,347
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(2,121)	1,396
Effects of:		
Non-deductible expenses - Amortisation of intangible assets	184	183
Non-deductible expenses - Other expenses	1,622	(42)
Increase in provision for uncertain tax liabilities	381	463
Income taxed in nil rate regime	(404)	(1,222)
Share-based payment	(1,924)	42
Different tax rate for overseas subsidiaries	(84)	59
Transfer pricing adjustments	51	6
Tax rate changes	(4)	(54)
Income not taxable	(176)	-
Effects of Group relief	70	-
Amounts not recognised on deferred tax	155	-
Adjustments in respect of prior year	-	76
Tax expense	(2,250)	907

Income not taxable for tax purposes relates to income generated in jurisdictions within which there is a nil taxation rate. Movements in other comprehensive relating to foreign exchange on consolidation are not taxable.

13. EARNINGS PER SHARE ("EPS")

Basic EPS 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 EPS 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 2020. In accordance with IAS33, 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 EPS. The comparative figure has been adjusted for the impact of the subdivision of shares and the share for share exchange as discussed in note 14, as if these shares had always

been in issue to allow comparability.

Basic earnings per share is therefore $(0.13) loss (2019: $0.12 profit), with diluted earnings per share $(0.13) loss (2019: $0.11 profit).

The following table reflects the income and share data used in the basic and diluted EPS calculations:

ORDINARY SHARES	2020 $'000	2019 $'000
Loss attributable to the ordinary equity holders of the Parent for basic earnings	(8,913)	-
	Number of shares	Number of shares
Weighted average number of Ordinary Shares for basic EPS	69,227,355	31,301,362
Effect of dilution from:		
Share options	-	5,771,538
Weighted average number of Ordinary Shares adjusted for the effect of dilution where appropriate	69,227,355	37,072,900

B ORDINARY SHARES	2020 $'000	2019 $'000
Profit attributable to the ordinary equity holders of the Parent for basic earnings	-	6,440
	Number of shares	Number of shares
Weighted average number of Ordinary Shares for basic EPS	-	18,597,160
Effect of dilution from:		
Share options	-	-
Weighted average number of Ordinary Shares adjusted for the effect of dilution where appropriate	-	18,597,160

C ORDINARY SHARES	2020 $'000	2019 $'000
Profit attributable to the ordinary equity holders of the Parent for basic earnings	-	-
	Number of shares	Number of shares
Weighted average number of Ordinary Shares for basic EPS	-	4,120,950
Effect of dilution from:		
Share options	-	-
Weighted average number of Ordinary Shares adjusted for the effect of dilution where appropriate	-	4,120,950

Refer to note 14 for details in relation to the shares in issue and their rights, and changes in the equity structure during the year.

14. CALLED UP SHARE CAPITAL
Authorised and issued share capital:

			2020	2019

Number:	Class:	Nominal value	$'000	2019 $'000
101,290,898 (2019: nil)	Ordinary	£0.01	1,384	-
Nil (2019: 227,870)	Ordinary	£0.10	-	44
Nil (2019: 135,385)	B Ordinary	£0.10	-	18
			1,384	62

Each Ordinary Share carries the right to participate in distributions, as respects dividends and as respects capital on winding up.

On 10 January 2020, all B ordinary shares of INSPECS Holdings Limited were converted into ordinary shares of INSPECS Group Limited and a subdivision of INSPECS Holdings Limited shares was enacted, with 363,255 shares with a nominal value of £0.10 each converted into 3,632,550 share with a nominal value of £0.01 each. Also on 10 January 2020, a share for share exchange occurred between INSPECS Holdings Limited and INSPECS Group Limited, subsequently INSPECS Group plc. As part of this share for share exchange, all ordinary shares in INSPECS Holdings were exchanged for ordinary shares of INSPECS Group. Share options in INSPECS Holdings were also exchange for share options in INSPECS Group, including the options over C ordinary shares, which were converted to options over ordinary shares in INSPECS Group. Lastly, as part of the share for share exchange on 10 January 2020, 1 share in INSPECS Holdings Limited after the subdivision was exchanged for 13.7 shares in INSPECS Group Limited, leaving 49,898,522 Ordinary shares as the entire share capital of INSPECS Group Limited.

On 27 February 2020, as part of the initial public offering of shares of INSPECS Group plc, 12,051,282 new shares were issued to the London AIM at £1.95 generating a cash inflow of $30,313,000 (£23,500,000).

On 11 December 2020 a further 30,476,191 shares were issued to the London AIM at a share price of £2.10, generating a cash inflow of $85,448,000 (£64,000,000).

A further 8,864,903 shares have been created during the year as a result of the exercise of share options.

15. ANALYSIS OF CASHFLOWS GIVEN IN THE STATEMENT OF CASHFLOWS

A reconciliation of profit for the year to cash generated from operations is shown below

	Notes	2020 $'000	2019 $'000
(Loss)/profit before income tax		(11,163)	7,347
Adjustments for:			
Depreciation charges		2,299	2,037
Amortisation charges		1,607	1,088
Share of profit of associate		-	(14)
Gain on bargain purchase		(506)	-
Share-based payment		1,706	1,917
Movement in fair value of derivatives		740	(2,875)
Exchange adjustment on borrowings		382	(715)
Finance costs		1,880	1,380
Finance income		(36)	(15)
Changes in working capital			
Decrease in inventories		648	2,074
Decrease in trade and other receivables		3,005	912
Decrease in trade and other payables		(159)	(912)
Cash flows from operating activities		**403**	**12,224**

16. POST BALANCE SHEET EVENTS

Since the balance sheet date, but before these financial statements were approved, there were no material events that the directors consider material to the users of these financial statements.

END

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